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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

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. Craig Grenfell Williams

Mr. Dennis Chiu

Non-executive Directors:

Madam Ching Lan Ju Chiu

Mr. Dick Tat Sang Chiu

Mr. Daniel Tat Jung Chiu

Independent Non-executive Directors:

Datuk Kee Leong Chee

Mr. David Kwok Kwei Lo

Registered Office:

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George Town,

Grand Cayman, Cayman Islands,
British West Indies.

Principal Office:

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

31st July, 2003

To the Shareholders,

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE
SHARES AND TO ISSUE SHARES**

INTRODUCTION

The purpose of this document is to provide you with information regarding the resolutions to be proposed as special business at the annual general meeting of the Company to be held on 29th August, 2003 (the "Annual General Meeting"). These include resolutions relating to general mandates for the repurchase by the Company of its shares and for the issue of shares.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 28th August, 2002, a general mandate was given to the directors (the “Directors”) to exercise the powers of the Company to repurchase shares of the Company up to a maximum of 10% of the Company’s issued share capital at the date of the relevant resolution. Under the terms of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), such mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

An ordinary resolution will therefore be proposed at the Annual General Meeting to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the next annual general meeting of the Company or such earlier period as stated in the ordinary resolution, shares of HK\$0.10 each of the Company (“Shares”) up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information is set out in Appendix I hereto.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 28th August, 2002, a general mandate was also given to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the relevant resolution. Under the Listing Rules, such mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

It will therefore be proposed at the Annual General Meeting resolutions granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate.

NOTICE OF ANNUAL GENERAL MEETING

Your attention is drawn to the ordinary resolutions set out in the notice convening the Annual General Meeting contained in the 2003 Annual Report of the Company in respect of the granting to the Directors of the general mandates to repurchase Shares and to issue Shares.

RECOMMENDATION

The Directors believe that all the above-mentioned resolutions are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
David Chiu
Deputy Chairman and Chief Executive Officer

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. LISTING RULES

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange or on another stock exchange on which the shares of the companies may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to certain restrictions, the most important of which are summarized below:-

(a) Shareholder's Approval

The Listing Rules provide that all on-market repurchases of shares by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase.

(b) Source of Funds

Repurchases must be made out of funds which are legally available for the purpose and in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(c) Maximum Number of Securities to be Repurchased

The shares proposed to be repurchased must be fully-paid up. A maximum of 10% of the existing issued share capital of the company at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at 29th July, 2003, being the latest practicable date prior to the printing of this document (the "Latest Practicable Date"), the issued share capital of the Company comprised 985,134,312 Shares.

Subject to the approval of the Repurchase Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 98,513,431 Shares representing not more than 10% of the issued share capital of the Company as at the date of passing the resolution.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or earnings per Share of the Company and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the Companies Law of the Cayman Islands, which provide that Shares may be repurchased out of the profits of the Company, and/or out of the proceeds of a fresh issue of Shares made for this purpose and/or even out of the capital paid up on the repurchased Shares, and all other applicable laws.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st March, 2003 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.4850	0.3800
August	0.4100	0.3350
September	0.3950	0.3250
October	0.3750	0.3050
November	0.3800	0.3300
December	0.3750	0.3250
2003		
January	0.3850	0.3300
February	0.3700	0.3050
March	0.3400	0.2750
April	0.2800	0.2490
May	0.3350	0.2450
June	0.3350	0.2850

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) either that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is approved by shareholders.

7. TAKEOVER CODE

If as a result of a repurchase of Shares a shareholder's proportionate interest in the voting rights of the Company increase, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, when a shareholder, or a group of shareholders acting in concert, could then obtain or consolidate control of the Company, he/they shall become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Messrs. Deacon Te Ken Chiu, David Chiu, Dick Tat Sang Chiu, Dennis Chiu, Daniel Tat Jung Chiu and Madam Ching Lan Ju Chiu, ("the said Directors") together with their respective associates held 420,328,927 Shares representing approximately 42.67% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the Repurchase Mandate, the shareholding of the said Directors, together with their respective associates, in the Company would be increased to approximately 47.41% of the issued share capital of the Company. An obligation to make a general offer to shareholders under Rules 26 of the Takeover Code may arise. The Directors have no present intention to exercise the power of repurchase pursuant to the Repurchase Mandate to such an extent as to result in takeover obligations.

To the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 10% or more of the issued share capital of the Company.

8. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not purchased any of its own Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.