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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF A BUILDING COMPLEX IN THE PRC

On 29 June 2007, the Purchaser and the Vendor entered into the Agreement, pursuant to which, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Building Complex at the Consideration of RMB420.0 million (equivalent to approximately HK\$432.6 million) payable in cash. The Building Complex mainly consists of (i) the land use right of a plot of land located in No 118, Jiang Han Street, Jiang An District, Wu Han with a site area of approximately 5,409 s.q.m.; and (ii) the property titles of the property, namely 港澳中心 (Hong Kong and Macau Centre), situated on such plot of land.

The Group intends to retain the current structure of the Property, but may redesign the layout of the hotel portion of the Property to enhance the yield of the Building Complex. The Board considers that the Acquisition represents a good opportunity for the Group to strengthen its existing hotel portfolio and provides a platform to the Group to capture future growth of tourism business in the PRC. The Board considers that the Agreement is on normal commercial terms and the terms of which are fair and reasonable. The Board further considers that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further information on the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

THE AGREEMENT

Date: 29 June 2007

Parties:

Purchaser: 武漢遠東帝豪酒店管理有限公司 (Wu Han Far East Dorsett Hotel Management Company Limited), an indirect wholly-owned subsidiary of the Company

Vendor: 武漢江龍房地產建築開發有限公司 (Wu Han Jiang Long Real Estate Building Development Co., Ltd.)

To the best of the knowledge of the Company, the Vendor is principally engaged in the sales and development of properties, construction and decoration projects and property investments.

To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired:

The Building Complex mainly consists of (i) the land use right (the “Land Title”) of a plot of land located in No 118, Jiang Han Street, Jiang An District, Wu Han with a site area of approximately 5,409 s.q.m. (the “Land”); and (ii) the property titles (the “Property Title”) of a property, namely 港澳中心 (Hong Kong and Macau Centre) (the “Property”), situated on the Land.

As set out in more detail below, the properties titles of the first to seventh floors (inclusive) of the Property are pledged to a bank (the “Bank”) for a mortgage loan and interests therefrom (the “Loan”) with an outstanding balance of approximately RMB150.0 million (equivalent to approximately HK\$154.5 million).

Consideration:

The Consideration of RMB420.0 million (equivalent to approximately HK\$432.6 million) comprises the First Payment, the Second Payment and the Retained Amount (each of them is defined below) payable in cash in the following manner:

- (i) as to RMB147.0 million (equivalent to approximately HK\$151.4 million) (the “First Payment”) to be deposited to the Collateral Account (as defined below) on or before the seventh business day after the opening of such bank account; and
- (ii) as to RMB253.0 million (equivalent to approximately HK\$260.6 million) (the “Second Payment”) and as to RMB20.0 million (equivalent to approximately HK\$20.6 million) (the “Retained Amount”) to be deposited to the Joint Name Account (as defined below) on or before the fourteenth business day after the opening of such bank account (or such other days as may be agreed by both parties to the Agreement).

The First Payment will be placed in a bank account (the “Collateral Account”) and will be used (together with the outstanding balance of the Loan in excess of the First Payment (if any) to be paid by the Vendor) to settle part of the Loan directly upon application for the registration of transfer of the Land Title and the Property Title to the Purchaser by the Vendor.

The Second Payment will be placed in another bank account (the “Joint Name Account”) jointly under the names and titles of the Purchaser and the Vendor. The Joint Name Account will be operated jointly by the Purchaser and the Vendor. Within one day after the completion of the registration of transfer of the Land Title and the Property Title to the Purchaser from the Vendor, the Second Payment will be transferred to a designated bank account of the Vendor.

Pursuant to the Agreement, the Vendor undertakes to procure the vacant possession of the hotel portion on the eleventh to fifteenth floors (inclusive) and part of the units on the first floor of the Property to the Purchaser (the “Delivery”) on or before 19 May 2008. The Purchaser will retain the Retained Amount in the Joint Name Account upon Completion. Subject to (i) the completion of the Delivery on or before 19 May 2008; or (ii) the written consents issued by the tenants of the hotel portion and those units on the first floor of the Property on or before 19 May 2008 that they will surrender their respective units in vacant to the Purchaser on or before 18 June 2008 and the delivery of vacant possession to the Purchaser (the “Surrender”) on or before 18 June 2008, the Purchaser will release the Retained Amount in the Joint Name Account to a designated bank account of the Vendor upon completion of the Delivery or the Surrender.

If the Vendor fails to complete the Delivery on or before 19 May 2008 or procure the Surrender on or before 18 June 2008, the Purchaser will be entitled to the Retained Amount and also be entitled to claim reasonable compensation from the Vendor.

The Consideration is determined after arm’s length negotiation with reference to (i) prevailing market value of similar properties in Wu Han; (ii) development potential of the Building Complex; (iii) prospect of hotel and property markets in Wu Han, being one of the major cities of the PRC; and (iv) the synergetic effects of the Building Complex to the existing hotel portfolio of the Group.

The Consideration and the related costs are proposed to be financed as to 50% by the internal resources of the Group and as to 50% by bank financing.

Conditions precedent:

Completion is conditional upon the first set of conditions precedent (“First-phase Conditions Precedent”) and second set of conditions precedent (“Second-phase Conditions Precedent”) being satisfied.

First-phase Conditions Precedent:

- (i) the consent from the Bank for the early repayment of the Loan being obtained and, subject to the early repayment of the Loan, the transfer of the Land Title and the Property Title by the Vendor to the Purchaser, being legally valid and enforceable without legal obstacles;

- (ii) proof of the outstanding balance of the Loan of RMB147.0 million payable by the Purchaser to be issued by the Bank to the Purchaser (while the outstanding balance of the Loan in excess of RMB147.0 million (if any) will be settled by the Vendor);
- (iii) the written confirmation to the Purchaser from the current tenants of the Property that they will waive their rights to acquire the units currently rented by those tenants from the Vendor; and
- (iv) a complete list of assets included in the Building Complex being provided by the Vendor to the Purchaser.

None of the condition of the First-phase Conditions Precedent can be waived by the parties to the Agreement.

In the event that any of the above conditions have not been satisfied within 30 business days from the date of the Agreement (or such other days as may be agreed by both parties to the Agreement), the Purchaser is entitled to terminate the Agreement and instruct the Bank to return the First Payment to the Purchaser directly.

Second-phase Conditions Precedent:

- (i) the transfer of the Land Title and the Property Title to the Purchaser by the Vendor free from encumbrances; and
- (ii) the transfer of the beneficiary titles of all insurance contracts related to the Property from the Vendor to the Purchaser.

None of the condition of the Second-phase Conditions Precedent can be waived by the parties to the Agreement.

In the event that any of the above conditions have not been satisfied within 40 business days from the date of completion of the First-phase Conditions Precedent (or such other days as may be agreed by both parties to the Agreement), the Vendor is obligated to pay a penalty of 0.1% of the First Payment and the Second Payment on a daily basis to the Purchaser.

In case the Purchaser fails to pay the Consideration according to the payment schedule as above, the Purchaser is obligated to pay a penalty of 0.1% of the First Payment and the Second Payment on a daily basis to the Vendor.

INFORMATION ON THE BUILDING COMPLEX

The Building Complex is located at Wu Han, Hu Bei Province, the PRC and mainly consists of (i) the Land Title; and (ii) the Property Title.

The Property is a 19 stories high building (including the basement car park of the building) with a gross floor area of approximately 67,307 s.q.m., situated in the central business area of Wu Han. The first to the ninth floors (inclusive) of the Property are currently rented to a shopping department store, a cinema, a restaurant, a spa hose and a gym centre, while the eleventh to the fifteenth floors (inclusive) are designed as hotel properties. The sixteenth floor of the Property is currently rented out as an office, while the seventeenth to eighteenth floors (inclusive) are currently used as the office of the Vendor.

Based on the existing tenancy agreements, the rental income of the Property amounts to approximately RMB33.1 million (equivalent to approximately HK\$34.1 million) per annum. The benefits of those tenancy agreements will be transferred to the Purchaser upon Completion.

The property titles of the first to seventh floors (inclusive) of the Property are pledged to the bank for the Loan with the outstanding balance of approximately RMB150.0 million (equivalent to approximately HK\$154.5 million). The Loan Repayment Agreement has been entered into among the Purchaser, the Vendor and the Bank pursuant to which the Bank has agreed, among other things, to release the pledge of the first to seventh floors of the Property upon settlement in full of the Loan and to assist the transfer of the properties titles of the first to seventh floors (inclusive) of the Property from the Vendor to the Purchaser.

The net book value of the Building Complex and profits attributable to the Building Complex for the two financial years immediately preceding the Acquisition are not available as no financial statement for the Building Complex has been prepared by the Vendor.

REASONS FOR THE ACQUISITION

The principal activities of the Group are property development and investment, hotel operations, securities investment and trading, and loan financing for hotel operations. As at the date of this announcement, the Group has 7 hotels in Hong Kong and 2 hotels in Malaysia. The Group is actively seeking investment opportunities in the hospitality industry, both in Hong Kong and overseas.

The Group intends to retain the current structure of the Property, but may redesign the layout of the hotel portion of the Property to enhance the yield of the Building Complex. The Board considers that the Acquisition represents a good opportunity for the Group to strengthen its existing hotel portfolio and provides a platform to the Group to capture the future growth of tourism business in the PRC. The Board considers that the Agreement is on normal commercial terms and the terms of which are fair and reasonable. The Board further considers that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, further information on the Acquisition will be sent to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition by the Purchaser of the Building Complex pursuant to the Agreement
“Agreement”	the agreement entered into between the Purchaser and the Vendor on 29 June 2007
“Board”	the board of Directors
“Building Complex”	collectively, (i) the land use right of a plot of land located in No 118, Jiang Han Street, Jiang An District, Wu Han with a site area of approximately 5,409 s.q.m.; and (ii) the properties titles of the property, namely 港澳中心 (Hong Kong and Macau Centre), situated on such plot of land
“Company”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	The completion of the Agreement
“connected persons”	has the meaning as defined in the Listing Rules
“Consideration”	the total consideration of RMB420.0 million (equivalent to approximately HK\$432.6 million) payable for the Acquisition pursuant to the Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Repayment Agreement”	loan repayment agreement entered into among the Purchaser, the Vendor and the Bank on 29 June 2007 in relation to, among other things, the early repayment of the Loan, the release of the pledge of properties titles by the Bank and the set up of the Collateral Account and the Joint Name Account
“PRC”	the People’s Republic of China

“Purchaser”	武漢遠東帝豪酒店管理有限公司 (Wu Han Far East Dorsett Hotel Management Company Limited), a wholly foreign owned enterprise established in the PRC with limited liabilities and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“Shareholders”	holders of the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“s.q.m.”	square meter(s)
“Vendor”	武漢江龍房地產建築開發有限公司 (Wu Han Jiang Long Real Estate Building Development Co., Ltd.), a wholly foreign owned enterprise established in the PRC with limited liabilities

By Order of the Board
FAR EAST CONSORTIUM INTERNATIONAL LIMITED
David Chiu
Deputy Chairman and Chief Executive Officer

Hong Kong, 4 July 2007

For illustration purposes, an exchange rate of RMB1.00 = HK\$1.03 has been adopted

If there is any inconsistency between the Chinese names of PRC entities mentioned in this announcement and their English translations, the Chinese version shall prevail.

As at the date of this announcement, the Board comprises four executive Directors namely Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Dennis Chiu and Mr. Craig Grenfell Williams; two non-executive Directors namely Madam Ching Lan Ju Chiu and Mr. Daniel Tat Jung Chiu and three independent non-executive Directors, namely Mr. Jian Yin Jiang, Mr. Kwok Wai Chan and Mr. Peter Man Kong Wong.

** For identification purposes only*