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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

On 17 January 2003, the Company and NCH entered into a non-binding Letter of Intent in connection with a proposal for the privatisation of NCH, which is a 63.88% owned subsidiary of the Company and the securities of which are listed on the Nasdaq.

The Privatisation Proposal may or may not proceed.

If successfully implemented, the Privatisation Proposal will NOT constitute a discloseable transaction under the Listing Rules and the Company is not subject to any disclosure requirements under the Listing Rules. Nevertheless, the Directors wish to inform shareholders of the Company and the investor public of the Privatisation Proposal.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

The Directors wish to announce that the Company and NCH have entered into a non-binding Letter of Intent on 17 January 2003 in connection with the Privatisation Proposal. There is no expiry date to the Letter of Intent and there will be no legal consequences on either the Company or NCH if the Privatisation Proposal is not proceeded as the Letter of Intent is not binding.

NCH is a 63.88% owned subsidiary of the Company and the securities of which are listed on the Nasdaq.

Subject to successful implementation of the Privatisation Proposal, the amount of cash to be expended by the Company under the Privatisation Proposal will be approximately US\$618,936 (equivalent to approximately HK\$4.83 million) and is less than 15% of the Company's net tangible asset value. The Company is not subject to any disclosure requirements under the Listing Rules and in view of the immateriality of the consideration involved, the Directors do not consider the announcement of the Privatisation Proposal to be of a price-sensitive nature. Nevertheless, the Directors wish to inform shareholders of the Company and the investor public of the Privatisation Proposal.

The Privatisation Proposal

Under the Privatisation Proposal, the NCH Minority Shareholders will receive US\$0.22 in cash per NCH Share and the holders of the NCH Warrants will receive US\$0.01 in cash per NCH Warrant from a wholly-owned subsidiary of the Company to be newly formed for the purpose of the Privatisation Proposal.

As at the date of the Letter of Intent, i.e. 17 January 2003, the NCH Minority Shareholders were interested in 2,708,800 NCH Shares which represent approximately 36.12% of the 7,500,000 NCH Shares in issue and 2,300,000 NCH Warrants were held by investors independent of the Company and its associates. On the basis of US\$0.22 per NCH Share and US\$0.01 per NCH Warrant, the total amount of cash to be expended by the Company under the Privatisation Proposal is approximately US\$618,936 (equivalent to approximately HK\$4.83 million).

The price of US\$0.22 per NCH Share represents a discount of approximately 15.4% to the closing price of US\$0.260 per NCH Share as quoted on the Nasdaq on 16 January 2003 (being the last trading day prior to the date of signing the Letter of Intent) and a discount of approximately 33.7% to the average closing price of US\$0.332 per NCH Share as quoted on the Nasdaq over the 30 trading days up to and including 16 January 2003. Such price also represents a discount of approximately 89.2% to the audited consolidated net asset value per NCH Share of approximately US\$2.04 as at 31 March 2002 as indicated in the latest published audited accounts of NCH.

Effects of the Privatisation Proposal

As at the date of the Letter of Intent, NCH was owned as to approximately 63.88% by the Company. Assuming successful implementation of the Privatisation Proposal, the interest in NCH will become wholly-owned by the Company through a newly formed entity. The NCH Shares and NCH Warrants will then be delisted from the Nasdaq, deregistered and cancelled such that NCH will cease to exist.

The financial impact of the Privatisation Proposal, if implemented, on the Company cannot be ascertained by the Directors at the present time and is subject to the opinions of the Company's auditors.

Information on NCH

NCH is a Nasdaq-listed company incorporated in the Cayman Islands and is principally engaged in the design, development, construction, marketing and sale of spacious, affordable homes in planned residential communities in mainland China.

NCH reported an audited net loss of approximately US\$7.0 million for the year ended 31 March 2002 and had an audited net asset value of approximately US\$15.3 million as at 31 March 2002.

Reasons for the Privatisation Proposal

During the past two years, the NCH Shares and the NCH Warrants have not performed well on Nasdaq and their trading volume has been thin. In addition, there is the possibility of a Nasdaq-initiated delisting of the NCH Shares and NCH Warrants as NCH has not been able to maintain the minimum listing standards pursuant to Nasdaq Marketplace Rules. As the largest shareholder of NCH, the Company is concerned that the costs and burdens associated with the maintenance of the listing of the NCH Shares and NCH Warrants on Nasdaq outweigh the benefits of such public listing status. In light of this, the Directors consider that the privatisation of NCH will increase management flexibility, enhance operation efficiency, as well as eliminate the possibility of an involuntary delisting of NCH from Nasdaq.

General

The Letter of Intent is not binding on the Company and NCH, and the Privatisation Proposal, if implemented, will be subject to, among other things, relevant applicable regulations in the United States and approval of the NCH Minority Shareholders. Accordingly, the Privatisation Proposal may or may not proceed. Further announcement regarding the Privatisation Proposal would be made by the Company as and when necessary.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Terms used in this announcement have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors of the Company
“Company”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Letter of Intent”	the non-binding letter of intent executed between the Company and NCH on 17 January 2003 in connection with the Privatisation Proposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nasdaq”	NASDAQ Stock Market in the United States of America
“NCH”	New China Homes, Ltd., a company incorporated in the Cayman Islands and the securities of which are listed on the Nasdaq

“NCH Minority Shareholders”	the holders of the NCH Shares other than the Company, each of whom is not a connected person of the Company (as defined in the Listing Rules)
“NCH Share(s)”	the common share(s) of US\$1.00 each in the issued capital of NCH
“NCH Warrant(s)”	the warrant(s) of NCH to subscribe for new NCH Share(s)
“Privatisation Proposal”	the proposal for the privatisation of NCH by the Company under the Letter of Intent
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“US\$”	United States dollars

By Order of the Board
Far East Consortium International Limited
Steven Ying Wai Kwan
Managing Director

Hong Kong, 24 January 2003