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**FAR EAST CONSORTIUM
INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with
limited liability)*

Website: <http://www.fecil.com.hk>

(Stock Code: 35)



Kosmopolito Hotels International Limited
麗悅酒店集團有限公司

*(Incorporated in the Cayman Islands with
limited liability)*

Website: <http://www.kosmohotels.com>

(Stock Code: 2266)

**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF PROPERTY**

On 11 August 2011, the Purchaser entered into the Sale and Purchase Agreement with the Vendor for the acquisition of the Property at a consideration of £16,000,000 (equivalent to approximately HK\$202,400,000). The Acquisition is scheduled to be completed on 12 September 2011.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 5% but are less than 25% for both FEC and KHI, the Acquisition constitutes a discloseable transaction of both FEC and KHI under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 11 August 2011, the Purchaser, a wholly-owned subsidiary of KHI, entered into the Sale and Purchase Agreement with the Vendor pursuant to which amongst other things the Purchaser agreed to acquire, and the Vendor agreed to sell the Property. FEC indirectly holds approximately 73.1% of the issued share capital of KHI, KHI is therefore a subsidiary of FEC. The Purchaser, as a wholly-owned subsidiary of KHI, is also an indirect, non wholly-owned subsidiary of FEC.

SUMMARY OF TERMS OF THE SALE AND PURCHASE AGREEMENT

The key terms of the Sale and Purchase Agreement are as follows:

- Date of agreement : 11 August 2011
- Vendor : 58 Shepherds Bush Green LLP. To the best of the knowledge, information and belief of the FEC Directors and KHI Directors, having made all reasonable enquiries, the Vendor is a property holding limited liability partnership and the Vendor and its ultimate beneficial owners are Independent Third Parties.
- Purchaser : Marvel Green Limited, a wholly-owned subsidiary of KHI and a non wholly-owned subsidiary of FEC.
- Property : A freehold property located at 58 Shepherd's Bush Green, Shepherd's Bush, London, United Kingdom.
- Summary of other terms : Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser will acquire the Property from the Vendor at a consideration of £16,000,000 (equivalent to approximately HK\$202,400,000). An initial deposit of £1,356,200 (equivalent to approximately HK\$17,155,930) in cash was paid by the Purchaser upon signing of the Sale and Purchase Agreement. The balance of the Consideration, being £14,643,800 (equivalent to approximately HK\$185,244,070) is payable in cash upon Completion, which is scheduled to take place on 12 September 2011.

The Vendor has agreed at Completion to contribute £245,800 (equivalent to approximately HK\$3,109,370) as its share of the costs of certain insurance policy and other allowances.

The Sale and Purchase Agreement requires that the Vendor deliver vacant possession of the Property on Completion.

The Property has the benefit of a planning permission for the construction of a 242-bedroom mid-scale hotel. After Completion, the Purchaser will review the terms of the current planning permission and, in considering its design and construction options, may submit applications for variation of the existing approvals, where necessary or appropriate, with the objective of maximising the financial returns and strategic value of the investment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

KHI Group is acquiring the Property for redevelopment into a hotel. The Property is in the heart of Shepherd's Bush, West London, fronting Shepherd's Bush Green, an approximately 8-acre triangular open park, with the Westfield shopping centre, one of the largest urban shopping centres in Europe, in close proximity. The area has an excellent transport and communications network, served by four underground stations, rail and within a 30-minute drive to Heathrow Airport.

KHI Directors consider that the United Kingdom is one of the most popular destinations to tourists and business travellers around the world and the inbound tourism is expected to increase 3% to reach 30.5 million in 2011. With the continued growth in the economy of the People's Republic of China, major European countries including the United Kingdom are attracting unprecedented number of tourists from Mainland China. Market reports on tourism in the United Kingdom forecasted the growing influx of tourists from Mainland China would make United Kingdom the 14th most visited destination by tourists from Mainland China by 2014.

Given the ideal location of the Property and capitalising on the successful track record of KHI Group in hotel development and operation and in attracting outbound Chinese travellers, the Acquisition enables KHI Group to establish its hotel operation in the United Kingdom and capture the growth of Chinese tourism in the United Kingdom, particularly in London. It is expected that steady income stream would be generated from the operation of the new hotel to be situated at the Property. The Acquisition is a prospective investment opportunity for KHI and FEC, as the ultimate holding company of KHI, to benefit from the expansion of the hotel portfolio of KHI Group in selected strategic regions.

The Purchaser was introduced to the investment opportunity in the Property by a real estate agent independent from the FEC Group and KHI Group in London. The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and by reference to comparable opportunities considered by the Purchaser. The Acquisition will be funded through internal resources of KHI Group and/or bank financing, details of which will be further considered and decided by the KHI Group.

The FEC Directors are of the view that the terms of acquisition in the Sale and Purchase Agreement including the Consideration are in normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the FEC as a whole.

The KHI Directors are of the view that the terms of acquisition in the Sale and Purchase Agreement including the Consideration are in normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the KHI as a whole.

GENERAL

FEC is an investment holding company. The principal activities of the FEC Group comprise property development and investment, hotel operation, car park operation, and treasury management.

KHI is an investment holding company. The principal activities of the KHI Group comprise developing, owning and operating value, mid-scale, upscale and boutique hotels, and property investment, development and trading.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 5% but are less than 25% for both FEC and KHI, the Acquisition constitutes a discloseable transaction of both FEC and KHI under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the same meanings as set out below:

“Acquisition”	acquisition of the Property by the Purchaser pursuant to the terms of the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Completion”	completion of the Acquisition, which is expected to occur on 12 September 2011;
“Consideration”	£16,000,000 (equivalent to approximately HK\$202,400,000);
“FEC”	Far East Consortium International Limited, a company incorporated in the Cayman Islands, and the shares of which are listed on the main board of the Stock Exchange;
“FEC Directors”	the directors of FEC;
“FEC Group”	FEC and its subsidiaries;
“Independent Third Party(ies)”	party(ies) who are third parties independent of both FEC and KHI and connected persons (as defined in the Listing Rules) of both FEC and KHI;
“KHI”	Kosmopolito Hotels International Limited, a company incorporated in the Cayman Islands, and the shares of which are listed on the main board of the Stock Exchange, which is held indirectly as to approximately 73.1% by FEC and is therefore a subsidiary of FEC;
“KHI Directors”	the directors of KHI;
“KHI Group”	KHI and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	the freehold property situated at 58 Shepherd’s Bush Green, London, United Kingdom;

“Purchaser”	Marvel Green Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of KHI and a non wholly-owned subsidiary of FEC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 11 August 2011 between the Purchaser and the Vendor for the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	58 Shepherds Bush Green LLP. To the best of the knowledge, information and belief of the FEC Directors and KHI Directors, having made all reasonable enquiries, the Vendor is a property holding limited liability partnership and the Vendor and its ultimate beneficial owners are Independent Third Parties;
“£”	pounds sterling, the lawful currency of the United Kingdom; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

Unless otherwise specified, amounts in this announcement denominated in £ have been translated for the purpose of illustration only into Hong Kong dollars at the rate of £1.00: HK\$12.65. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

By order of the Board of
**Far East Consortium
International Limited**
Cheung, Wai Hung Boswell
Chief Financial Officer and Company Secretary

By order of the Board of
**Kosmopolito Hotels
International Limited**
Mok, Kwai Pui Bill
President and Executive Director

Hong Kong, 11 August 2011

As at the date of this announcement, the executive directors of FEC are Mr. CHIU Te Ken Deacon, Tan Sri Dato’ CHIU David, Mr. CHIU Dennis and Mr. Craig Grenfell WILLIAMS; the non-executive directors are Madam CHIU Ju Ching Lan, Mr. CHIU Tat Jung Daniel; the independent non-executive directors are Mr. JIANG Jian Yin, Mr. CHAN Kwok Wai and Mr. WONG Man Kong Peter.

As at the date of this announcement, the executive directors of KHI are Mr. MOK Kwai Pui Bill, Mr. CHU Chee Seng, Mr. LAI Wai Keung and Ms. CHIU Wing Kwan Winnie, the non-executive Directors are Tan Sri Dato’ CHIU David, Mr. HOONG Cheong Thard and Mr. CHAN Chi Hing; the independent non-executive Directors are Mr. SHEK Lai Him Abraham, Mr. TO Peter and Dr. LIU Ngai Wing.

This announcement was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the English text and Chinese text, the English text shall prevail.