FEH

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, 2013

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, 2013 together with comparative amounts.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30th June, 2013

		Six months ended	
	Notes	**30.6.2013** *HK$'000* **(unaudited)**	30.6.2012 *HK$'000* (unaudited)
Revenue	*3*	**7,925**	8,089
Cost of sales		**(7,660)**	(9,138)
Gross profit (loss)		**265**	(1,049)
Dividend income from available-for-sale investments		**35**	62
Dividend income from held-for-trading investments		**51**	4
Other income		**434**	375
Other gains and losses	*4*	**2,448**	5,864
Selling and distribution costs		**(58)**	(52)
Administrative expenses		**(13,036)**	(7,879)
Finance costs		**(14)**	(21)
Share of results of a joint venture		**447**	295
Loss before tax		**(9,428)**	(2,401)
Income tax expense	*5*	**–**	–
Loss for the period	*6*	**(9,428)**	(2,401)
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from the translation of foreign operations		**1,701**	(39)
Fair value gain (loss) on available-for-sale investments		**38,413**	(30,941)
Other comprehensive income (expense) for the period		**40,114**	(30,980)
Total comprehensive income (expense) for the period		**30,686**	(33,381)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30th June, 2013

		Six months ended	
	Note	**30.6.2013** **HK$'000** **(unaudited)**	30.6.2012 *HK$'000* (unaudited)
Loss for the period attributable to:			
Owners of the Company		**(8,995)**	(1,403)
Non-controlling interests		**(433)**	(998)
		(9,428)	(2,401)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**30,757**	(32,479)
Non-controlling interests		**(71)**	(902)
		30,686	(33,381)
		HK cents	*HK cents* (restated)
Loss per share	*8*		
– basic		**(2.07)**	(0.41)
– diluted		**(2.07)**	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2013

	Notes	**30.6.2013** **HK$'000** **(unaudited)**	31.12.2012 *HK$'000* (audited)
NON-CURRENT ASSETS			
Investment properties		**9,380**	8,255
Property, plant and equipment		**7,735**	7,648
Prepaid lease payments		**809**	843
Interests in a joint venture		**46,329**	44,919
Available-for-sale investments		**248,254**	212,329
		312,507	273,994
CURRENT ASSETS			
Prepaid lease payments		**29**	29
Held-for-trading investments		**14,432**	10,542
Derivative financial instruments		**499**	–
Inventories		**2,799**	2,630
Trade and other receivables	*9*	**3,756**	3,133
Amount due from a non-controlling interest		**5,061**	3,685
Amounts due from related parties		**9**	9
Tax recoverable		**71**	70
Deposits held at financial institutions		**19,430**	32,742
Pledged bank deposits		**5**	5
Bank balances and cash		**93,686**	63,257
		139,777	116,102
CURRENT LIABILITIES			
Trade and other payables	*10*	**1,778**	2,059
Amounts due to related parties		**1,166**	1,151
Obligations under finance leases			
– due within one year		**298**	291
		3,242	3,501
NET CURRENT ASSETS		**136,535**	112,601
TOTAL ASSETS LESS CURRENT LIABILITIES		**449,042**	386,595

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30th June, 2013

	Note	30.6.2013 HK$'000 (unaudited)	31.12.2012 HK$'000 (audited)
CAPITAL AND RESERVES			
Share capital	*11*	**4,543**	3,028
Share premium and reserves		**427,432**	366,278
Equity attributable to owners of the Company		**431,975**	369,306
Non-controlling interests		**16,835**	16,906
		448,810	386,212
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		**232**	383
		449,042	386,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30th June, 2013

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for these condensed consolidated financial statements:

- HKFRS 10 *Consolidated Financial Statements*;
- HKFRS 11 *Joint Arrangements*;
- HKFRS 12 *Disclosure of Interests in Other Entities*;
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*;
- HKFRS 13 *Fair Value Measurement*;
- HKAS 19 (as revised in 2011) *Employee Benefits*;
- Amendments to HKFRS 7 Disclosure – *Offsetting Financial Assets and Financial Liabilities*;
- HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*;
- Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*;
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2009 – 2011 Cycle*; and
- HK(IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine*.

HKFRS 11 *Joint Arrangements*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 11 *Joint Arrangements (Continued)*

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the classification of the Group's investments in the joint arrangement in accordance with the requirement of HKFRS 11. The Directors concluded that the adoption of HKFRS 11 has no material effect on the amounts reported in this condensed consolidated interim financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 16. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the condensed consolidated interim financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 34 *Interim Financial Reporting*
(as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the "CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported 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 CODM, for the purposes of resource allocation and assessment of segment performance is organised into the following 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 joint venture
Other operation	– property investment

Segment revenues and results

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

Six months ended 30th June, 2013

	Industrial *HK$'000*	Aviation *HK$'000*	Other operation *HK$'000*	Consolidated *HK$'000*
Segment and external revenue	**7,925**	**–**	**–**	**7,925**
Segment results	**(1,296)**	**447**	**914**	**65**
Other income				**434**
Finance costs				**(14)**
Unallocated expenses				**(11,236)**
Increase in fair value of derivative financial instruments				**1,050**
Gain on disposal of available-for-sale investments				**300**
Decrease in fair value of held-for-trading investments				**(27)**
Loss before tax				**(9,428)**

3. SEGMENT INFORMATION *(Continued)*

Six months ended 30th June, 2012

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

Segment results represent the (loss) profit from each segment without allocation of other income, corporate expenses, finance costs, changes in fair value of derivative financial instruments, gain on disposal of available-for-sale investments and changes in fair value of held-for-trading investments. 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	
	30.6.2013 ***HK$'000***	30.6.2012 *HK$'000*
Increase in fair value of derivative financial instruments	**1,050**	–
Increase in fair value of investment properties	**1,125**	110
Gain on disposal of available-for-sale investments	**300**	–
(Decrease) increase in fair value of held-for-trading investments	**(27)**	5,754
	2,448	5,864

5. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group has no assessable profit for both periods.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25% from 1st January, 2008 onwards. EIT has not been provided for as the Group has no assessable profit for both periods.

6. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**52**	53
Depreciation	**697**	657
Equity-settled share-based payments	**4,004**	–

7. DIVIDEND

No dividends were paid, declared or proposed during the interim periods. The Directors have determined that no dividend will be paid in respect of the interim period.

8. LOSS PER SHARE

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

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share	**(8,995)**	(1,403)
Number of shares:		
		(Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**434,806,606**	340,692,622

The computation of the diluted loss per share for both periods does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share.

For the six months ended 30th June, 2012, the weighted average number of ordinary shares has been adjusted for the bonus element of the Open Offer of shares of the Company that was completed on 31st January, 2013, details of which are described in note 11.

9. 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:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Past due:		
0 to 30 days	**59**	114
31 to 60 days	**334**	648
61 to 90 days	**1,707**	467
Over 90 days	**1,012**	807
Total trade receivables	**3,112**	2,036
Other receivables	**644**	1,097
	3,756	3,133

10. 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:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
0 to 30 days	**266**	173
Over 90 days	**43**	40
Total trade payables	**309**	213
Other payables and accruals	**1,469**	1,846
	1,778	2,059

11. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
At 31st December, 2012 and 30th June, 2013	70,000,000,000	700,000
Issued and fully paid:		
At 30th June, 2012 and 31st December, 2012	302,837,886	3,028
Shares issued upon Open Offer	151,418,943	1,515
At 30th June, 2013	454,256,829	4,543

11. SHARE CAPITAL *(Continued)*

Pursuant to an ordinary resolution passed at a board meeting of the Company on 14th December, 2012, an issue of shares by the Company at a price of HK$0.20 per share on the basis of one share for every two shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the "Open Offer") was approved. The Open Offer was completed and a total of 151,418,943 new shares were issued on 31st January, 2013, resulting in gross proceeds of approximately HK$30,285,000 to the Company. Transaction costs attributable to the Open Offer amounted to approximately HK$2,377,000.

12. PLEDGE OF ASSETS

At 30th June, 2013:

(a) short term loan and margin trading facilities in respect of securities transactions to the extent of approximately HK$27.3 million (31st December, 2012: HK$5.7 million) are secured by the listed investments and deposit of the Group held at financial institutions of approximately HK$35.3 million (31st December, 2012: HK$16.1 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$37,000 (31st December, 2012: HK$17.1 million), of which none has been utilised at the end of the reporting periods, are secured by the listed investments and deposit of the Group held at financial institutions of approximately HK$159,000 (31st December, 2012: HK$5,000). The listed investments comprise held-for-trading securities held by the Group; and

(c) short term loan and margin facilities in respect of securities transactions of approximately HK$220.3 million (31st December, 2012: HK$233.1 million), of which none has been utilised at the end of the reporting periods, are secured by the listed investments, derivative financial instruments and deposit held at financial institutions of the Group of approximately HK$220 million (31st December, 2012: HK$213 million). 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 had the following related party transactions during the period:

Compensation of key management personnel

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

	Six months ended	
	30.6.2013	30.6.2012
	HK$'000	*HK$'000*
Short-term benefits	**1,704**	1,935
Post-employment benefits	**30**	31
Equity-settled share-based payments	**4,004**	–
	5,738	1,966

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the six months period ended 30th June, 2013 (the "Period"), the operating activities of the Group recorded a revenue of approximately HK$7.93 million (30th June, 2012: HK$8.09 million), representing a decrease of 1.98% over the corresponding period in 2012.

Loss attributable to owners of the Company for the Period amounted to approximately HK$9.0 million (30th June, 2012: HK$1.40 million).

The basic loss per share for the Period is 2.07 HK cents (30th June, 2012: basic loss per share of 0.41 HK cents).

However, substantial increase in the fair value of available-for-sale investments brings the total comprehensive income attributable to the owners of the Company for the Period to approximately HK$30.76 million (30th June, 2012: total comprehensive expense amounted to approximately HK$32.48 million).

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's core business continues to be in the PRC. The major business activities include manufacturing and export of garment products, as well as aviation parts production, sales and maintenance services.

Garment Manufacturing Industry

Jiangsu BangBang-Silky Fashion Manufacturer Company Limited ("JBB")

For the Period, JBB recorded revenue of approximately HK$7.93 million (30th June, 2012: HK$8.09 million), representing a decrease of approximately 1.98% as compared to the same period in 2012 and loss before taxation of HK$0.88 million (30th June, 2012: HK$1.98 million).

The macro environment of the garment industry continues to face challenges such as increasing material and labor costs. The market condition in Japan and Europe has yet to improve and demand for children's wear remains low. Despite JBB's effort to cut costs, pricing pressure continues to mount as the US currency increases in value against other currency except Renminbi ("RMB").

Aviation Parts and Services Holdings

Beijing Kailan Aviation Technology Co., Ltd. ("BKAT")

For the Period, profit attributable to shareholders of BKAT was approximately RMB1.77 million (30th June, 2012: RMB1.20 million), representing an increase of approximately 47.50% over that of the last period which mainly due to the gain on fair value in long-term equity investments.

BKAT believed that the demand for aviation equipment, parts and maintenance services will grow gradually in the PRC. However, the aviation industry is increasingly competitive and price sensitivity is increasing rapidly. Despite BKAT's effort to expand, revenue growth and profit margin are affected by the higher material, fuel, and labor costs.

Event after the Period

On 22nd August, 2013, the Company announced that the Company has a preliminary intention to dispose of 20.02% equity interest in the capital of BKAT, a joint venture engaging in aviation related business in the PRC, to a third party independent of the Company and its connected person (the "Proposed Disposal"). The Company was in discussion and negotiation with other party in respect of the Proposed Disposal.

Up to the date of this announcement, no agreement in relation to the Proposed Disposal has been reached yet. It is likely that the Proposed Disposal may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made as and when necessary in accordance with the Listing Rules and the applicable laws and regulations.

Prospects

While there are some sign that suggests recovery in the US and Japan markets, it will be some time before consumer confidence and consumption have significant impact on children's wear order placement. There are fundamental issues in the manufacturing sector, such as rising costs and shortage of suitable labor, which the management team is tackling daily.

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

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th June, 2013, the Group had cash and bank balances and deposits held at financial institutions amounting to HK$113.12 million (31st December, 2012: HK$96.0 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, 2013, the Group had no bank and other loans (31st December, 2012: Nil).

Gearing Ratio

As the Group did not have any interest bearing bank loans, the Group was in net cash position during the financial year ended 30th June, 2013 (31st December, 2012: Nil), no gearing ratio information was presented.

Current Ratio

The Group's current ratio (current assets to current liabilities) as at 30th June, 2013 increased to 43.11 (31st December, 2012: 33.16). On the whole, the financial position and liquidity of the Group remained stable.

Capital Structure

An open offer was completed and a total of 151,418,943 offer shares were issued on 31st January, 2013. As a result, the total number of issued ordinary shares of the Company increased to 454,256,829 shares. As at 30th June, 2013, the total number of issued ordinary shares of the Company was 454,256,829 shares.

Exposure on Foreign Exchange Fluctuations

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

Charges over Assets of the Group

As at 30th June, 2013, the Group did not have any charges on its assets (31st December, 2012: Nil).

Contingent Liabilities

As at 30th June, 2013, the Group did not have any material contingent liabilities (31st December, 2012: Nil).

Capital Commitments

As at 30th June, 2013, the Group had no significant capital commitments (31st December, 2012: Nil).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

Disposal of Available-For-Sale Investments

On 24th May, 2013, the Company and Mr. Chu Kar Cheong (the "Purchaser"), who held 1,000 shares of Market Talent Limited, representing approximately 81.90% of the entire issued share capital of Market Talent Limited, entered into a sale and purchase agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Company conditionally agreed to sell the 221 shares of Market Talent Limited, representing approximately 18.10% of the entire issued share capital of Market Talent Limited, at a cash consideration of HK$2,800,000. The transaction was completed on 17th June, 2013.

Employees and Remuneration Policy

As at 30th June, 2013, the Group had approximately 203 employees in Hong Kong and the PRC (31st December, 2012: approximately 210 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 paid to reward and motivate those well performed employees. The Group adopted a share option scheme on 23rd May, 2005 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive Directors) and business consultants, agents and legal or financial advisors who will contribute or have contributed to the Company or any of its subsidiaries. On 16th April, 2013, the Company granted share options (the "Share Options") to the eligible participants (the "Grantees") to subscribe for a total of 18,170,270 ordinary shares of HK$0.01 each (the "Shares") in the capital of the Company at an exercise price of HK$0.27 per Share, which are exercisable from 16th April, 2013 to 15th April, 2023 (both days inclusive).

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted a new code of conduct regarding the securities transactions (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all the Directors and they have confirmed in writing that they had fully complied with the Model Code and the Code during the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all the code provisions as set out in Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the following:

(a) code provision A.4.1 stipulates that Non-Executive Directors should be appointed for a specific term, subject to re-election.

    Mr. Desmond Chiu, the Non-Executive Director, Dr. Lam Lee G. and Mr. Eugene Yun Hang Wang, the Independent Non-Executive Directors were not appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors are subject to retirement by rotation at each annual general meeting under articles 79 and 80 of the articles of the association of the Company. 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.

(b) code provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting.

    The chairman of the Board did not attend the Company's annual general meeting held on 21st June, 2013 due to other business commitment. However, an Executive Director and the chief executive officer of the Company present at the said meeting was elected chairman thereof to ensure an effective communication with the shareholders of the Company (the "Shareholders") thereat.

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. 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.

REVIEW OF INTERIM RESULTS

The Interim Results of the Group for the six months ended 30th June, 2013 have been reviewed by the Audit Committee with the management of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial report by the auditor will be included in the interim report for the six months ended 30th June, 2013. The Audit Committee is 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.

PUBLICATION OF 2013 INTERIM RESULTS AND INTERIM REPORT

The announcement of interim results is published on the websites of the Company at www.feholdings.com.hk and the Stock Exchange at www.hkexnews.hk. The 2013 interim report, containing all the information required by Appendix 16 to the Listing Rules, will be despatched to the Shareholders and make available on the above websites in due course.

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

Hong Kong, 30th August, 2013

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.