
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your securities in Far East Consortium International Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PEARL GARDEN HOTEL

AND PEARL SEAVIEW HOTEL

14th November, 2000

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	3
BACKGROUND OF THE ACQUISITIONS	3
TERMS OF THE AGREEMENTS	4
REASONS FOR THE ACQUISITIONS	5
GENERAL	5
APPENDIX – GENERAL INFORMATION	6

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Acquisitions”	the acquisition of Pearl Garden Hotel and Pearl Seaview Hotel
“Agreements”	Agreement I and Agreement II
“Agreement I”	the unconditional agreement dated 20th October, 2000 for the sale and purchase of Pearl Garden Hotel entered into between Far East and Best Chance
“Agreement II”	the unconditional agreement dated 20th October, 2000 for the sale and purchase of Pearl Seaview Hotel entered into between Charter Joy and Margaux
“Aniwell”	Aniwell Investments Limited, a company incorporated in Hong Kong and owned by Best Chance
“Best Chance”	Best Chance Industries Limited, a wholly owned subsidiary of Pearl Oriental
“Board”	the board of directors of the Company
“Company”	Far East Consortium International Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Charter Joy”	Charter Joy Limited, a wholly owned subsidiary of the Company
“Directors”	the directors of the Company
“Far East”	Far East Consortium Limited, a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“Latest Practicable Date”	10th November, 2000, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Margaux”	Margaux Finance Limited, a wholly owned subsidiary of Pearl Oriental and the first mortgagee in possession of the Pearl Seaview Hotel
“Pearl Oriental”	Pearl Oriental Cyberforce Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“SDI Ordinance”	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of Company
“Shareholders”	holders of Shares
“Shareholders’ Loan”	shareholders’ loans due by Aniwell to Best Chance up to and at the completion date of the Agreement I
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Deacon Te Ken Chiu (*Chairman*)
Dato' David Chiu (*Deputy Chairman and
Chief Executive Officer*)
Mr. Steven Ying Wai Kwan (*Managing Director*)
Mr. Michael Chi Ning O'Young
Mr. Craig Williams
Mr. Dennis Chiu

Non-executive Directors:

Madam Ching Lan Chiu Ju
Mr. Dick Tat Sang Chiu
Mr. Daniel Tat Jung Chiu
Mr. Kohei Ogawa

Independent Non-executive Directors:

Datuk Kee Leong Chee
Mr. David Kwok Kwei Lo

Registered Office:

P.O. Box 1043, Ground Floor,
Caledonian House, Mary Street,
George Town,
Grand Cayman, Cayman Islands,
British West Indies.

Principal Office:

16/F., Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong.

14th November, 2000

To the Shareholders and the Warrantholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF PEARL GARDEN HOTEL AND PEARL SEAVIEW HOTEL

INTRODUCTION

The Board announced on 24th October, 2000 that two agreements were entered into on 20th October, 2000 relating to the acquisition of two hotels, namely, the Pearl Garden Hotel and Pearl Seaview Hotel. The Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

The purpose of this document is to give you further information regarding the Agreements and other information required under the Listing Rules.

BACKGROUND OF THE ACQUISITIONS

Aniwell is a company incorporated in Hong Kong. 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 comprises 100 rooms and commenced its operation in 1997. The Pearl Garden Hotel is regarded as a three star hotel and maintains an occupancy rate of around 96%. According to the 1999 Accounts, the loss attributable to shareholders and the net liabilities of Aniwell were approximately

LETTER FROM THE BOARD

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 the 1999 Accounts based on the annual revaluation 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.

The Pearl Seaview Hotel is an operating hotel situated at 262-276 Shanghai Street, Kowloon, Hong Kong and commenced its operation in 1995. The Pearl Seaview Hotel comprises 256 rooms and maintains an occupancy rate of around 87%. The Pearl Seaview Hotel is regarded as a three star hotel and the target guests are the budget tourists and regular visitors. Charter Joy agreed to purchase the Pearl Seaview Hotel direct from Margaux as the first legal mortgagee and the profit and loss for the last two years were not available from the Vendor up to the date of this circular.

Best Chance and Margaux are independent third parties 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).

TERMS OF THE AGREEMENTS

Agreement I

Date and parties involved

Date: 20th October, 2000

Vendor: Best Chance, a wholly owned subsidiary of Pearl Oriental, 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.

Purchaser: Far East, a wholly owned subsidiary of the Company.

Description

Pursuant to the Agreement I, Far East agreed to purchase and Best Chance agreed to sell the 10,000 issued and fully paid up shares of HK\$1.00 each in Aniwell, representing the entire issued share capital of Aniwell, together with the Shareholders' Loan of the Agreement I for a consideration of HK\$100,000,000 payable in cash. The Shareholders' Loan amounted to approximately HK\$303 million.

An initial cash deposit of HK\$5,000,000 was paid upon the signing of the Agreement I on 20th October, 2000. Second payment of HK\$15,000,000 was paid on 3rd November 2000 and the balance payment of HK\$80,000,000 will be paid upon completion of the Agreement I.

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

The formal agreement was not signed on 3rd November, 2000 and the parties had agreed to enter into the formal agreement at a date to be mutually agreed.

Agreement II

Date and parties involved

Date: 20th October, 2000

LETTER FROM THE BOARD

Vendor: Margaux, a wholly owned subsidiary of Pearl Oriental and 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.

Purchaser: Charter Joy, a wholly owned subsidiary of the Company.

Description

Pursuant to the Agreement II, Charter Joy agreed to purchase and Margaux agreed to sell the Pearl Seaview Hotel for a consideration of HK\$238,000,000 payable in cash.

An initial cash deposit of HK\$5,000,000 was paid upon the signing of the Agreement II on 20th October, 2000. Second payment of HK\$42,600,000 was paid on 3rd November 2000 and the balance payment of HK\$190,400,000 will be paid upon completion of the Agreement II.

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

The formal agreement was not signed on 3rd November, 2000 and the parties had agreed to enter into the formal agreement at a date to be mutually agreed.

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 the Agreements were determined at arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the Board 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 initial cash deposit of HK\$5,000,000 each for Agreement I and Agreement II and the second cash payment of HK\$15,000,000 and HK\$42,600,000 for Agreement I and Agreement II respectively were paid on 20th October, 2000 and 3rd November, 2000 from internal resources. The balance payment of HK\$80,000,000 and HK\$190,400,000 or part thereof for Agreement I and Agreement II may be financed by bank facilities upon completion. It is expected that the Acquisitions will not materially affect the assets and liabilities of the Company.

GENERAL

The Board considers the Agreements are in the interest of the Company and its Shareholders.

Your attention is drawn to the general information for the Company as set out in the appendix to this circular.

By Order of the Board,
David Chiu
Deputy Chairman and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which the Directors taken or deemed to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered into the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(a) Shares

Name of Director	Number of Ordinary Shares		Total
	Personal Interests	Corporate Interests	
Deacon Te Ken Chiu	9,688,973	106,764,126 (<i>Note 1</i>)	116,453,099
David Chiu	690	269,364,371 (<i>Note 2</i>)	269,365,061
Dennis Chiu	7,362	4,843,658 (<i>Note 3</i>)	4,851,020
Ching Lan Chiu Ju	1,108,018	–	1,108,018
Dick Tat Sang Chiu	770,697	–	770,697
Daniel Tat Jung Chiu	36,250	3,877,218 (<i>Note 4</i>)	3,913,468

Note 1: These shares are held by various companies controlled by Mr. Deacon Te Ken Chiu

Note 2: These shares are held by Sumptuous Assets Limited

Note 3: These shares are held by Chiu Capital N.V. and First Level Holdings Limited.

Note 4: These shares are held by First Level Holdings Limited and entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

(b) Options

(i) The Company's option scheme

Mr. Michael Chi Ning O'Young, a Director of the Company had personal interests in share options to subscribe for 3,000,000 shares in the Company at an exercise price of HK\$1.80 per share, exercisable from 8th October, 1998 to 7th October, 2001.

(ii) *The Company's subsidiary's option scheme*

New China Homes, Ltd. (“NCH”) has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the “Option Plan”). It is intended that options to purchase an aggregate of 600,000 common shares in NCH (“NCH Shares”) will be granted under the Option Plan. The Option Plan is administered by the compensation committee of the board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee’s cessation of service with NCH. No options were granted under the Option Plan since their adoption.

(c) **Shares in associated corporations**

Name of Director	Name of associated corporation	Number of ordinary shares
Deacon Te Ken Chiu	Far East Technology International Limited	110,926,800 (<i>Note 1</i>)
Ching Lan Chiu Ju	Far East Technology International Limited	6,110,000
David Chiu	Oi Tak Enterprises Limited	250,000
David Chiu	Libran Star (M) Sdn. Bhd.	125,000
Dennis Chiu	Far East Technology International Limited	47,010,200 (<i>Note 2</i>)
Daniel Tat Jung Chiu	Far East Technology International Limited	41,400,000 (<i>Note 2</i>)

Note 1: Includes 6,110,000 shares held by Madam Ching Lan Chiu Ju, the spouse of Mr. Deacon Te Ken Chiu.

Note 2: Includes 30,400,000 shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.

As at the Latest Practicable Date, none of the Directors or Chief Executive, or their spouses or children under the age of 18, had been granted any right to subscribe for the securities of the Company.

Save as disclosed herein, as at the Latest Practicable Date, no Directors had or were deemed to have any interests in the securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which the Directors taken or deemed to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered into the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain Directors, the Directors of the Company are not aware of any other person who was directly or indirectly interested in 10% or more of the issued share capital of the Company as at the Latest Practicable Date.

4. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with the Company, excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation.

5. LITIGATION

No member of the Group is engaged in litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group

6. GENERAL

- (a) The secretary of the Company is Mr. Chow Kwok Wor, F.C.S., F.H.K.S.A.
- (b) The registered office of the Company is located at P.O. Box 1043, Ground Floor, Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business of the Company in Hong Kong is at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- (c) The transfer office of the Company in Hong Kong is Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (d) The English text of this document shall prevail over the Chinese text.