



## FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(the "Company")

### DISCLOSEABLE TRANSACTION

The directors of the Company announce that two agreements were entered into on 20th October, 2000 for the acquisition of two hotels, namely, the Pearl Garden Hotel and the Pearl Seaview Hotel for an aggregate consideration of approximately HK\$338 million payable in cash. The Vendors of both hotels are wholly owned subsidiaries of Pearl Oriental Cyberforce Limited, a company listed on the Stock Exchange.

The considerations and other terms and conditions of both agreements were determined after arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the directors of the Company to be fair and reasonable after taking into consideration the latest market prices of similar grade of hotels in Hong Kong and the general hotel operating conditions.

The cash considerations will be paid from internal resources of the Company and bank finance.

The agreements for the purchase of hotels constitute a discloseable transaction for the Company under the Listing Rules. A circular containing the details of the acquisitions will be despatched to the shareholders and warrant holders of the Company shortly.

#### A. UNCONDITIONAL AGREEMENT FOR THE SALE AND PURCHASE OF PEARL GARDEN HOTEL ("AGREEMENT I")

##### Date of Agreement I

20th October, 2000

##### Vendor

Best Chance Industries Limited ("Best Chance"), a wholly owned subsidiary of Pearl Oriental Cyberforce Limited ("Pearl Oriental"), which is a listed Company on the Stock Exchange. Best Chance is an independent third party not connected with the Company, any of its subsidiaries, the directors, chief executive and substantial shareholders of the Company or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")).

##### Purchaser

Far East Consortium Limited ("Far East"), a wholly owned subsidiary of the Company.

##### Interest Acquired

10,000 issued and fully paid up shares of HK\$1.00 each (the "Sale Shares") in Aniwell Investments Limited ("Aniwell"), representing the entire issued share capital of Aniwell, together with the shareholders' loan (the "Shareholders' Loan") due to Best Chance up to the completion date of the Agreement I (collectively referred to as the "Interest Acquired"). The Shareholders' Loan amounted to approximately HK\$303 million.

##### Consideration I

HK\$100,000,000 payable in cash as follows:

- (i) an initial cash deposit of HK\$5,000,000 has been paid upon the signing of the Agreement I;
- (ii) second payment of HK\$15,000,000 to be paid on or before 3rd November, 2000; and
- (iii) balance payment of HK\$80,000,000 to be paid upon completion of the Agreement I.

##### Completion

Completion of Agreement I is scheduled to take place on or before 29th December, 2000. Far East may by giving five working days prior written notice to Best Chance before the scheduled date of completion to extend the completion of the Agreement I for one month to 29th January, 2001, in which case, interest on the balance of the consideration of HK\$80,000,000 at the rate equal to the Hongkong Inter-Banks Borrowing Rate (HIBOR) for the extended period will be paid by Far East to Best Chance.

##### Formal agreement

A formal sale and purchase agreement is required to be entered into by the parties before 3rd November, 2000. In the event that the aforesaid formal agreement is not signed, Agreement I will continue to be binding until the completion of the transaction.

##### Information on Aniwell

Aniwell is a company incorporated in the Hong Kong SAR. Its principal activity is the holding and operating of the Pearl Garden Hotel which is situated at 30-36 Nan King Street, Kowloon, Hong Kong. The Pearl Garden Hotel commenced its operation in 1997. According to the 1999 Accounts, the loss attributable to shareholders and the net liabilities of Aniwell were approximately HK\$31.66 million and HK\$106.12 million respectively. The loss attributable to shareholders and the net liabilities of Aniwell for the year ended 31 December, 1998 were approximately HK\$4.85 million and HK\$57.27 million respectively. The Pearl Garden Hotel carried a value of approximately HK\$200 million in 1999 Accounts based on the annual re-valuation value and was pledged for a bank loan of an existing principal amount of HK\$80 million which will be repaid by Best Chance upon completion of Agreement I.

#### B. UNCONDITIONAL AGREEMENT FOR THE SALE AND PURCHASE OF PEARL SEAVIEW HOTEL ("AGREEMENT II")

##### Date of the Agreement II

20th October, 2000

##### Vendor

Margaux Finance Limited ("Margaux") is the first mortgagee in possession of the Pearl Seaview Hotel. Margaux is a wholly owned subsidiary of Pearl Oriental and is an independent third party not connected with the Company, any of its subsidiaries, the directors, chief executive and substantial shareholders of the Company or any of their respective associates (as defined in the Listing Rules).

##### Purchaser

Charter Joy Limited ("Charter Joy") which is a wholly owned subsidiary of the Company.

##### Asset Acquired

The Pearl Seaview Hotel, an operating hotel situated at 262-276 Shanghai Street, Kowloon, Hong Kong (the "Asset Acquired").

##### Consideration II

HK\$238,000,000 payable in cash as follows:

- (i) an initial cash deposit of HK\$5,000,000 has been paid upon the signing of the Agreement II;
- (ii) second payment of HK\$42,600,000 to be paid on or before 3rd November, 2000; and
- (iii) balance payment of HK\$190,400,000 to be paid upon completion of the Agreement II.

##### Completion

Completion of Agreement II is scheduled to take place on or before 29th December, 2000. Charter Joy may by giving five working days prior written notice to Margaux before the scheduled date of completion to extend the completion of the Agreement II for one month to 29th January, 2001, in which case, interest on the balance of the consideration of HK\$190,400,000 at the rate equal to the Hongkong Inter-Banks Borrowing Rate (HIBOR) for the extended period will be paid by Charter Joy to Margaux.

##### Formal agreement

A formal sale and purchase agreement is required to be entered into by the parties before 3rd November, 2000. In the event that the aforesaid formal agreement is not signed, Agreement II will continue to be binding until the completion of the transaction.

#### C. REASONS FOR THE ACQUISITIONS

The principal business of the Company is property investment and development, investment holding and hotel operation. The acquisitions will provide a good opportunity for the Company to further its investment in the hotel business.

The considerations and other terms and conditions of both agreements were determined after arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the directors of the Company to be fair and reasonable after taking into consideration the latest market prices of similar grade of hotels in Hong Kong and the general hotel operating conditions.

The cash considerations will be paid from internal resources of the Company and bank finance.

#### D. GENERAL

The agreements for the purchase of the hotels constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing the details of the acquisitions will be despatched to the shareholders and warrant holders of the Company shortly.

By Order of the Board

**Far East Consortium International Limited**

**David Chiu**

Deputy Chairman

Hong Kong, 24th October, 2000