
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 shares 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)

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

(Stock Code: 35)

Executive Directors:

Mr. Deacon Te Ken Chiu (*Chairman*)
Dato' David Chiu (*Deputy Chairman and
Chief Executive Officer*)
Mr. Craig Grenfell Williams
Mr. Dennis Chiu

Registered Office:

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

Non-executive Directors:

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

Principal Office:

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

Independent Non-executive Directors:

Datuk Kee Leong Chee
Mr. David Kwok Kwei Lo
Mr. Jian Yin Jiang

2nd September, 2004

To the Shareholders,

Dear Sir or Madam,

FINAL DIVIDEND FOR THE YEAR ENDED 31ST MARCH, 2004

INTRODUCTION

On 15th July, 2004, it was announced that the Directors of Far East Consortium International Limited (the "Company") resolved to recommend a final dividend of HK3 cents

per ordinary share of HK\$0.10 each (the “Share(s)”) for the year ended 31st March, 2004 (“Final Dividend”) to shareholders whose names appear on the register of members of the Company on 25th August, 2004 (other than those residing outside Hong Kong as referred to below) in the form of new fully paid Shares (“Scrip Shares”) with shareholders being given the option to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

On 25th August 2004, it was announced that at the Annual General Meeting of the Company held on 25th August, 2004 (“AGM”) the resolutions as set out in the Notice of the AGM including the Final Dividend were approved by the shareholders and the Scrip Shares to be allotted to shareholders pursuant to the Scrip Dividend Scheme was calculated by reference to the market value of HK\$1.648 per Share. The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Pursuant to the Scrip Dividend Scheme, shareholders with their registered address in Hong Kong will have the following choices in respect of the Final Dividend:

- (i) an allotment of Scrip Shares credited as fully paid shares and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of Final Dividend which such shareholder could elect to receive in cash; or
- (ii) cash of HK3 cents per Share; or
- (iii) partly Scrip Shares and partly cash.

For the purpose of calculating the number of Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at HK\$1.648 per Share, which was the average of the closing prices per Share on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days up to and including 25th August, 2004 (“Average Closing Price”). Accordingly, the number of Scrip Shares which shareholders will receive in respect of the existing Shares registered in their names as at 25th August, 2004 will be calculated as follows:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of existing shares} \\ \text{held on 25th August, 2004} \\ \text{or number of Shares elected} \\ \text{for Scrip Shares} \end{array} \times \frac{\text{HK\$0.03 (Final Dividend per Share)}}{\text{HK\$1.648 (Average Closing Price)}}$$

The last day and time on which shareholders will be entitled to elect their desired form of Final Dividend is 4:00 p.m. on Monday, 20th September, 2004. The number of Scrip Shares to be issued to each shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares in respect of alternatives (i) and (iii) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respect with the existing Shares of the Company except that they will not entitle to the Final Dividend.

As mentioned below, shareholders with the registered address outside Hong Kong will receive their Final Dividend wholly in cash.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that shareholders do not elect to receive cash in lieu of Scrip Shares, such cash as would otherwise have been paid to shareholders will be retained for use by the Company.

FORM OF ELECTION

A Form of Election is enclosed for use by shareholders who wish to receive the Final Dividend wholly in cash or partly in cash and partly in the form of Scrip Shares, or to make a permanent election to receive cash in lieu of any future dividend in Scrip Shares.

The Form of Election has not been sent to shareholders who have earlier made a permanent election to receive cash in respect of all future dividends. Please contact the Share Registrars for a Form of Election if such shareholders wish to change their permanent election.

If you elect to receive your Final Dividend wholly in the form of Scrip Shares, you do not need to take any action.

If you elect to receive wholly in cash, or partly cash and partly Scrip Shares, you should use the enclosed Form of Election. If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive cash under the Scrip Dividend Scheme, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on 25th August, 2004, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder.

Shareholders who elect to receive the Final Dividend wholly in cash may also elect to receive all future dividends by completing Box D on the Form of Election. The above election or notice may be revoked at any time by written notice to the Share Registrars of the Company. The Form of Election will not be sent to shareholders who have made the above election or given the above notice in future unless they notify the Share Registrars of the Company of their wish to revoke their above election or notice.

If you have earlier made a permanent election to receive either cash or Scrip Shares, then unless and until you cancel such election by written notice to the Share Registrars of the Company, you will continue to receive cash or Scrip Shares respectively for all the Shares for the time being registered in your name, without having to complete any further Form of Election.

If you have earlier made a permanent election to receive cash in respect of all future dividends and now wish to receive wholly Scrip Shares or partly Scrip Shares and partly cash, or if you have earlier made a permanent election to receive Scrip Shares and now wish to receive wholly cash or partly Scrip Shares and partly cash, you are required to cancel your permanent election by written notice and return the Form of Election indicating your choice to the Share Registrars of the Company.

Form of Election should be completed in accordance with the instructions printed thereon and returned together with, if any, written notice regarding the cancellation of earlier made permanent election of all future dividends, so that they are received by the Share Registrars of the Company, Standard Registrars Limited at G/F., Bank of East Asia

Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Monday, 20th September, 2004. No acknowledgement of receipt of the Form of Election will be issued.

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

Pursuant to the Scrip Dividend Scheme which forms part of the Final Dividend contemporaneously when the Final Dividend was proposed by the Directors and approved at the AGM, shareholders with registered addresses outside Hong Kong will receive the Final Dividend wholly in cash. Accordingly, the election form has not been sent to shareholders with registered address outside Hong Kong.

GENERAL

Whether or not it is to your advantage to receive Scrip Shares or cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each shareholder. Shareholders who are trustees are recommended to take professional advice as to whether the choice of Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument. All shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to change their registered address to Hong Kong in order to receive the Final Dividend in scrip form or whether any government or other consents are required or other formalities need to be observed.

LISTING AND DEALINGS

The issue of Scrip Shares pursuant to the Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of the Stock Exchange of a listing of and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme, for which the Company will make application.

It is expected that the relevant dividend warrants and share certificates will be posted to shareholders at the risk of those entitled thereto on or about 30th September, 2004.

Subject to the granting of the listing of and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Shares and Zero Coupon Convertible Bonds due 2009 of the Company are listed and dealt in on the Stock Exchange. No other equity or debt securities of the Company are listed on or dealt in on any other stock exchange nor is listing or permission to deal in on any other stock exchange being or proposed to be sought.

Yours faithfully,
David Chiu
*Deputy Chairman and
Chief Executive Officer*