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**CHI CHEUNG INVESTMENT COMPANY,
LIMITED**

(Incorporated in Hong Kong with limited liability)

**FAR EAST CONSORTIUM
INTERNATIONAL LIMITED**

(Incorporated in the Cayman Islands with limited liability)

**PROPOSED FINANCIAL RESTRUCTURING OF
CHI CHEUNG INVESTMENT COMPANY, LIMITED**

The respective directors of Chi Cheung and Far East Consortium International announce that new heads of agreement have been entered into between the parties on 10 January 2000. The Stock Exchange has yet to confirm that under the new heads of agreement, it would not regard Chi Cheung to be a new listing applicant post restructuring.

The release of this announcement does not in any way indicate that the proposed financial restructuring of Chi Cheung will be successfully implemented and completed. Chi Cheung had a negative net asset value of HK\$575 million as at 30 June 1999; if Chi Cheung is unable to restructure its indebtedness with its bankers and creditors or to secure new equity financing, Chi Cheung will remain to have a negative net asset value and will be insolvent. Shareholders and investors should exercise extreme caution when dealing in the shares of Chi Cheung.

Unless otherwise defined, capitalized terms used herein bear the same meanings as those used in the joint announcement by Chi Cheung and Far East Consortium International on 13 December 1999 ("the Joint Announcement") in relation to the heads of agreement signed by the parties for a proposed financial restructuring of the Company by way of a Scheme of Arrangement.

Further to the heads of agreement previously signed on 8 December 1999 by Chi Cheung and Far East Consortium International as announced in the Joint Announcement, their respective directors announce that a new heads of agreement have been entered into between the parties on 10 January 2000 to cater for the requirements of the Listing Rules. The Stock Exchange has yet to confirm that under the new heads of agreement, it would not regard Chi Cheung to be a new listing applicant post restructuring.

The proposed restructuring plan by way of a Scheme of Arrangement and the terms and conditions under the new heads of agreement are substantially the same as the previous one except that the establishment of a Newco by the Investor is no longer required. Accordingly, Chi Cheung will seek Court approval to reduce its issued and paid-up share capital from approximately HK\$64,261,068 to approximately HK\$32,130,534 by the reduction of the par value of its existing issued shares of 321,305,343 shares from HK\$0.20 each to HK\$0.10 each ("New Shares") . The Investor will then subscribe for New Shares at par by the injection of the following assets:

(a) a cash sum of HK\$30 million;

(b) the Joint Venture Interest; and

(c) any additional assets as agreed by the parties to make up any shortfall in the event that the valuation of the Joint Venture Interest falls below HK\$200 million.

Chi Cheung will then issue New Shares instead of Scheme Shares to its creditors and make a cash payment to compromise all their debts in the same manner as described in the Joint Announcement. Depending on the valuation of the Joint Venture Interest, Far East Consortium International will own approximately between 70% to 74% of the restructured Chi Cheung. Rapid Growth, the existing major shareholder, will be diluted from the present holding of 66.7% to approximately between 5.7% to 6.5% in the restructured Chi Cheung.

In relation to the hearing by the Court of the winding-up petition filed against Chi Cheung, the Court has granted an adjournment of the winding-up petition hearing until 31 January 2000.

Further announcement will be made when the Formal Agreement is entered into, scheduled for 31 January 2000.

The release of this announcement does not in any way indicate that the proposed financial restructuring of Chi Cheung will be successfully implemented and completed. Chi Cheung had a negative net asset value of HK\$575 million as at 30 June 1999; if Chi Cheung is unable to restructure its indebtedness with its bankers and creditors or to secure new equity financing, Chi Cheung will remain to have a negative net asset value and will be insolvent. Shareholders and investors should exercise extreme caution when dealing in the shares of Chi Cheung.

By Order of the Board

CHI CHEUNG INVESTMENT COMPANY, LIMITED

Ng Kwok Cheung, Paul

Chairman and Chief Executive Officer

By Order of the Board

FAR EAST CONSORTIUM INTERNATIONAL

LIMITED

Michael Chi Ning O'Young

Managing Director

Hong Kong, 12 January 2000

The directors of Chi Cheung jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to Far East Consortium International and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Far East Consortium International jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to Chi Cheung and confirm, have made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Source: Far East Consortium International Limited