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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 THE ACQUISITION OF JIANHUA ORIENTAL APARTMENT**

On 3 June 2008, the Purchaser and the Vendor entered into the Pre-sale Contracts, pursuant to which, the Purchaser has agreed to purchase and the Vendor has agreed to pre-sell the Apartment at the Consideration of RMB280.0 million (equivalent to approximately HK\$316.5 million) payable in cash. The Apartment consists of (i) the land use right of a plot of land located in Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, the PRC with a site area of 3,990 s.q.m.; and (ii) the properties titles of a property, namely 建華東方大廈 (Jianhua Oriental Apartment), situated on such plot of land.

The Group intends to operate the Apartment as a hotel. The Board considers that the Acquisition represents a good opportunity for the Group to extend its hotel network to Shanghai. With the premier location of the Apartment and management expertise of the Group, the Directors are of the view that the Acquisition will add substantial value to the hotel operating business of the Group. 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 PRE-SALE CONTRACTS

**Date:** 3 June 2008

**Parties:**

**Purchaser:** 錦秋(上海)置業發展有限公司 (Ching Chu (Shanghai) Real Estate Development Company Limited), an indirect wholly-owned subsidiary of the Company. Its principal business activity is property consultancy.

**Vendor:** 上海建華房地產開發經營有限公司 (Shanghai Jianhua Property Development Co., Ltd.)

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

**Assets to be acquired:**

The Apartment consists of (i) the land use right of a plot of land located in Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, the PRC with a site area of 3,990 s.q.m.; and (ii) the properties titles of a property, namely 建華東方大廈 (Jianhua Oriental Apartment), situated on such plot of land.

The Vendor undertakes that it will deliver the vacant possession of the Apartment to the Purchaser by 30 June 2008. If the Vendor fails to deliver the vacant possession of the Apartment to the Purchaser by 30 June 2008, the Vendor is liable to pay a penalty of 0.05% per day on the amount of the Consideration already paid by the Purchaser. If the Vendor delays the delivery of the vacant possession to the Purchaser for more than 45 days, the Purchaser is entitled to rescind the Pre-sale Contracts.

The Vendor further undertakes that it will obtain《新建商品房房地產權證》(Newly-Built Commercial Housing Real Estate Certificate) of the Apartment by 31 December 2008. If the Vendor fails to do so, the Purchaser is entitled to rescind the Pre-sale Contracts.

If the Purchaser rescinds the Pre-sale Contracts based on the above reason(s), the Vendor is liable to refund all the amounts of the Consideration already paid by the Purchaser (including interest) to the Purchaser together with damages equivalent to 20% of the total Consideration within ten days after receipt of the notice for rescission by the Vendor.

## **Consideration:**

The Consideration of RMB280.0 million (equivalent to approximately HK\$316.5 million) will be payable in cash in the following manner:

- (i) as to RMB56.0 million (equivalent to approximately HK\$63.3 million) payable within seven business days after the date of signing of the Pre-sale Contracts;
- (ii) as to RMB56.0 million (equivalent to approximately HK\$63.3 million) payable within seven business days after the transfer of the vacant possession of the Apartment from the Vendor to the Purchaser (on or before 30 June 2008);
- (iii) as to RMB112.0 million (equivalent to approximately HK\$126.6 million) payable after the Vendor has obtained《新建商品房房地產權證》(Newly-Built Commercial Housing Real Estate Certificate) of the Apartment before 31 December 2008; and
- (iv) as to RMB56.0 million (equivalent to approximately HK\$63.3 million) payable after the Vendor has transferred the legal title of the Apartment to the Purchaser before 31 December 2008.

If the Purchaser fails to pay the Consideration according to the above payment schedule, the Purchaser is liable to pay a penalty of 0.05% per day on the outstanding amount of the Consideration payable. If the Purchaser fails to make any payment of the Consideration as agreed for more than 45 days, the Vendor is entitled to rescind the Pre-sale Contracts and the Purchaser is liable to pay damages equivalent to 20% of the total Consideration.

The Consideration is determined after arm's length negotiation with reference to (i) prevailing market value of similar properties in Shanghai; (ii) premier location of the Apartment; (iii) prospect of hotel market in Shanghai, being the financial centre of the PRC; and (iv) the synergetic effects of the Apartment 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.

## **INFORMATION ON THE APARTMENT**

The Apartment is located at Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, the PRC. Jianhua Oriental Apartment is a 18 stories high (with the basement car park) building with a gross floor area of 17,998.25 s.q.m. and has 208 residential units, 158 of which are studios, and 77 car park spaces.

Situated above the Shanghai Metro Line No. 2, Jianhua Oriental Apartment is directly connected to one of the entrances of Century Park Station. Jianhua Oriental Apartment is also located in the travel district of Pudong District, such as the Century Park, the Lotus Market and Shanghai Science & Technology Museum.

The profits attributable to the Apartment for the two financial years immediately preceding the Acquisition are not available as no financial statement for the Apartment has been prepared by the Vendor. The Company cannot obtain the net assets value of the Apartment from the Vendor. The Apartment has been vacant up to the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The principal activities of the Group are property development and investment, hotel operations and treasury management. As at the date of this announcement, the Group owns seven hotels in Hong Kong, three hotels in Malaysia, and one hotel in the PRC. The Group is actively seeking investment opportunities in the hospitality industry in Hong Kong, the PRC and overseas.

The Group intends to retain the current structure of the Apartment and operate it as a hotel. The Board considers that the Acquisition represents a good opportunity for the Group to extend its hotel network to Shanghai. With the premier location of the Apartment and management expertise of the Group, the Directors are of the view that the Acquisition will add substantial value to the hotel operating business of the Group. 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 for the Apartment pursuant to the Pre-sale Contracts
“Apartment”	collectively, (i) the land use right of a plot of land located in Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, with a site area of 3,990 s.q.m.; and (ii) the properties titles of a property, namely 建華東方大廈 (Jianhua Oriental Apartment), situated on such plot of land
“Board”	the board of Directors
“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
“connected persons”	has the meaning as defined in the Listing Rules

“Consideration”	the total consideration of RMB280.0 million (equivalent to approximately HK\$316.4 million) payable for the Acquisition pursuant to the Pre-sale Contracts
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Pre-sale Contracts”	the five unconditional pre-sale contracts entered into between the Purchaser and the Vendor in relation to the Acquisition
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong
“Purchaser”	錦秋(上海)置業發展有限公司 (Ching Chu (Shanghai) Real Estate Development 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”	上海建華房地產開發經營有限公司 (Shanghai Jianhua Property Development Co., Ltd.)

By Order of the Board  
**FAR EAST CONSORTIUM INTERNATIONAL LIMITED**  
**Bill Kwai Pui Mok**  
*Chief Financial Officer and Company Secretary*

Hong Kong, 5 June 2008

*For illustration purposes, an exchange rate of RMB1.00 = HK\$1.13 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.*