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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, 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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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO DISPOSAL OF INTEREST IN THE DISPOSAL GROUP**

**Independent financial adviser to the Independent Board Committee and to
the Independent Shareholders**

Nuada Limited
Corporate Finance Advisory

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 6 to 17 of this circular. A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 32 of this circular.

A notice convening the EGM to be held at The Penthouse, 24/F, Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong on Monday, 20 April 2015 at 4:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch registrar and transfer office in Hong Kong, 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 appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

31 March 2015

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 18 February 2015 for the Disposals
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Blooming Success”	Blooming Success Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Company as at the Latest Practicable Date
“Blooming Success Group”	collectively Blooming Success and its subsidiary, namely New Continent
“Blooming Success Shares”	50,000 ordinary shares of US\$1 each, representing the entire issued share capital of Blooming Success
“Blooming Success SPA”	the sale and purchase agreement dated 17 February 2015 entered into between the Company and the Purchaser in respect of the disposal of the Blooming Success Shares, as amended by a supplemental agreement dated 18 February 2015
“Blooming Success SPA Completion”	completion of the Blooming Success SPA
“Board”	the board of directors of the Company as constituted from time to time
“close associate(s)”	has the meaning ascribed to it in the Listing Rules
“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 (stock code: 36)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals”	the disposals of the Blooming Success Shares, Healy Land Interest and Tigris Land Interest by the Company to the Purchaser pursuant to the respective Sale and Purchase Agreements

DEFINITIONS

“Disposal Group”	collectively the Blooming Success Group, Healy Land Interest and Tigris Land Interest
“EGM”	the extraordinary general meeting of the Company to be held for considering and, if appropriate, approving the Blooming Success SPA, the Healy SPA, the Tigris SPA and the transactions contemplated thereunder respectively
“Group”	the Company and its subsidiaries
“Healy”	Healy Company Limited, a company incorporated under the laws of Hong Kong with limited liability
“Healy Land Interest”	all of the estate right, title, interest and property held by Healy on trust for the Company in relation to Property C
“Healy SPA”	the sale and purchase agreement dated 17 February 2015 entered into between the Company and the Purchaser in respect of the disposal of the Healy Land Interest
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising Independent Shareholders on the terms of the Sale and Purchase Agreements and the transactions contemplated therein
“Independent Financial Adviser”	Nuada Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements
“Independent Shareholders”	Shareholders, other than the Purchaser and his close associates

DEFINITIONS

“Independent Shareholders’ Approval”	approval by the Independent Shareholders at the EGM in respect of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the transactions contemplated thereunder respectively
“Latest Practicable Date”	27 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the last day for satisfaction of the conditions precedent of Blooming Success SPA, which is 30 April 2015 (or such other date as the Purchaser or the Company may agree)
“New Continent”	New Continent Development Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Blooming Success
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Properties”	Property A, Property B, Property C and Property D collectively
“Property A”	the shops B, C, D and E on ground floor of On Fung Building located at nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong wholly-owned by Blooming Success
“Property B”	23rd floor and car parking space nos. 502 and 503 on 5th floor of Global Trade Square, 21 Wong Chuk Hang Road wholly-owned by New Continent
“Property C”	consists of Lots Nos. 46, 47, 48, 49, 107, 108, 109 and 110 all in Demarcation District No. 279, and Lots Nos. 421 and 718 all in Demarcation District No. 395 in Tuen Mun, New Territories, Hong Kong and Lots Nos. 968, 969, 970, 971, 972, 973, 975, 976, 977, 978 RP, 980 RP and 981 RP all in Demarcation District No. 82 in Fanling, New Territories, Hong Kong

DEFINITIONS

“Property D”	consists of one equal undivided half part or share in Lots Nos. 5, 9, 10, 12, 14, 15, 17, 18, 19, 20, 33 and 72 all in Demarcation District No. 447 in Tsuen Wan, New Territories, Hong Kong
“Purchaser”	Mr. Duncan Chiu, a substantial Shareholder who is beneficially interested in approximately 20.30% of the issued share capital of the Company as at the Latest Practicable Date
“Sale and Purchase Agreements”	collectively the Blooming Success SPA, Healy SPA and Tigris SPA
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holders of the share(s)
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tigris”	Tigris Investment Limited, a company with limited liability and incorporated under the laws of Hong Kong
“Tigris Land Interest”	all of the estate right, title, interest and property held by Tigris on trust for the Company in relation to Property D
“Tigris SPA”	the sale and purchase agreement dated 17 February 2015 entered into between the Company and the Purchaser in respect of the disposal of Tigris Land Interest
“Valuer”	DTZ Debenham Tie Leung Limited, an independent valuer
“%”	per cent

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:

Mr. Derek Chiu

Mr. Richard Yen

(Managing Director and Chief Executive Officer)

Mr. Yu Pak Yan, Peter

Mr. Fok Chi Tak

Mr. Ip Ngai Sang

Independent non-executive Directors:

Mr. Chan Ming Sun, Jonathan

Dr. Wong Yun Kuen

Ms. Kwan Shan

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

31 March 2015

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN THE DISPOSAL GROUP

INTRODUCTION

Reference is made to the Announcement. On 17 February 2015 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreements, namely Blooming Success SPA, Healy SPA and Tigris SPA, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) Blooming Success Shares for a cash consideration of HK\$119,718,323.06; (b) Healy Land Interest for a cash consideration of HK\$14,295,000; and (c) Tigris Land Interest for a cash consideration of HK\$455,000 respectively.

The purpose of this circular is to give you further information regarding, among others: (i) details of the Sale and Purchase Agreements and the Disposals; (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Disposals; (iii) the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after having considered the advice of the Independent Financial Adviser in connection therewith; (iv) certain financial information as required under the Listing Rules; (v) further information of the Group; and (vi) the valuation report on the Properties, and to give you notice of the EGM.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENTS

A. Principal terms of the Blooming Success SPA

Date

17 February 2015 (as supplemented by a supplemental agreement dated 18 February 2015)

Parties

- a. The Company, as the vendor; and
- b. Mr. Duncan Chiu, as the purchaser.

Assets to be disposed of

The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Blooming Success Shares, representing the entire issued share capital of Blooming Success.

Consideration

The consideration for the Blooming Success Shares is HK\$119,718,323.06, which shall be payable in full by cash by the Purchaser to the Company at the Blooming Success SPA Completion.

The consideration for the Blooming Success Shares was determined after arm's length negotiations between the Company and the Purchaser, having taken into account: (a) the recent prevailing market conditions of the property market in Hong Kong which remains uncertain over the various property curbs launched by the Government of Hong Kong from time to time, and the potential interest rate increase; (b) the net asset value of the Blooming Success Group as at 31 December 2014 of approximately HK\$45.47 million; (c) the outstanding shareholders loan owing by Blooming Success to the Company in the amount of approximately HK\$73.72 million as at 31 December 2014 which shall be waived by the Company pursuant to the Blooming Success SPA; and (d) the valuation report prepared by the Valuer for Property A and Property B of HK\$85 million and HK\$121 million respectively as at 31 December 2014 using market approach.

As at 31 December 2014, the total liabilities of the Blooming Success Group were approximately HK\$161.13 million, which mainly consisted of approximately HK\$87.19 million secured mortgage loans of Property A and Property B and approximately HK\$73.72 million amount due to the Company. The Directors (excluding the independent non-executive Directors) are of the view that the consideration for the Blooming Success Shares is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Condition precedent

Completion of the Blooming Success SPA shall be conditional upon the following matters having occurred:

- (a) the obtaining of approval from the Independent Shareholders at the EGM approving the Blooming Success SPA and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules;
- (b) all licenses, permissions, authorisations, regulatory approvals and consents in relation to the transactions contemplated under the Blooming Success SPA under any applicable laws having been obtained;
- (c) the Purchaser having reasonably satisfied in material respects with its due diligence investigation in respect of the Blooming Success Group, including but not limited to the title of Property A and Property B respectively;
- (d) the giving of a written notice by the Company to the relevant bank regarding the change in shareholding of Blooming Success pursuant to the Blooming Success SPA;
- (e) the giving of a written notice by Blooming Success to the relevant bank regarding the change in shareholding of New Continent pursuant to the Blooming Success SPA;
- (f) the warranties under the Blooming Success SPA remaining true and accurate and not misleading in all material aspects as at the date of the Blooming Success SPA and on the date of the Blooming Success SPA Completion, unless otherwise specified under the Blooming Success SPA;
- (g) there must not be in effect, published, introduced or otherwise formally proposed law or judgment, and there must not have been commenced or threatened any proceeding, that in any case could:
 - i. prohibit, prevent, make illegal, delay or otherwise interfere with the consummation of any of the transactions contemplated under the Blooming Success SPA;
 - ii. cause any of the transactions contemplated by the Blooming Success SPA to be rescinded following consummation; or
 - iii. affect adversely the right of the Purchaser to own the Blooming Success Shares;

LETTER FROM THE BOARD

- (h) the parties have complied with and performed in all material respects all terms, conditions and covenants of the Blooming Success SPA (with materiality being measured individually and on the aggregate basis with respect to all breaches of covenants and obligations);
- (i) since the date of the Blooming Success SPA, there must not have been any change or event that has had or could reasonably be expected to have a material adverse effect on the business, assets, properties, liabilities, condition (financial or otherwise), operating results, operations or business prospects of Blooming Success, taken as a whole; and
- (j) the Company having waived the shareholders loan provided by it to Blooming Success which remains outstanding at Blooming Success SPA Completion and renounces all its right to payment by Blooming Success in respect of the shareholders loan.

The Company and Purchaser shall use their best endeavours to satisfy the conditions precedent above. The Purchaser may waive any of the conditions precedent above, save and except for items (a) and (b) above. For the avoidance of doubt, if a party has used its best endeavours to satisfy a condition precedent for which it is responsible but such condition precedent cannot be satisfied by the Long Stop Date, such party shall not be deemed as having committed a breach of the Blooming Success SPA.

In the event that any of the conditions precedent are not fulfilled or waived by the Long Stop Date (or such other date as may be agreed by the parties), then, subject to any extension agreed by the parties, the Blooming Success SPA shall automatically terminate without the need for any further action by either party, without prejudice to any obligations incurred by a party up to the date of termination and to claims arising out of any anticipatory breach of the Blooming Success SPA.

Upon the Blooming Success SPA Completion, the Blooming Success Group will cease to be subsidiaries of the Company.

LETTER FROM THE BOARD

B. Principal terms of the Healy SPA

Date

17 February 2015

Parties

- a. The Company, as vendor;
- b. Healy, as trustee; and
- c. Mr. Duncan Chiu, as purchaser

Assets to be disposed of

Pursuant to the Healy SPA, the Company, as the beneficial owner of Property C, will conditionally sell and the Purchaser will conditionally purchase the Healy Land Interest.

Consideration

The consideration for the Healy Land Interest will be HK\$14,295,000, which was determined after arm's length negotiations between the Company and the Purchaser, taking into account the recent prevailing market conditions of the property market in Hong Kong, and a valuation of Property C assessed by the Valuer for Property C of an aggregate value of HK\$14,295,000 as at 31 December 2014 using market approach.

The Directors consider the terms of the Healy SPA (including the consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition precedent

Completion of the Healy SPA shall be conditional upon the following matters having occurred:

- (a) the obtaining of approval from the Independent Shareholders at EGM approving the Healy SPA and dealings and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules; and
- (b) all licenses, permissions, authorizations, regulatory approvals and consents in relation to the dealings and transactions contemplated in the Healy SPA under any applicable laws having been obtained by the Company.

LETTER FROM THE BOARD

Completion

The completion of the Healy SPA shall take place on or before 29 May 2015.

Upon completion of the Healy SPA:

- (a) the Company shall assign the Healy Land Interest to the Purchaser upon receipt of payment of the consideration in full (or where the parties have agreed on any applicable undertakings following such payment, if any and in compliance with the applicable undertakings), and the Company shall procure Healy (as trustee for the Company) to execute a trust deed in favour of the Purchaser in place of the Company;
- (b) the Purchaser shall accept the Company or its solicitors' undertaking to deliver the relevant assignment and trust deed as mentioned in item (a) above within 21 days after the date of completion of the Healy SPA; and
- (c) the Purchaser acknowledges and agrees that the Company is selling the Healy Land Interest in the capacity as beneficial owner only. The Purchaser has no right to require the Company to give any covenant for title in respect of Property C and the Healy Land Interest whether limited or otherwise.

Upon completion of the Healy SPA, the Company will cease to be the beneficial owner of Property C.

C. Principal terms of the Tigris SPA

Date

17 February 2015

Parties

- a. The Company, as vendor;
- b. Tigris, as trustee; and
- c. Mr. Duncan Chiu, as purchaser

Assets to be disposed of

Pursuant to the Tigris SPA, the Company, as the beneficial owner of Property D, will conditionally sell and the Purchaser will conditionally purchase the Tigris Land Interest.

LETTER FROM THE BOARD

Consideration

The consideration for the Tigris Land Interest is HK\$455,000, which was determined after arm's length negotiations between the Company and the Purchaser, taking into account the recent prevailing market conditions of the property market in Hong Kong, and a valuation of Property D assessed by the Valuer for Property D of an aggregate value of HK\$455,000 as at 31 December 2014 using market approach.

Condition precedent

Completion of the Tigris SPA shall be conditional upon the following matters having occurred:

- (a) the obtaining of approval from the Independent Shareholders at EGM approving the Tigris SPA and the dealing and transactions contemplated thereunder in accordance with the requirements under the Listing Rules; and
- (b) all licenses, permissions, authorizations, regulatory approvals and consents in relation to the dealings and transactions contemplated in the Tigris SPA under any applicable laws having been obtained by the Company.

Completion

The completion of the Tigris SPA shall take place on or before 29 May 2015.

Upon completion of the Tigris SPA:

- (a) the Company shall assign the Tigris Land Interest to the Purchaser upon receipt of payment of the consideration in full (or where the parties have agreed on any applicable undertakings following such payment, if any and in compliance with the applicable undertakings), and the Company shall procure Tigris (as trustee for the Company) to execute a trust deed in favour of the Purchaser in place of the Company;
- (b) the Purchaser shall accept the Company or its solicitors' undertaking to deliver the relevant assignment and trust deed as mentioned in item (a) above within 21 days after the date of completion of the Tigris SPA; and
- (c) the Purchaser acknowledges and agrees that the Company is selling the Tigris Land Interest in the capacity as beneficial owner only. The Purchaser has no right to require the Company to give any covenant for title in respect of Property D and the Tigris Land Interest whether limited or otherwise.

Upon completion of the Tigris SPA, the Company will cease to be the beneficial owner of Property D.

LETTER FROM THE BOARD

INFORMATION OF THE PURCHASER

As at the Latest Practicable Date, the Purchaser is beneficially interested in 163,417,604 Shares, representing approximately 20.30% of the total issued Shares of the Company, and is therefore a substantial Shareholder and a connected person of the Company under the Listing Rules.

INFORMATION OF THE GROUP

The Company is an investment holding company, and the principal activities of its subsidiaries are manufacturing and sales of garment products, property investment and securities investment.

FURTHER INFORMATION OF THE DISPOSAL GROUP

The Disposal Group comprises of the Blooming Success Group, Healy Land Interest and Tigris Land Interest respectively.

Blooming Success Group

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

Property A comprises four shop units on ground floor of On Fung Building located at Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong and was purchased by the Company from the Purchaser at HK\$36,600,000, which completion took place in April 2014. It has a saleable area of approximately 246.56 sq.m., and is held under various Government Leases for terms of 999 years commencing on 28 May 1855.

New Continent is an investment holding company incorporated in the British Virgin Islands on 5 April 2012 with limited liability and is a wholly-owned subsidiary of Blooming Success. New Continent owns the entire interests of Property B. Property B comprises of an office on the 23rd floor and two parking lots on the 5th floor of a 32-storey (including ground, electrical & mechanical and refuge floors) commercial building completed in 2013 located at Global Trade Square on Wong Chuk Hang Road.

Property B has a gross floor area and saleable area of approximately 912.30 sq.m. and 738.29 sq.m. respectively, excluding the areas of the car parking spaces. Property B is held from the Government under Condition of Exchange no. 20115 for a term of 50 years from 14 October 2010.

The net profit before and after taxation attributable to the Blooming Success Group for the two years ended 31 March 2012 and 2013 were approximately HK\$5.4 million and HK\$21.2 million respectively (including a gain on disposal of investment properties of approximately HK\$5.7 million for the year ended 31 March 2012 and HK\$17.7 million for the year ended 31 March 2013 respectively). Subsequent to the acquisition of the

LETTER FROM THE BOARD

underlying properties of the Blooming Success Group, which completion on 25 April 2014, Property A and Property B have been vacant and, no revenue was recorded for the Blooming Success Group since acquisition by the Group. However, the net profit before taxation attributable to the Blooming Success Group was approximately HK\$9.65 million for the period from 26 April 2014 to 31 December 2014, which was principally attributable to the gain on fair value of approximately HK\$11.5 million.

Healy

Healy is a company incorporated with limited liability and incorporated under the laws of Hong Kong. Healy is the legal and registered owner of Property C.

Property C comprises of: (a) a total of 10 pieces of agricultural lots situated in Tuen Mun district in Hong Kong, with an aggregate registered site area of approximately 5,422.80 sq.m.; and (b) a total of 12 pieces of agricultural lots situated in Ta Kwu Ling in Fanling district in Hong Kong, with an aggregate registered site area of approximately 4,930.32 sq.m. As at the Latest Practicable Date, Property C is vacant and no revenue was recorded for the two years ended 31 December 2013 and 2014, but it had recorded gain on fair value of approximately HK\$1.84 million and HK\$4.53 million for the two years ended 31 December 2013 and 2014 respectively.

Tigris

Tigris is a company with limited liability and incorporated under the laws of Hong Kong. Tigris is the legal and registered owner of Property D.

Property D comprises of half share in 12 pieces of agricultural lots situated in Tsuen Wan district in Hong Kong, with an aggregate registered site area of approximately 3,723.06 sq.m. As at the Latest Practicable Date, Property D is vacant and no revenue was recorded for the two years ended 31 December 2013 and 2014, but it had recorded gain on fair value of HK\$50,000 and HK\$85,000 for the two years ended 31 December 2013 and 2014 respectively.

FINANCIAL EFFECT OF THE DISPOSALS

After completion of the Sale and Purchase Agreements, (a) Blooming Success Group will cease to be subsidiaries of the Company, and (b) the Company will cease to be beneficial owners of Property C and Property D, and their respectively financial results, assets and liabilities will cease to be consolidated with the consolidated financial statements of the Group.

Principal assets of the Disposal Group are the Properties which are recorded as investment properties in the consolidated financial statements of the Group.

Pursuant to the accounting policies of the Group, the Properties (being investment properties) are measured at fair values in the consolidated financial statements of the Group. Gains and losses arising from changes in the fair values of the Properties are included in profit or loss for the period in which they arise.

LETTER FROM THE BOARD

Taking into account of (a) the carrying value of the Properties of approximately HK\$220.75 million as at 31 December 2014 with reference to the valuation of the Properties as conducted by the Valuer as at 31 December 2014; and (b) the secured mortgage loans of approximately HK\$87.19 million outstanding as at 31 December 2014 by Blooming Success Group, upon completion of the Sale and Purchase Agreements, a gain in the estimated sum of HK\$0.53 million before tax and expenses is expected to accrue to the Group as a result of the Disposals, subject to audit review by auditors of the Company. Nevertheless, finance costs are expected to reduce by approximately HK\$2.4 million per annum after the Disposals.

REASONS FOR AND BENEFITS OF THE DISPOSALS AND USE OF PROCEEDS

As mentioned, the recent market conditions of the Hong Kong property market remains uncertain. The Government of Hong Kong has imposed various property curbs and cooling measures from time to time to slow down the current property market which has risen relentlessly in the past few years. Adding to that, the market is generally expecting an increase in interest rates in the near future. The question of whether the property market can sustain its volume for the next year or two has caused the Group to re-evaluate its resources and development strategies.

Since the acquisition by the Group of the Blooming Success Group in April 2014, Property A has not been performing satisfactorily. The units of Property A were vacant for a prolonged period of time due to its location being next to the restricted loading zone. Potential tenants generally found it inconvenient. Taking into account that the fair value of Property A recorded a decrease of approximately 14.14% as at 31 December 2014 (amounting to HK\$85 million), as compared to the valuation as at 24 January 2014 (amounting to HK\$99 million) when the Group first acquired it in early 2014. Details of this can be referred to in the circular of the Company dated 1 April 2014 and Appendix II to this circular respectively.

In respect of Property B, the Group first acquired it in early 2014 and the valuation was HK\$100 million as at 24 January 2014, details of which are set out in the circular of the Company dated 1 April 2014. Comparing to the valuation of Property B of HK\$121 million as at 31 December 2014 as set out in Appendix II to this circular, it represents an appreciation of HK\$21 million. The Board considers that the disposal of Property B is in the interests of the Company and Shareholders as a whole. Property C and Property D are agricultural land and have been vacant and no revenue was recorded. However, Property C had recorded gains of approximately HK\$1.84 million and HK\$4.53 million respectively arising from changes in the fair value of Property C for the two years ended 31 December 2013 and 2014 and Property D had recorded gains of approximately HK\$50,000 and HK\$85,000 arising from changes in the fair value of Property D for the two years ended 31 December 2013 and 2014. Nevertheless, as at the Latest Practicable Date, the Company has no intention to further develop or convert the usage of Property C and Property D. Hence, having considered the recent prevailing property market conditions, in particular the uncertainty posed in the property market, the Directors consider that the Disposals will be a good opportunity for the Company to realise its investment in the Properties at a reasonable price. The net proceeds from the Disposals are intended to be used by the Group for securities investment and/or general working capital purposes.

LETTER FROM THE BOARD

The Directors (excluding members of the Independent Board Committee whose views have been set out in the Letter from the Independent Board Committee on pages 18 to 19 of this circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolutions at the EGM.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals under the Sale and Purchase Agreements is more than 25% but less than 75%, the Disposals collectively constitute a major disposal transaction of the Company and accordingly, are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is a substantial Shareholder and hence a connected person of the Company, the Disposals therefore constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

A notice convening the EGM to be held at The Penthouse, 24/F, Far East Consortium Building, 121 Des Voeux Road Central, Central, Hong Kong on Monday, 20 April 2015 at 4:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch registrar and transfer office in Hong Kong, 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 appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

The Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the EGM to be taken by way of a poll vote. Mr. Duncan Chiu, being the Purchaser under the Sale and Purchase Agreements, is also a substantial Shareholder holding 163,417,604 Shares as at the Latest Practicable Date, representing approximately 20.30% of the total issued Shares of the Company. Mr. Duncan Chiu and his close associates shall abstain from voting at the EGM in respect of the ordinary resolution(s) approving the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder. The Independent Board Committee has been formed and the Independent Financial Adviser has been appointed to give recommendations to the Independent Shareholders on the terms of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder.

LETTER FROM THE BOARD

The Sale and Purchase Agreements are not inter-conditional. Shareholders and potential investors of the Company should note that completion of each of the Sale and Purchase Agreements is subject to the fulfilment of a number of conditions precedent. There is no assurance that the Disposals will be completed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



31 March 2015

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN THE DISPOSAL GROUP

We refer to the circular issued by the Company to its Shareholders dated 31 March 2015 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

As the Purchaser is a substantial Shareholder and hence a connected person of the Company, the Disposals therefore constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals under the Sale and Purchase Agreements is more than 25% but less than 75%, the Disposals collectively constitute a major disposal transaction of the Company and accordingly, are subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

We have been appointed by the Board to consider the terms of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder and to advise the Independent Shareholders in connection therewith and as to whether, in our opinion, the terms of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are fair and reasonable, and whether the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Nuada Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from Nuada as set out in the Circular. Having considered the principal factors and reasons considered by, and the opinion and advice of, Independent Financial Adviser as set out in its letter of advice, we consider that the terms of the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are fair and reasonable, and the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group. In view of the above, we consider that the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Blooming Success SPA, the Healy SPA, the Tigris SPA and the dealings and transactions contemplated thereunder at the EGM.

Yours faithfully,
Independent Board Committee

Chan Ming Sun, Jonathan
Independent non-executive
Director

Wong Yun Kuen
Independent non-executive
Director

Kwan Shan
Independent non-executive
Director

LETTER FROM NUADA

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 31 March 2015 in relation to the Disposals for the purpose of inclusion in this circular.

Nuada Limited

Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

31 March 2015

*To the Independent Board Committee
and the Independent Shareholders
of Far East Holdings International Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN THE DISPOSAL GROUP

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreements, details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular to the Shareholders dated 31 March 2015 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announces that on 17 February 2015 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreements, namely Blooming Success SPA, Healy SPA and Tigris SPA, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the: (a) Blooming Success Shares for a cash consideration of HK\$119,718,323.06; (b) Healy Land Interest for a cash consideration of HK\$14,295,000; and (c) Tigris Land Interest for a cash consideration of HK\$455,000 respectively.

The Purchaser is a substantial Shareholder and hence a connected person of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals under the Sale and Purchase Agreements is more than 25% but less than 75%, the Sale and Purchase Agreements and the transactions contemplated thereunder constitute a major disposal and a connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

LETTER FROM NUADA

The Company will convene an EGM, at which ordinary resolutions will be proposed for the purposes of, inter alia, considering and if thought fit, approving Blooming Success SPA, the Healy SPA and the Tigris SPA and the dealings and transactions contemplated thereunder. The voting at such meeting will be taken on a poll and the Company will make an announcement of the poll results. Mr. Duncan Chiu, being the Purchaser under the Sale and Purchase Agreements, is also a substantial Shareholder holding 163,417,604 Shares as at the date of this circular, representing approximately 20.30% of the total issued Shares of the Company. Mr. Duncan Chiu and his close associates shall abstain from voting at the EGM in respect of the ordinary resolution(s) approving the Disposals contemplated under the Sale and Purchase Agreements.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the relevant ordinary resolutions regarding the Blooming Success SPA, the Healy SPA and the Tigris SPA and the dealings and transactions contemplated thereunder.

We, Nuada Limited, have been appointed by the Independent Board Committee as the independent financial adviser to give our independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Sale and Purchase Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposals are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant resolution(s) to approve the Disposals at the EGM.

Nuada Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Disposals contemplated under the Blooming Success SPA, the Healy SPA and the Tigris SPA.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

LETTER FROM NUADA

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Share Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Disposals and the terms of the Sale and Purchase Agreements, we have considered the following principal factors and reasons.

1. Reasons for and benefits of the Disposals

a. Background information of the Group

The Company is an investment holding company, and the principal activities of its subsidiaries are manufacturing and sales of garment products, property investment and securities investment.

The table below tabulates the financial results of the Group for each of the two years ended 31 December 2014 as extracted from the Group's announcement dated 27 March 2015 in relation to the final results for the financial year ended 31 December 2014 (the "Annual Results").

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Revenue from continuing operations	16,747	15,931
Gross profit	410	1,361
Share of results from discontinued operations	–	1,501
Gain on disposal of discontinued operations	7,286	–
Profit/(loss) for the year attributable to owners of the Company	25,846	(11,012)

LETTER FROM NUADA

For the year ended 31 December 2014

For the year ended 31 December 2014, the Group recorded revenue from operations of approximately HK\$16.75 million, representing an increase of 5.15% as compared with that of approximately HK\$15.93 million last year. The revenue is solely generated from the segment of garment industries, one of the Company's key focus area. The Group's profit attributable to owners of the Company was approximately HK\$25.85 million as compared with a loss of approximately HK\$11.01 million last year.

For the year ended 31 December 2013

For the year ended 31 December 2013, the Group recorded revenue from operations of approximately HK\$15.93 million, representing a decrease of 6.57% as compared with that of approximately HK\$17.05 million last year. The revenue is solely generated from the segment of garment industries, one of the Company's key focus area. The Group's loss attributable to owners of the Company was approximately HK\$11.01 million, representing a decrease of 41.99% as compared with that of approximately HK\$18.98 million last year. Such loss was mainly attributable to the increase in administrative expenses.

b. Background information of the Disposal Group

The assets to be disposed of are the Disposal Group, details of which are set out in the paragraph headed "FURTHER INFORMATION OF THE DISPOSAL GROUP" in the Letter.

We note that the major assets to be disposed of came from Blooming Success Group, of which Blooming Success is a company incorporated in British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. Blooming Success owns the entire interests of Property A and has a wholly-owned subsidiary namely, New Continent, which is an investment holding company incorporated in the British Virgin Islands with limited liability and owns the entire interests of Property B.

Property A comprises four shop units on ground floor of On Fung Building located at nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong and was purchased by the Company from the Purchaser at HK\$36.6 million, of which HK\$10 million was satisfied in cash and HK\$26.6 million was satisfied by the issue and allotment of 62,588,235 consideration Shares at an issue price of HK\$0.425 per consideration Share. It has a saleable area of approximately 246.56 sq.m., and is held under various Government Leases for terms of 999 years commencing on 28 May 1855.

LETTER FROM NUADA

Property B comprises of an office on the 23rd floor and two parking lots on the 5th floor of a 32-storey (including ground, Electrical & Mechanical and refuge floors) commercial building completed in 2013 located at Global Trade Square on Wong Chuk Hang Road. Property B has a gross floor area and saleable area of approximately 912.30 sq.m. and 738.29 sq.m. respectively, excluding the areas of the car parking spaces. Property B is held from the Government under Condition of Exchange no. 20115 for a term of 50 years from 14 October 2010.

Subsequent to the acquisition of the underlying properties of the Blooming Success Group in April 2014 and as at the Latest Practicable Date, Property A and Property B have been vacant. Hence, no revenue was recorded for the Blooming Success Group since acquisition by the Group in April 2014. The net profit before taxation attributable to the Blooming Success Group since acquisition by the Group to 31 December 2014 was approximately HK\$9.65 million, which was principally attributable to the gain on fair value of approximately HK\$11.5 million. As at 31 December 2014, the consolidated total assets value and the net assets value of Blooming Success Group were approximately HK\$206.6 million and HK\$45.47 million, respectively.

Other assets to be disposed of by the Group comprises Property C and Property D. Property C held by Healy consists of 10 pieces of agricultural lots in Tuen Mun district in Hong Kong and 12 pieces of agricultural lots in Ta Kwu Ling in Fanling district in Hong Kong, which were assigned to Healy as four parcels of lands during 1976 and 1977. Property D held by Tigris comprises half share in 12 pieces of agricultural lots in Tsuen Wan district in Hong Kong, which were assigned to Tigris in 1982. Both Property C and Property D have been vacant for over 20 years since the respective date of their assignment, and accordingly no revenue was recorded for the two years ended 31 December 2013 and 2014.

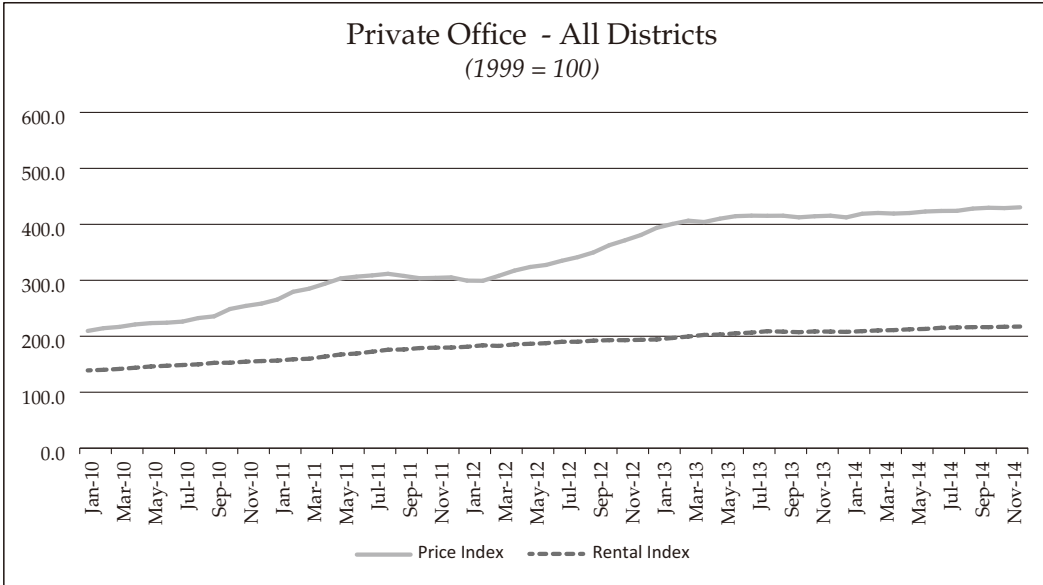
The Group will realise a gain of approximately HK\$0.53 million before tax and expenses from the Disposals and also reduce finance costs by approximately HK\$2.4 million per annum after the Disposals, details of which are set out in the following paragraphs.

LETTER FROM NUADA

c. Market Outlook

In order to assess the fairness and reasonableness of the Disposals, we review the recent trend and outlook of the property market in Hong Kong for a five year period from January 2010 to December 2014 (the “**Review Period**”).

Graph 1: Price Index and Rental Index of Private Office of All Districts



Source: Rating and Valuation Department

From Graph 1, the price index for private office (the “**Office Price Index**”) showed a positive trend for the Review Period though the growth has decelerated since 2013. The accumulated growth throughout the Review Period was approximately 135.4%. Meanwhile, the rental index for private office (the “**Office Rental Index**”) has been growing relatively steadily throughout the Review Period, but the accumulated growth of 57.3% throughout the Review Period was not as high as that of the Office Price Index.

LETTER FROM NUADA

Table 1: Growth Rates of the Office Price Index, Office Rental Index and Composite Consumer Price Index

	Review Period	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Office Price Index	135.4%	28.1%	29.3%	12.4%	22.4%	3.3%
Office Rental Index	57.3%	8.8%	15.1%	10.8%	8.4%	4.6%
Composite Consumer Price Index	22.2%	2.3%	5.3%	4.1%	4.4%	4.4%

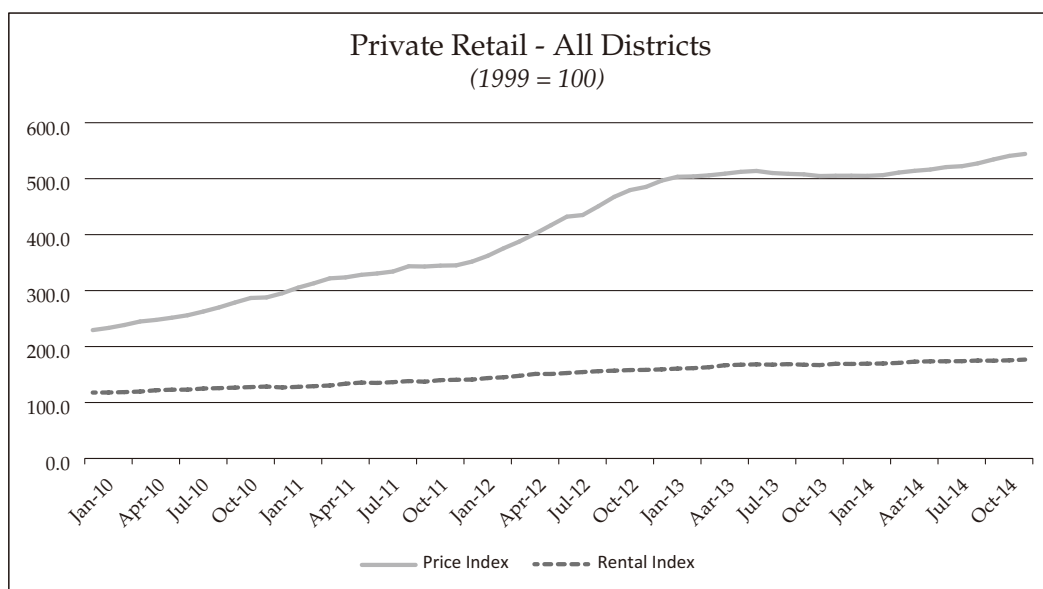
Source: Census and Statistics Department, Rating and Valuation Department

From Table 1, we note that both the annual growth rate of the Office Price Index and that of the Office Rental Index have shown decreasing trends for the Review Period. These reflected that the overall market demand for private offices was not high in recent years. Despite the unfavourable market sentiment, the Blooming Success Group still record a fair value gain of HK\$25.5 million on Property B, representing a growth of 21% since the date of acquisition in April 2014, which was higher than the market growth of 3.3%. Accordingly, we are of the view that the Group should realise its fair value gain on Property B through the Disposals before the unfavourable market sentiment could impose pressure on the fair value.

We also compare the growth of Office Rental Index to that of the composite consumer price index (the "CCPI"), which could represent the general inflation rate of Hong Kong. The accumulated growth of the CCPI for the Review Period was approximately 22.2%, which was less than that of the Office Rental Index. However, we also find that the growth rate of the Office Rental Index has dropped since 2012 and the growth rate was only slightly higher than that of the CCPI by 0.2% for the year 2014. In view of (i) the rather steady growth rate of the CCPI and the decreasing growth rate of the Office Rental Index; and (ii) the growth rate of the Office Rental Index has dropped and was close to that of the CCPI, we consider that the rental income, assuming the private office of the Property B could be leased out, would drop in the near future in real terms, i.e. taken into account the price level. Also as stated above that the fair value gain increased more than the general market, we consider that the Disposals which would enable the Group to realise the fair value gain at present instead of leasing out Property B is fair and reasonable.

LETTER FROM NUADA

Graph 2: Price Index and Rental Index of Private Retail of All Districts



Source: Rating and Valuation Department

From Graph 2, we find that private retail property market has exhibited similar trend to that of private office market. The price index for private retail (the “**Retail Price Index**”) has kept growing during the Review Period, with a slowdown since the start of 2013 and a resumption of growth trend a year thereafter. The accumulated growth throughout the Review Period was approximately 169.6%. The rental index for private retail (the “**Retail Rental Index**”) has also been growing throughout the Review Period, albeit with a lower accumulated growth of approximately 55.9%.

Table 2: Growth Rates of the Retail Price Index and Retail Rental Index

	Review Period	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Retail Price Index	169.6%	33.2%	27.3%	28.4%	20.5%	2.7%
Retail Rental Index	155.9%	10.8%	9.3%	12.7%	9.4%	4.5%

From Table 2, similar to the private office market, both the annual growth rate of the Retail Price Index and that of the Retail Rental Index have shown decreasing trends for the Review Period, where the former had a double-digit growth rate dropped to less than 3% growth rate. These reflected that the overall market demand for private retail has slowed down in recent years. The Blooming Success Group record a fair value loss of HK\$14 million on Property A, representing a decrease of approximately 14.14% for the year 2014, which is in line with the slowdown trend as reflected by the significant drop in growth rate of the Retail Price Index.

LETTER FROM NUADA

d. Financial gain and use of proceed of the Disposals

With reference to the consolidated financial results of the Disposal Group as at 31 December 2014, the Group is expected to realise a gain, before tax and expenses, on the Disposals of approximately HK\$0.53 million. In calculating such gain resulting from the Disposal, the Group has taken into account (a) the carrying value of the Properties of approximately HK\$220.75 million at 31 December 2014 with reference to the preliminary valuation of the Properties as at 31 December 2014; and (b) the secured mortgage loans of approximately HK\$87.19 million outstanding as at 31 December 2014 by Blooming Success Group. The actual book gain or loss derived from the Disposals would depend on the profit or loss of the Disposal Group up to the date of the completion of the Disposals and is subject to final audit to be performed by the Company's auditors. The Company can also reduce finance costs by approximately HK\$2.4 million per annum after the Disposals.

The proceeds from the Disposal is estimated to be approximately HK\$134.47 million which are intended to be used by the Group for securities investment and/or general working capital purposes. We consider the use of proceeds from the Disposals is justifiable as the Disposal Group did not record any revenue for the year ended 31 December 2014 and the Group can diversify its investment in securities.

Having considered (i) the Disposal Group may not be able to provide positive contribution in the foreseeable future; (ii) the Properties held by the Disposal Group have all been vacant for years; (iii) the consideration of HK\$119,718,323.06 for the Blooming Success Shares is higher than the net assets value of Blooming Success Group of approximately HK\$45.47 million as at 31 December 2014; (iv) the growths of prices in private office and private retail market have slowed down in recent years; (v) Property A has not been performing satisfactorily where units of Property A were vacant for a prolonged period of time and the disposal of Property A can prevent the Group from recording potentially higher fair value loss in the future; (iv) the fair value gain on Property B are higher than the general growth of prices in the private office market in the relevant period; (v) Property C had recorded gains of approximately HK\$1.84 million and HK\$4.53 million arising from changes in the fair value of Property C for the two years ended 31 December 2013 and 2014 and Property D had recorded gains of approximately HK\$50,000 and HK\$85,000 arising from changes in the fair value of Property D for the two years ended 31 December 2013 and 2014; (vi) the considerations for Healy Land Interest and Tigris Land Interest are set at the preliminary valuations of Property C and Property D as at 31 December 2014 respectively; (vii) Property C and Property D are agricultural land and have been vacant and no revenue was recorded; (viii) as at the Latest Practicable Date, the Company has no intention to further develop or convert the usage of Property C and Property D; and (ix) the Group is expected to realise a gain, before tax and expenses, on the Disposals of approximately HK\$0.53 million and also reduce finance costs by approximately HK\$2.4 million per annum after the Disposals, we concur with the view of the Directors that the Disposals are fair and reasonable and in the interests of the Shareholders as a whole.

2. Principal terms of the Sale and Purchase Agreements

(a) *Consideration*

Blooming Success Group

The consideration for the Blooming Success Shares is HK\$119,718,323.06, which shall be payable in full by cash by the Purchaser to the Company at completion Blooming Success SPA.

The consideration for the Blooming Success Shares was determined after arm's length negotiations between the Company and the Purchaser, having taken into account: (a) the recent prevailing market conditions of the property market in Hong Kong which remain uncertain over various property curbs launched by the Government of Hong Kong from time to time, and the potential interest rate increase and growth in new housing supply which heightened uncertainty over the property market in Hong Kong; (b) the net asset value of the Blooming Success Group as at 31 December 2014 of approximately HK\$45.47 million; (c) the outstanding shareholders loan owing by Blooming Success to the Company in the amount of approximately HK\$73.72 million as at 31 December 2014 which shall be waived by the Company pursuant to the Blooming Success SPA; and (d) the preliminary valuation report prepared by the Valuer for Property A and Property B of HK\$85 million and HK\$121 million respectively as at 31 December 2014 using market approach.

Healy

The consideration for the Healy Land Interest will be HK\$14,295,000, which was determined after arm's length negotiations between the Company and the Purchaser, taking into account the recent prevailing market conditions of the property market in Hong Kong, and a preliminary valuation of Property C assessed by the Valuer for Property C of an aggregate value of HK\$14,295,000 as at 31 December 2014 using market approach.

Tigris

The consideration for the Tigris Land Interest is HK\$455,000, which was determined after arm's length negotiations between the Company and the Purchaser, taking into account the recent prevailing market conditions of the property market in Hong Kong, and a preliminary valuation of Property D assessed by the Valuer for Property D of an aggregate value of HK\$455,000 as at 31 December 2014 using market approach.

LETTER FROM NUADA

According to the management of the Company and as mentioned above, as Property C and Property D are vacant for over 20 years and the Group has no planning of any development of Property C and Property D, it is intended that the Healy Land Interest and the Tigris Land Interest are disposed of to realise their respective gains on fair value on the respective properties. However, as additional efforts and costs would be incurred if they are sold separately to different purchasers, the Directors consider that the Disposals of the Healy Land Interest and the Tigris Land Interest at their aggregate value according to the preliminary valuation together with the Blooming Success Shares is fair and reasonable.

The valuation report of the Properties, which we have relied on to assess the fairness and reasonableness of the considerations for Blooming Success Shares, Healy Land Interest and Tigris Land Interest, is prepared by the Valuer, an Independent Third Party, and is determined based on the direct comparison approach. Please refer to the section headed "3. Valuation Report" below for detailed information.

Having considered that (i) the growth of property market in general has slowed down as discussed above in the subsection headed "c. Market Outlook" which would impose downward pressure on the fair value of Property A and B in the future; (ii) the consideration of HK\$119,718,323.06 for the Blooming Success Shares is higher than the net assets value of Blooming Success Group of approximately HK\$45.47 million as at 31 December 2014; (iii) the considerations for Healy Land Interest and Tigris Land Interest are set at the preliminary valuations of Property C and Property D as at 31 December 2014 respectively; and (iv) additional efforts and costs would be incurred if the properties are sold separately to different purchaser, we are of the view that the considerations for the Blooming Success Shares, Healy Land Interest and Tigris Land Interest are fair and reasonable.

(b) *Condition precedent*

Completion of the Sale and Purchase Agreements are conditional upon, among other things, the Sale and Purchase Agreements having become unconditional. Details of the conditions precedent to the completion of the Sale and Purchase Agreements are set out in the sub-sections, namely, "Condition precedent" under the section headed "THE SALE AND PURCHASE AGREEMENTS" in the Letter.

We have also reviewed the other terms of the Sale and Purchase Agreements and are not aware of any terms which are uncommon to normal market practice. Based on our own experiences and the study on other disposal agreements of our previous works, the remaining terms of the Sale and Purchase Agreements (including conditions, completion, warranties and pre-completion undertakings, etc) are the standard terms of normal sale and purchase agreements which we have reviewed before. Accordingly, we consider that the terms of the Sale and Purchase Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Valuation Report

Given that the considerations for the Blooming Success Shares, the Healy Land Interest and Tigris Land Interest were determined with reference to, among other things, the preliminary valuation of the Properties, we have reviewed the valuation report (the “**Valuation Report**”) prepared by the Valuer as set out in Appendix II to the Circular and discuss with them regarding the methodology of and the principal bases and assumptions adopted for the valuation of the Properties.

The Valuation Report has been prepared by the Valuer in compliance with all requirements contained in Chapter 5 to the Listing Rules and The HKIS Valuation Standard on Properties (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

We noted that the Valuer had used direct comparison approach for the valuation of the Properties by making reference to comparable sales transactions as available in the relevant market. We understand from the Valuer that the direct comparison approach by making reference to comparable market transactions is a commonly adopted approach in the determination of the value of vacant properties.

For our due diligence purpose, we reviewed and enquired the Valuer’s qualification and experience in relation to the performance of the valuation. We noted that the Valuer has over 20 years of experience in performing valuation for transactions of listed companies in Hong Kong. The Valuer confirmed that it is independent from the Company and all relevant material information provided by the Company had been incorporated in the Valuation Report and there were no other material relevant information or representations relating to the Properties provided or made by the Company to the Valuer not having been included in the valuation. In addition, we also reviewed the terms of the Valuer’s engagement and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report.

Based on the aforesaid, we consider that the above valuation methodology is a reasonable approach in establishing the market value of the Properties.

4. Financial effects of the Disposal

Net Assets

Upon completion of the Disposals, the net assets of the Group will increase from approximately HK\$443.21 million as at 31 December 2014 to approximately HK\$443.74 million assuming the Disposals had taken place on 31 December 2014. Blooming Success Group will cease to be a subsidiary of the Company, and the results of Blooming Success Group will no longer be consolidated in the Company’s consolidated financial statements since the completion of the Disposals. The Group will save approximately HK\$2.4 million of finances cost per annum after the Disposals.

LETTER FROM NUADA

Gearing Ratio

The gearing ratio of the Group, in terms of total debts divided by shareholders' equity, will decrease from approximately 20.41% as at 31 December 2014 to nil, assuming the Disposals had taken place on 31 December 2014.

Based on the above, the Disposals may have an overall positive effect on the Group's financial position. We consider that the Disposals are in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Given that (i) the Disposal Group may not be able to provide positive contribution in the foreseeable future; (ii) the Properties held by the Disposal Group have been vacant for years without material contribution to the revenue of the Group for a period of time; (iii) the fair value gain on Property B is higher than the general growth of the respective property market in the relevant period; (iv) the consideration of HK\$119,718,323.06 for the Blooming Success Shares represents a premium over the net assets value of Blooming Success Group of approximately HK\$45.47 million as at 31 December 2014; (v) the considerations for Healy Land Interest and Tigris Land Interest are set at the preliminary valuations of Property C and Property D as at 31 December 2014 respectively; and (vi) the Group is expected to realise a gain, before tax and expense, on the Disposals of approximately HK\$0.53 million and also reduce finance costs by approximately HK\$2.4 million per annum after the Disposals, we are of the opinion that the terms of the Sale and Purchase Agreements are on normal and commercial terms so far as the Independent Shareholders are concerned and the Disposals are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the relevant resolutions at the SGM to approve Blooming Success SPA, the Healy SPA and the Tigris SPA and the dealings and transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Chan
Director

Mr. Kevin Chan is a person licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Nuada Limited and has over 15 years of experience in corporate finance industry.

FINANCIAL INFORMATION

Financial information of the Group for the two years ended 2013 and 2014 are disclosed in the annual report of the Company for the year ended 31 December 2013 (pages 28 to 86), and the annual results announcement of the Company for the year ended 31 December 2014 respectively, of the Company, which are published on both the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's designated website (<http://www.feholdings.com.hk/>).

FINANCIAL AND TRADING PROSPECTS

The Company is an investment holding company, and the principal activities of its subsidiaries are manufacturing and sales of garment products, property investment and securities investment.

For the two years ended 31 December 2013 and 2014, the Group recorded a loss of approximately HK\$11.43 million and a profit of approximately HK\$24.94 million respectively.

Manufacturing and sales of garment products*Jiangsu BangBang-Silky Fashion Manufacturer Co., Ltd. ("JBB")*

For each of the two years ended 31 December 2013 and 2014, the garment products business of the Group recorded revenue of approximately HK\$15.93 million and HK\$16.75 million respectively, representing an increase of approximately 5.15% as compared to the same period in 2013. The business is facing challenges in terms of the exchange rate risks, increasing material and labour costs, and falling per unit sales price. The market condition in Japan and Europe has yet to improve and demand for children's wear remains low. JBB will continue to downsize its production capacity and lease the idle capacity out to other manufacturers to help to spread the fixed costs over a boarder range of revenue sources. JBB will look for more effective deployment of its resources and identify investment opportunities to broaden its earning base to enhance the Shareholders' value. Currently, the management of the Group is looking for ways to structurally change the business model of this segment to improve productivity and profitability, including the PRC business development. The Company does not have a plan to dispose this business as at the Latest Practicable Date.

Property investment

On 24 January 2014, the Company entered into the acquisition agreement with Mr. Duncan Chiu, a substantial Shareholder, pursuant to which the Company conditionally agreed to acquire the entire issue share capital of Blooming Success Group at the consideration of HK\$36.6 million, in which HK\$10 million was satisfied by cash and HK\$26.6 million was satisfied by the issue of 62,588,235 Shares at an issue price of HK\$0.425 each.

Blooming Success is an investment holding company incorporated in the British Virgin Islands with limited liability. The principal assets of the Blooming Success Group are: (a) Property A, being the four retail shops located on Caine Road, Mid-Levels, Hong Kong, and (b) Property B, being an office and two parking lots at Global Trade Square on Wong Chuk Hang Road, Hong Kong. Details of these are set out in the circular of the Company dated 1 April 2014.

Other property investments of the Group also include several pieces of land, i.e. Property C and Property D, that are held by Healy and Tigris respectively on trust for the Company.

The total value of investment properties was approximately HK\$220.75 million as at 31 December 2014 comprising principally the Properties.

The Company will not have any property investment holdings after the Disposals. However the Company will continue to look for potential investment opportunities, including property investment, as and when suitable opportunities arise.

Investment in securities

The Group recorded a fair value gain on available-for-sale investments of approximately HK\$7.09 million for the year ended 31 December 2014. The Company has previously adopted a longer term perspective in terms of its investment strategy. As stated in the Company's annual results announcement for the year ended 31 December 2014, although volatility in financial markets hindered the Company's ability to identify good investment opportunities, some of the information technology related investments were still able to generate healthy returns for the Group as a result of the boom of information technology related stocks.

On 12 December 2014, the Company announced that the Group intends to concurrently continue its existing business while developing the new short term securities investment business as one of its principal business activities. Given the positive current market environment, the Directors are in the view that it is a suitable time for the Company to take a more active and opportunistic approach in gaining short term investment profits. The Group anticipates that the short term securities investment business will bring more short term returns to the Company and increase shareholders' value, and will therefore be in the interest of the Company and its shareholders as a whole.

The Company will continue to observe its obligations under Chapter 14 of the Listing Rules from time to time in respect of its securities investment.

INDEBTEDNESS STATEMENT

At the close of business on 31 January 2015, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group had outstanding unsecured and unguaranteed amounts due to Directors of approximately HK\$247,000 and guaranteed short term bank loans of approximately HK\$86,838,000 which were secured against the first legal charges with any rental assignments on the Group's properties. The bank loans were guaranteed by the Company.

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 January 2015 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 SUFFICIENCY

The Directors, after due and careful consideration, are of the opinion that, after taking into account the present financial resources available to the Group, the estimated net proceeds to be raised from the Disposals and in the absence of unforeseen circumstances, the Group will have sufficient working capital for at least twelve months from the date of this circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since: (a) 31 December 2013, being the date to which the latest published audited accounts of the Company have been made up; and (b) 31 December 2014, being the date to which the latest published financial results of the Company have been made up.

The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the properties in Hong Kong as at 31 December 2014.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

31 March 2015

The Directors
Far East Holdings International Limited
2101-02, 21/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Dear Sirs,

Re: Portfolio Valuation

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

We refer to your instructions for us to carry out market valuations of the property interests as listed in the attached summary of values which are held by Far East Holdings International Limited and/or its subsidiaries (together referred to as the "Group") in Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of these property interests as at 31 December 2014 (the "date of valuation").

BASIS OF VALUATION

Our valuation of each property interest represents its market value which in accordance with the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION ASSUMPTIONS

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

METHOD OF VALUATION

We have valued the property interests by Direct Comparison Method by making reference to comparable sales transactions as available in the market.

In valuing the property interests, we have complied with the requirement set out in Chapter 5 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property interests, particulars of occupancy, site and floor areas, interest attributable to the Group in the property interests and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

LAND TENURE

In valuing the property interests in Hong Kong the Government Leases of which expired before 30 June 1997, we have taken into account that under the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance such leases have been extended without premium until 30 June 2047 and that rents of 3% of the rateable value are charged per annum from the date of extension.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the property interests but have caused searches to be made at the Land Registries in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our valuer, Ms. Felice Wang has recently inspected the exterior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties interests are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor (General Practice)
MSc, MHKIS
Senior Director, Valuation & Advisory Services

Note: Mr. K.B. Wong is a Registered Professional Surveyor (General Practice) who has over 30 years' property valuation experience in Hong Kong.

SUMMARY OF VALUES

Properties held for Investment	Market value in existing state as at 31 December 2014 HK\$
1. Half share of and in Lot Nos. 5, 9, 10, 12, 14, 15, 17, 18, 19, 20, 33 and 72 in Demarcation District No. 447, Tsuen Wan, New Territories	455,000
2. Lot Nos. 46, 47, 48, 49, 107, 108, 109 and 110 in Demarcation District No. 279, Tuen Mun, New Territories	798,000
3. Lot Nos. 421 and 718 in Demarcation District No. 395, Tin Fu Tsai, Tuen Mun, New Territories	497,000
4. Lot Nos. 968 to 973, 975 to 977, the Remaining Portion of Lot No. 978, the Remaining Portion of Lot No. 980 and the Remaining Portion of Lot No. 981 in Demarcation District No. 82, Ta Kwu Ling, Fanling, New Territories	13,000,000
5. Shops B, C, D and E on Ground Floor, On Fung Building, Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong	85,000,000
6. 23rd Floor and Car Parking Space Nos. 502 and 503 on 5th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Aberdeen, Hong Kong	121,000,000
Total:	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> 220,750,000 <hr style="border: 0; border-top: 3px double black; margin-top: 5px;"/>

VALUATION CERTIFICATE

Properties held for Investment

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
1.	Half share of and in Lot Nos. 5, 9, 10, 12, 14, 15, 17, 18, 19, 20, 33 and 72 in Demarcation District No. 447, Tsuen Wan, New Territories	<p>The property interest comprises half share in twelve pieces of agricultural lots situated in Tsuen Wan District.</p> <p>The locality of the property is characterised by agricultural lands.</p> <p>The twelve lots have a total registered site area of approximately 40,075 sq.ft. (3,723.06 sq.m.).</p> <p>The property is held from the Government for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898 and statutorily extended to 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the date of valuation, the property was vacant.	HK\$455,000

Note(s):

- (1) The registered owner of the property interest is Tigris Investment Limited.
- (2) The property is not covered by any Outline Zoning Plan.

VALUATION CERTIFICATE

Properties held for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
2. Lot Nos. 46, 47, 48, 49, 107, 108, 109 and 110 in Demarcation District No. 279, Tuen Mun, New Territories	<p>The property interest comprises eight pieces of agricultural lots situated in Tuen Mun District.</p> <p>The locality of the property is characterised by agricultural lands.</p> <p>The property has a total registered site area of approximately 36,155 sq.ft. (3,358.88 sq.m.).</p> <p>The property is held from the Government for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898 and statutorily extended to 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the date of valuation, the property was vacant.	HK\$798,000

Notes:

- (1) The registered owner of the property is Healy Company Limited.
- (2) Lot Nos. 47 and 110 in Demarcation District No. 279 are subject to a Copy Order MADDO under Section 3 of Electricity Networks (Statutory Easements) Ordinance in favour of The Government of Hong Kong and China Light & Power Company, Limited.
- (3) The property is not covered by any Outline Zoning Plan.

VALUATION CERTIFICATE

Properties held for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
3. Lot Nos. 421 and 718 in Demarcation District No. 395, Tin Fu Tsai, Tuen Mun, New Territories	<p>The property interest comprises two pieces of agricultural lots situated in an area known as Tin Fu Tsai in Tuen Mun District.</p> <p>The locality of the property is characterised by agricultural land.</p> <p>The property has a total registered site area of approximately 22,216 sq.ft. (2,063.92 sq.m.).</p> <p>The property is held from the Government for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898 and statutorily extended to 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the date of valuation, the property was vacant.	HK\$497,000

Notes:

- (1) The registered owner of the property is Healy Company Limited.
- (2) Lot No. 718 in Demarcation District No. 395 is subject to a notice of easement.
- (3) Lot No. 421 in Demarcation District No. 395 is zoned for "Green Belt" use under Tin Fu Tsai Outline Zoning Plan No. S/TM/-TFT/2 dated 4 November 2014.
- (4) Lot No. 718 in Demarcation District No. 395 is not covered by any Outline Zoning Plan.

VALUATION CERTIFICATE

Properties held for Investment

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
4.	Lot Nos. 968 to 973, 975 to 977, the Remaining Portion of Lot No. 978, the Remaining Portion of Lot No. 980 and the Remaining Portion of Lot No. 981 in Demarcation District No. 82, Ta Kwu Ling, Fanling, New Territories	<p>The property interest comprises twelve pieces of agricultural lots situated in an area known as Ta Kwu Ling in Fanling District.</p> <p>The locality of the property is characterised by agricultural lands and village-type house of various ages.</p> <p>The property has a total registered site area of approximately 53,070 sq.ft. (4,930.32 sq.m.).</p> <p>The property is held from the Government for a term of 75 years renewed for a further term of 24 years less the last three days from 1 July 1898 and statutorily extended to 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the date of valuation, the property was vacant.	HK\$13,000,000

Note(s):

- (1) The registered owner of the property is Healy Company Limited.
- (2) The property is zoned for "Agriculture" use under Ping Che & Ta Kwu Ling Outline Zoning Plan No. S/NE-TKL/14 dated 2 February 2010.

VALUATION CERTIFICATE

Properties held for Investment

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
5.	Shops B, C, D and E on Ground Floor, On Fung Building, Nos. 110, 112, 112A, 114, 116 and 118 Caine Road, Mid-Levels, Hong Kong 12/272nd shares of and in the Remaining Portion of Sub-sections 1, 2, 3 and 4 and the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 424	The property interest comprises 4 shop units on the ground floor of a 29-storey composite building completed in 1977. The locality of the property is characterised by composite and residential building of various ages. The property has a saleable area of approximately 2,654 sq.ft. (246.56 sq.m.). The property is held under various Government Leases for terms of 999 years commencing on 28 May 1855. The current Government rent payable for Inland Lot No. 424 is HK\$80 per annum.	As at the date of valuation, the property was vacant.	HK\$85,000,000

Notes:

- (1) The registered owner of the property is Blooming Success Limited.
- (2) The property is subject to a Mortgage in favour of Dah Sing Bank Limited for all moneys.
- (3) The property is subject to a Rental Assignment in favour of Dah Sing Bank Limited.
- (4) The property is subject to an Order No. DR00344/HK/14 issued by the Building Authority under Section 28(3) of the Building Ordinance. In the course of our valuation, we have disregarded any reinstatement costs for compliance of the said Order (Pending Registration).
- (5) The property is zoned for "Residential (Group A)" use under Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 2 March 2010.

VALUATION CERTIFICATE

Properties held for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2014
6.	<p>23rd Floor and Car Parking Space Nos. 502 and 503 on 5th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Aberdeen, Hong Kong</p> <p>750/19000th shares of and in the Remaining Portion of Aberdeen Inland Lot No. 453</p>	<p>The property interest comprises the whole office floor on the 23rd floor and 2 car parking spaces on the 5th floor of a 32-storey (including ground, electrical & mechanical and refuge floors) commercial building completed in 2013.</p> <p>The locality of the property is characterised by industrial buildings of various ages.</p> <p>The property has a gross floor area and saleable area of approximately 9,820 sq.ft. (912.30 sq.m.) and 7,947 sq.ft. (738.29 sq.m.) respectively, excluding the areas of the car parking spaces.</p> <p>The property is held from the Government under Condition of Exchange No. 20115 for a term of 50 years from 14 October 2010. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>As at the date of valuation, the property was vacant.</p> <p style="text-align: right;">HK\$121,000,000</p>

Notes:

- (1) The registered owner of the property is New Continent Development Limited.
- (2) The property is subject to a Mortgage to secure general banking facilities in favour of Hang Seng Bank Limited for all moneys.
- (3) The property is subject to an Assignment of Rental Income and Sales Proceeds in favour of Hang Seng Bank Limited.
- (4) The property is zoned for "Other Specified Uses (2) (Business)" use under Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/29 dated 11 March 2014.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 misleading.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and their associates 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 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or
- b. pursuant to section 352 of the SFO, to be entered in the register referred to therein; or
- c. pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

As at the Latest Practicable Date, none of the Directors or chief executive of the Company and their associates 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 SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

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 10% 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:

Name of Shareholder	Capacity	Long position/ short position	Number of Shares interested	Approximate percentage of the issued share capital of the Company
Mr. Duncan Chiu	Beneficial owner	Long position	163,417,604	20.30%

Note: The approximate percentages of interest in Shares as shown represented the number of Shares interested by the relevant Shareholders to the issued share capital of the Company 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 10% 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.

DIRECTORS' INTEREST IN ASSETS AND/OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors directly or indirectly, had any interest in any assets which had since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which any Director is materially interested and which is significant in relation to the business of the Group.

COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any businesses or interests that competes or might compete with the business of the Group or any other conflict of interests with the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which is contained in this circular:

Name	Qualification
Nuada Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
DTZ Debenham Tie Leung Limited	An independent professional property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which it appears. As at the Latest Practicable Date, each of the above experts:

- i. did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- ii. did not have any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which 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 Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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:

- i. the supplemental agreement dated 18 February 2015 entered into between the Company and the Purchaser in relation to the Blooming Success SPA;
- ii. the Blooming Success SPA;
- iii. the Healy SPA;
- iv. the Tigris SPA;
- v. the underwriting agreement dated 18 December 2014 entered into between the Company and Kingston Securities Limited in relation to the issue of the offer shares on the basis of one (1) offer share for every two (2) Shares held on the 21 January 2015 by way of open offer to the qualifying Shareholders for subscription pursuant to the terms and conditions to be set out in the underwriting agreement;
- vi. the conditional sale and purchase agreement dated 24 January 2014 entered into between the Company and the Mr. Duncan Chiu ("Mr. Chiu") in relation to the acquisition of 50,000 ordinary shares of US\$1 each, representing the entire issued share capital of Blooming Success, a company incorporated in British Virgin Islands with limited liability, by the Company from Mr. Chiu at a consideration of HK\$36.6 million;
- vii. the cornerstone investor agreement dated 27 November 2013 entered into between the Company, China Binary Sale Technology Limited ("China Binary") and Quam Securities Company Limited in relation to the acquisition of the shares of China Binary by the Company up to an aggregate value of HK\$10 million. The acquisition was completed on 4 December 2013 and the Company acquired 16,662,000 shares of China Binary at a price of HK\$0.6 per share;

- viii. the equity transfer agreement dated 30 September 2013 entered into between Jubilee Star Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company and China Aviation Supplies Holding Limited* (中國航空器材集團公司), a state-owned enterprise established under the laws of the PRC in relation to the disposal of the approximately 20.02% of the equity interests in Beijing Kailan Aviation Technology Co., Ltd* (北京凱蘭航空技術有限公司) by Jubilee Star Limited to China Aviation Supplies Holding Limited* (中國航空器材集團公司); and
- ix. 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 in Market Talent Limited held by the Company at a cash consideration of HK\$2,800,000.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. 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:

- i. the articles of association of the Company;
- ii. the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- iii. the written consent of the experts referred to in the section headed “Expert and Consent” of this appendix;
- iv. the letter from the Independent Board Committee, the text of which is set out in this circular;
- v. the letter from Nuada Limited, the text of which is set out in this circular;
- vi. the property valuation report on the Properties as set out in this circular;
- vii. the annual report of the Company for the year ended 31 December 2013;
- viii. the annual results announcement of the Company for the year ended 31 December 2014; and
- ix. 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 17M Floor, 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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a extraordinary general meeting (the “**Meeting**”) 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 Monday, 20 April 2015 at 4:00 p.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**That:**

- a) the sale and purchase agreement dated 17 February 2015 (“**Blooming Success SPA**”) entered into between the Company and Mr. Duncan Chiu (the “**Purchaser**”), a substantial shareholder of the Company in respect of the disposal of the 50,000 ordinary shares in Blooming Success Limited, as amended by a supplemental agreement dated 18 February 2015, the terms are set out in the circular of the Company dated 31 March 2015 relating to the disposal (the “**Circular**”), at the consideration of HK\$119,718,323.06 and all the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed; and
- b) the directors of the Company be and are hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Blooming Success SPA and any dealings and transactions contemplated thereunder.

2. “**That:**

- a) the sale and purchase agreement dated 17 February 2015 (“**Healy SPA**”) entered into between the Company, Healy Company Limited and the Purchaser in respect of the disposal of the Company’s land interest of Lots Nos. 46, 47, 48, 49, 107, 108, 109 and 110 all in Demarcation District No. 279, and Lots Nos. 421 and 718 all in Demarcation District No. 395 in Tuen Mun, New Territories, Hong Kong and Lots Nos. 968, 969, 970, 971,

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972, 973, 975, 976, 977, 978 RP, 980 RP and 981 RP all in Demarcation District No. 82 in Fanling, New Territories, Hong Kong at the consideration of HK\$14,295,000 (the principal terms are set out in the Circular) and all the dealings and transactions contemplated thereunder and all acts, negotiations, representations and other matters of and incidental thereto or in connection therewith or contemplated thereunder, whether before or after the signing of Healy SPA, be and are hereby approved, ratified and confirmed; and

- b) the directors of the Company be and are hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Healy SPA and any dealings and transactions contemplated thereunder.

3. **“That:**

- a) the sale and purchase agreement dated 17 February 2015 (“**Tigris SPA**”) entered into between the Company, Tigris Investment Limited and the Purchaser in respect of the disposal of the Company’s land interest of one equal undivided half part or share in Lots Nos. 5, 9, 10, 12, 14, 15, 17, 18, 19, 20, 33 and 72 all in Demarcation District No. 447 in Tsuen Wan, New Territories, Hong Kong at the consideration of HK\$455,000 (the principal terms are set out in the Circular) and all the dealings and transactions contemplated thereunder and all acts, negotiations, representations and other matters of and incidental thereto or in connection therewith or contemplated thereunder, whether before or after the signing of the Tigris SPA be and are hereby approved, ratified and confirmed; and
- b) the directors of the Company be and are hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Tigris SPA and any dealings and transactions contemplated thereunder.”

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

Hong Kong, 31 March 2015

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Notes:

1. Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the Meeting is entitled to appoint one or more separate proxies to attend and to vote instead of him. A proxy need not be a Shareholder.
2. To be valid, the form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company’s branch registrar and transfer office in Hong Kong, 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 fixed for holding the Meeting (or at any adjournment thereof)
3. Delivery of an instrument appointing a proxy should not preclude a Shareholder from attending and voting in person at the Meeting or at any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. 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.
5. Resolution as set out in this notice will be taken by poll at the Meeting.
6. As at the date hereof, the executive directors of the Company are Mr. Derek Chiu, Mr. Richard Yen, Mr. Yu Pak Yan, Peter, Mr. Fok Chi Tak and Mr. Ip Ngai Sang; the independent non-executive directors are Mr. Chan Ming Sun, Jonathan, Dr. Wong Yun Kuen and Ms. Kwan Shan.