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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2012**

**INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Far East Holdings International Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June, 2012 together with comparative amounts.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2012

		Six months ended	
	Notes	30.6.2012 HK\$'000 (unaudited)	30.6.2011 HK\$'000 (unaudited)
<b>Continuing operations</b>			
Revenue	3	8,089	11,145
Cost of sales		<u>(9,138)</u>	<u>(9,784)</u>
Gross (loss) profit		(1,049)	1,361
Dividend income from available-for-sale investments		62	47
Dividend income from held-for-trading investments		4	35
Other income		375	406
Other gains and losses	4	5,864	1,909
Selling and distribution costs		(52)	(37)
Administrative expenses		(7,879)	(8,770)
Finance costs		(21)	(36)
Share of results of jointly controlled entities		<u>295</u>	<u>227</u>
Loss before tax	5	(2,401)	(4,858)
Income tax expense	6	<u>–</u>	<u>(131)</u>
Loss for the period from continuing operations		(2,401)	(4,989)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	7	<u>–</u>	<u>(5,864)</u>
Loss for the period		<u>(2,401)</u>	<u>(10,853)</u>
<b>Other comprehensive (expense) income</b>			
Exchange differences arising from the translation of foreign operations		(39)	1,374
Fair value (loss) gain on available-for-sale investments		(30,941)	48,205
Reclassification adjustment upon disposal of available-for-sale investments		<u>–</u>	<u>2,250</u>
Other comprehensive (expense) income for the period		<u>(30,980)</u>	<u>51,829</u>
Total comprehensive (expense) income for the period		<u><u>(33,381)</u></u>	<u><u>40,976</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30th June, 2012

	<i>Note</i>	<b>Six months ended</b> <b>30.6.2012</b> <b>HK\$'000</b> <b>(unaudited)</b>	<b>30.6.2011</b> <b>HK\$'000</b> <b>(unaudited)</b>
Loss for the period attributable to:			
Owners of the Company		(1,403)	(10,102)
Non-controlling interests		(998)	(751)
		<b>(2,401)</b>	(10,853)
Total comprehensive (expense) income attributable to:			
Owners of the Company		(32,479)	41,404
Non-controlling interests		(902)	(428)
		<b>(33,381)</b>	40,976
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	9		
From continuing and discontinued operations			
– basic		<b>(0.46)</b>	(3.34)
– diluted		<b>(0.46)</b>	(3.34)
From continuing operations			
– basic		<b>(0.46)</b>	(1.67)
– diluted		<b>(0.46)</b>	(1.67)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2012

	<i>Notes</i>	<b>30.6.2012</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2011 <i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		15,870	15,760
Property, plant and equipment		8,282	8,889
Prepaid lease payments		892	939
Interests in jointly controlled entities		43,611	43,549
Available-for-sale investments		<u>233,923</u>	<u>264,864</u>
		<u><b>302,578</b></u>	<u>334,001</u>
<b>CURRENT ASSETS</b>			
Prepaid lease payments		31	32
Held-for-trading investments		14,893	30,090
Inventories		2,889	4,091
Trade and other receivables	10	2,511	4,058
Amount due from a non-controlling interest		3,151	3,175
Amounts due from related parties		9	9
Tax recoverable		–	69
Deposits held at financial institutions		39,638	18,639
Pledged bank deposits		41	41
Bank balances and cash		<u>50,261</u>	<u>54,929</u>
		<u><b>113,424</b></u>	<u>115,133</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,907	1,399
Amounts due to non-controlling interests		297	297
Amounts due to related parties		2,781	2,903
Obligations under finance leases			
– due within one year		<u>284</u>	<u>277</u>
		<u><b>5,269</b></u>	<u>4,876</u>
<b>NET CURRENT ASSETS</b>		<u><b>108,155</b></u>	<u>110,257</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>410,733</b></u>	<u>444,258</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30th June, 2012

	<b>30.6.2012</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2011 <i>HK\$'000</i> (audited)
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>3,028</b>	3,028
Share premium and reserves	<b>390,475</b>	422,954
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>393,503</b>	425,982
Non-controlling interests	<b>16,700</b>	17,602
	<hr/>	<hr/>
	<b>410,203</b>	443,584
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Obligations under finance leases – due after one year	<b>530</b>	674
	<hr/>	<hr/>
	<b>410,733</b>	444,258
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2012

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

- amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*;
- amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*; and
- amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

Information reported to the Managing Director and Chief Executive Officer of the Group, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance is organised into the following operating and reportable segments which focus on the category of different industries and is consistent with the basis of organisation in the Group:

Industrial	– manufacturing and sale of garments
Aviation	– provision of aviation maintenance services provided by a jointly controlled entity
Other operation	– property investment

During the prior period, the Group’s entertainment segment had been classified as discontinued operations as a result of the Disposal and Subscription Transaction as set out in Note 7.

### 3. SEGMENT INFORMATION (Continued)

#### Segment revenues and results

The following is the analysis of the Group's revenue and results by operating and reportable segment:

#### Six months ended 30th June, 2012

##### Continuing operations

	Industrial <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment and external revenue	<u>8,089</u>	<u>–</u>	<u>–</u>	<u>8,089</u>
Segment result	<u>(2,301)</u>	<u>295</u>	<u>(283)</u>	<u>(2,289)</u>
Other income				375
Finance costs				(21)
Unallocated expenses				(6,220)
Increase in fair value of held-for-trading investments				<u>5,754</u>
Loss before tax (continuing operations)				<u>(2,401)</u>

#### Six months ended 30th June, 2011

##### Continuing operations

	Industrial <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment and external revenue	<u>11,145</u>	<u>–</u>	<u>–</u>	<u>11,145</u>
Segment result	<u>84</u>	<u>227</u>	<u>2,005</u>	2,316
Other income				406
Finance costs				(36)
Unallocated expenses				(6,448)
Gain on disposal of other non-current assets				1,494
Decrease in fair value of held-for-trading investments				(234)
Loss on disposal of available-for-sale investments				<u>(2,356)</u>
Loss before tax (continuing operations)				<u>(4,858)</u>

Segment result represents the profit (loss) from each segment without allocation of other income, corporate expenses, finance costs, loss on disposal of available-for-sale investments, changes in fair value of held-for-trading investments and gain on disposal of other non-current assets. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

#### 4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Increase (decrease) in fair value of held-for-trading investments	5,754	(234)
Increase in fair value of investment properties	110	3,005
Gain on disposal of other non-current assets	–	1,494
Loss on disposal of available-for-sale investments	–	(2,356)
	<u>5,864</u>	<u>1,909</u>

#### 5. LOSS BEFORE TAX

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Loss before tax has been arrived at after charging:		
Amortisation of prepaid lease payments	53	50
Depreciation ( <i>Note</i> )	<u>657</u>	<u>950</u>

*Note:* Depreciation amounting to HK\$nil (six months ended 30th June, 2011: HK\$957,000) was included in administrative expenses classified under discontinued operations.

#### 6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	<u>–</u>	<u>131</u>

Taxation arising in the PRC is recognised based on 25% for both periods.

## 7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 20th May, 2011, the Group entered into the sale and purchase and subscription agreement (the “Agreement”) in relation to the disposal of its entire equity interest in certain subsidiaries, which were engaged in the entertainment operations, at an aggregate consideration of HK\$8,000,000 which was to be satisfied by 104 new ordinary shares of the purchaser, Market Talent Limited (“Market Talent”) to be allotted and issued to the Group. In addition, the Group agreed to subscribe for 117 new ordinary shares of Market Talent at a cash consideration of HK\$9,000,000 (collectively described as “Disposal and Subscription Transaction”). Both Market Talent and its legal and beneficial owner are unrelated to the Group. Market Talent and its subsidiary were engaged in providing audio visual equipment and audio visual information technology solutions. Details of the Disposal and Subscription Transaction were set out in the circular dated 30th June, 2011. The Disposal and Subscription Transaction was completed on 30th August, 2011. Immediately after the Disposal and Subscription Transaction, the Group holds 18.1% equity interest in Market Talent which is classified as available-for-sale investments.

The loss from the discontinued operations for the prior period was analysed as follows:

	Six months ended 30.6.2011 HK\$'000
Loss of entertainment operations for the period	(5,864)
Attributable to:	
Owners of the Company	(5,035)
Non-controlling interests	(829)
	<u>(5,864)</u>

The result of the entertainment operations for the prior period was as follows:

	Six months ended 30.6.2011 HK\$'000
Revenue	5,184
Cost of sales	(2,945)
Other income	74
Selling and distribution costs	(4,584)
Administrative expenses	(3,591)
Finance costs	(2)
	<u>(5,864)</u>
Loss before tax	(5,864)
Income tax expense	—
	<u>—</u>
Loss for the period	<u>(5,864)</u>

## 8. DIVIDEND

No dividends were paid, declared or proposed during the interim periods.

## 9. LOSS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2012 HK\$'000	30.6.2011 HK\$'000
Loss for the purpose of basic and diluted loss per share	<u>(1,403)</u>	<u>(10,102)</u>
<b>Number of shares:</b>		
Number of ordinary shares in issue for the purposes of basic and diluted loss per share	<u>302,837,886</u>	<u>302,837,886</u>

### From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2012 HK\$'000	30.6.2011 HK\$'000
Loss for the period attributable to the owners of the Company	(1,403)	(10,102)
Less: loss for the period from discontinued operations attributable to the owners of the Company	<u>–</u>	<u>(5,035)</u>
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	<u><u>(1,403)</u></u>	<u><u>(5,067)</u></u>

The denominators used are the same as those detailed above for both basic and diluted loss per share for continuing and discontinued operations.

### From discontinued operations

Basic and diluted loss per share from discontinued operations was 1.66 HK cents per share for the period ended 30th June, 2011, based on the loss for the period from discontinued operations of HK\$5,035,000 and the denominators detailed above for both basic and diluted loss per share for continuing operations.

The diluted loss per share for both periods has not assumed the effect of share options as it would result in a decrease in the loss per share.

## 10. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants are payable on receipt of invoices. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period:

	<b>30.6.2012</b> <i>HK\$'000</i>	31.12.2011 <i>HK\$'000</i>
Past due:		
0 to 30 days	<b>438</b>	1,243
31 to 60 days	<b>313</b>	120
61 to 90 days	<b>326</b>	822
Over 90 days	<b>366</b>	859
	<hr/>	<hr/>
Total trade receivables	<b>1,443</b>	3,044
Other receivables	<b>1,068</b>	1,014
	<hr/>	<hr/>
	<b>2,511</b>	4,058
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## 11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30.6.2012</b> <i>HK\$'000</i>	31.12.2011 <i>HK\$'000</i>
0 to 30 days	<b>443</b>	116
Over 90 days	<b>42</b>	42
	<hr/>	<hr/>
Total trade payables	<b>485</b>	158
Other payables and accruals	<b>1,422</b>	1,241
	<hr/>	<hr/>
	<b>1,907</b>	1,399
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## 12. PLEDGE OF ASSETS

At 30th June, 2012:

- (a) margin trading facilities in respect of securities transactions to the extent of approximately HK\$6.1 million (31st December, 2011: HK\$6.4 million) are secured by the listed investments and deposit held at financial institutions of the Group of approximately HK\$22.7 million (31st December, 2011: HK\$24.9 million). None of these facilities has been utilised at the end of the reporting periods. The listed investments comprise held-for-trading securities and available-for-sale investments held by the Group;
- (b) overdraft and revolving loan facilities to the extent of approximately HK\$17.1 million (31st December, 2011: HK\$17.1 million) are secured by the deposit held at financial institutions of the Group of approximately HK\$41,000 (31st December, 2011: HK\$41,000). None of these facilities has been utilised at the end of the reporting periods; and
- (c) short term loan and margin facilities in respect of securities transactions to the extent of approximately HK\$233.5 million (31st December, 2011: HK\$233.1 million) are secured by the listed investments and deposit held at financial institutions of the Group of approximately HK\$220.1 million (31st December, 2011: HK\$241.8 million). None of these facilities has been utilised at the end of the reporting periods. The listed investments comprise held-for-trading securities and available-for sale investment held by the Group.

### 13. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these condensed consolidated financial statements, the Group has the following related party transactions during the year:

#### Compensation of key management personnel

The remuneration of directors and other members of key management of the Group are as follows:

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
Short-term benefits	1,935	1,640
Post-employment benefits	31	30
	<u>1,966</u>	<u>1,670</u>

### 14. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, the Company disposed of the entire issued share capital of, and assigned a receivable due from, a subsidiary of the Company, Cathay Motion Picture Studios Limited to a connected party of the Group at an aggregate cash consideration of HK\$8,500,000. The major asset of the subsidiary is an investment property located in Hong Kong with a fair value of HK\$8,500,000 at 30th June, 2012. The disposal resulted in a gain of approximately HK\$10,000. Details of the disposal are set out in the announcement dated 13th July, 2012.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE RESULTS

For the six months period ended 30th June, 2012 (the "Period"), the Group's operating activities recorded a revenue of approximately HK\$8.09 million (30th June, 2011: HK\$11.15 million), representing a decrease of 27.4% over corresponding period in 2011.

Loss attributable to owners of the Company for the Period amounted to approximately HK\$1.40 million (30th June, 2011: loss HK\$10.10 million).

The basic loss per share for the Period narrowed 86.2% to 0.46 HK cents (30th June, 2011: basic loss per share of 3.34 HK cents), compare to the same period in 2011.

The Group recorded total comprehensive expense for the Period amounted to approximately HK\$33.38 million (30th June, 2011: total comprehensive income amounted to approximately HK\$40.98 million) mainly arising from the unrealised loss of available-for-sale investments.

## **BUSINESS REVIEW AND PROSPECTS**

### **Business Review**

During the Period, the Group was principally engaged in aviation maintenance and manufacturing and sales of garment products in the PRC.

#### **Aviation Maintenance Holdings**

*Beijing Kailan Aviation Technology Co., Ltd. (“BKAT”)*

For the Period, profit attributable to shareholders of BKAT was approximately RMB1.20 million (30th June, 2011: RMB0.95 million), representing an increase of 26.3% over that of last period.

The aviation industry is expected to grow steadily in the PRC. BKAT believed that the demand for the aviation maintenance services will grow gradually. However, higher costs and competition are increasing the pricing pressure and threatening the profit margin.

#### **Garment Manufacturing Industry**

*Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited (“JBB”)*

For the Period, JBB recorded revenue of approximately HK\$8.09 million (30th June, 2011: HK\$11.15 million), representing 27.4% decrease comparing to the same period in 2011 and loss before tax of HK\$1.98 million (30th June, 2011: profit before tax of HK\$0.52 million).

The garment industry continues to be challenging due to increasing costs and low demand. Japan’s economic recovery is not clear and birth rate is still at low levels, putting pressure on JBB’s children clothing business.

### **Events After the Period**

*Completion of Connected Transaction – Disposal of a subsidiary*

Subsequent to the Period, the Company disposed of the entire issued share capital of, and assigned a receivable due from a subsidiary of the Company, Cathay Motion Picture Studios Limited (“Cathay Motion”) to a connected party of the Group at an aggregate cash consideration of HK\$8,500,000. The major asset of Cathay Motion is an investment property located in Hong Kong with fair value of HK\$8,500,000 as at 30th June, 2012. The disposal resulted in a gain of approximately HK\$10,000. Details of the disposal were set out in the announcement dated 13th July, 2012.

*Resumption of Trading*

Trading in the shares of the Company on the Stock Exchange has been suspended since 3rd September, 2010. As all the resumption conditions have been fulfilled, the Stock Exchange approved the resumption of trading of the shares of the Company on 17th July, 2012.

## **Prospects**

Although current market conditions poses varies challenges to some of the legacy business, the Group will continue to identifying new potential merger and acquisition opportunities in the PRC market. The Group has the capability to leverage its strength and expertise in a wide range of industries that offer solid potential when opportunity arises.

## **FINANCIAL REVIEW**

### **Liquidity, Capital Structure and Financial Resources**

As at 30th June, 2012, the Group had cash and bank balances and deposits held at financial institutions amounting to HK\$89.94 million (31st December, 2011: HK\$73.61 million). Fundamentally, the Group's funding policy was to finance the business operations with internally net generated cash and bank facilities. As at 30th June, 2012, the Group had no bank and other loans (31st December, 2011: Nil).

### **Current Ratio**

The Group's current ratio (current assets to current liabilities) as at 30th June, 2012 decreased to 21.53 (31st December, 2011: 23.61). On the whole, the financial position and liquidity of the Group remained stable.

### **Capital Structure**

During the Period, there was no change to the share capital of the Company. As at 30th June, 2012, the total number of issued ordinary shares of the Company was 302,837,886 shares.

### **Exposure on Foreign Exchange Fluctuations**

The Group had no significant exposure to foreign exchange fluctuation during the Period.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

### **Contingent Liabilities**

As at 30th June, 2012, the Group did not have any material contingent liabilities (31st December, 2011: Nil).

### **Capital Commitments**

As at 30th June, 2012, the Group had no significant capital commitments (31st December, 2011: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

For the period 1st January, 2012 to 30th June, 2012, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

## **INTERIM DIVIDEND**

No dividends were paid, declared or proposed during the Period. The Directors do not recommend the payment of an interim dividend.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30th June, 2012, the Group had approximately 215 employees in Hong Kong and the PRC (31st December, 2011: approximately 230 employees). The Group offers its employees competitive remuneration packages based on industry's practices and performance of individual employee. Year-end discretionary bonus would be granted to reward and motivate those well performed employees. The Group adopted a share option scheme on 23rd May, 2005 (the "Share Option Scheme") and discretionary share options would be granted to reward and motivate those well performed employees. There were totaling 1.32 million (31st December, 2011: 1.32 million) share options outstanding under the Share Option Scheme as at 30th June, 2012.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Each of the Directors confirmed that he complied with the Model Code during the Period.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") contained in Appendix 14 to the Listing Rules during the Period, with deviation from code provision A.4.1 of the CG Code and Report in respect of the service term and rotation of Directors.

None of the existing non-executive Directors is appointed for a specific term except for Mr. Lee Kwan Hung who was appointed as independent non-executive Director on 1st March, 2012. This constitutes a deviation from code provision A.4.1 of the CG Code and Report. However, all Directors are subject to retirement at the annual general meeting under articles 79 and 80 of the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code and Report.

## **REMUNERATION COMMITTEE**

A Remuneration Committee was established by the Board with written terms of reference pursuant to the provisions as set out in the CG Code and Report. As at the date of this announcement, the Remuneration Committee comprises three members, namely, Dr. Lam Lee G. (chairman of the Remuneration Committee) and Mr. Eugene Yun Hang Wang, both are independent non-executive Directors, and Mr. Derek Chiu, an executive Director.

The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management.

## **AUDIT COMMITTEE**

An Audit Committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code and Report. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Dr. Lam Lee G. (chairman of the Audit Committee), Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.

The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements and unaudited interim results for the six months ended 30th June, 2012.

## **NOMINATION COMMITTEE**

A Nomination Committee was established by the Board on 28th March, 2012 with written terms of reference pursuant to the provisions as set out in the CG Code and Report. As at the date of the announcement, the Nomination Committee comprises three members, namely, Mr. Eugene Yun Hang Wang (chairman of the Nomination Committee) and Dr. Lam Lee G., both are independent non-executive Directors, and Mr. Derek Chiu, an executive Director.

The Nomination Committee is principally responsible for formulating and making recommendation to the Board regarding the Board composition.

## **REVIEW OF INTERIM RESULTS**

The Interim Results of the Group for the six months ended 30th June, 2012 have been reviewed by the Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu, which are of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 31st August, 2012

*As at the date of this announcement, the Board comprises eight Directors of which four are executive Directors, namely Deacon Te Ken Chiu, J.P., Mr. Derek Chiu, Mr. Richard Yen and Mr. Ip Ngai Sang; one is non-executive Director, namely, Mr. Desmond Chiu; and three are independent non-executive Directors, namely Dr. Lam Lee G., Mr. Eugene Yun Hang Wang and Mr. Lee Kwan Hung.*