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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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**FAR EAST CONSORTIUM INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

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

(Stock Code: 35)

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF DORSETT GARDEN HOTEL**

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## DEFINITIONS

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

“Agreements”	the provisional agreement dated 2 October 2004 entered into between the Vendor and the Purchaser.
“Company”	Far East Consortium International Limited, shares of which are listed on the Stock Exchange
“Directors”	the directors 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”	28 October 2004, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	A property located at 30 Nanking Street, Jordan, Kowloon (Kowloon Inland Lot No. 7968 and 8816) known as Dorsett Garden Hotel
“SDI”	the Securities (Disclosure of Interests) Ordinance (Chapter 571 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Aniwell Investments Limited, a wholly-owned subsidiary of the Company

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## LETTER FROM THE BOARD

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### 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. 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

2 November 2004

To the Shareholders

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION DISPOSAL OF DORSETT GARDEN HOTEL**

#### **INTRODUCTION**

The Board announced on 2 October 2004 that the Agreement was entered into between Aniwell Investments Limited, a wholly owned subsidiary of the Company and Grace Concord Holdings Limited in respect of the sale of the Property located at 30 Nanking Street, Jordan, Kowloon (Kowloon Inland Lot No. 7968 and 8816 known as Dorsett Garden Hotel). The consideration for the disposal of the Property at a cash consideration of HK\$140.2 million.

The considerations and other terms and conditions of the Agreement was determined after arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the Directors of the Company to be fair and reasonable.

The transaction contemplated under the Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular in connection with the disposal of the Property will be despatched to the shareholders of the Company as soon as practicable.

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

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## LETTER FROM THE BOARD

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### BACKGROUND OF THE DISPOSAL OF THE PROPERTY

Date of the Agreement: 2 October 2004

Vendor: Aniwell Investments Limited, a wholly-owned subsidiary of the Company.

Purchaser: Grace Concord Holdings Limited, its principal activity is property investment. The Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and connected persons of the Company.

As stated in Annual Report 2004, the Company acts as an investment holding company. Its subsidiaries are engaged in property development and investment, hotel operations, investment holding, securities trading and manufacture of boiler products.

### ASSET TO BE TRANSFERRED

Under the Agreement, the Vendor had agreed to sell the Property to the Purchaser at a cash consideration of HK\$140,200,000.

The registered owner of the Property is the Vendor. The Property located at 30 Nanking Street, Jordan, Kowloon (Kowloon Inland Lot Nos. 7968 and 8816) and is currently operated as a hotel. The property is sold on “as is” basis.

### CONSIDERATION

The consideration of the Property is HK\$140.2 million payable in cash. An initial deposit of HK\$5 million was paid upon the signing of the Agreement and further deposit of HK\$14 million shall be paid upon signing of the formal sale and purchase agreement on or before 18 October 2004. The remaining balance of HK\$121.2 million shall be paid upon completion.

### FORMAL AGREEMENT

A formal sale and purchase agreement is required to be entered into by the parties on or before 18 October 2004.

### COMPLETION

Completion of the formal sale and purchase agreement is scheduled to take place on or before 28 December 2004.

### REASONS FOR THE PROPERTY DISPOSAL

The Group is principally engaged in property development and investment, hotel operations, investment holding, securities trading and manufacture of boiler products.

The Directors consider the disposal will provide the opportunity for the Company to realize its assets at reasonable market price. The net proceeds will be used for repayment of existing loan of the Vendor of HK\$51.5 million and the remaining balance of HK\$88.7 million will be deployed for general working capital purpose.

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## LETTER FROM THE BOARD

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After the disposal, the principal activities of the Company remain unchanged. The Company continues to operate Dorsett Seaview Hotel in Hong Kong and Dorsett Regency Hotel in Kuala Lumpur, Malaysia. Hotel operations remain as one of the Company's principal businesses.

### GENERAL

The Directors are of the view that the disposal of the Property is in the interest of the Company and the terms of the Agreement are on normal commercial terms and with reference to current market conditions, which are fair and reasonable and in the interest of the shareholders as a whole. According to the latest valuation report by DTZ Debenham Tie Leung Limited, an unconnected independent valuer, the Property was valued at HK\$105 million as at 31 March 2004. The book value of the Property was HK\$105 million as at 31 March 2004.

The Directors confirm that the consideration of the Property has been determined after arm's length negotiations between the parties with reference to the normal commercial terms. The net profit, both before and after tax, attributable to the Property for the year ended 31 March 2003 was HK\$0.8 million. The net loss, both before and after tax, attributable to the Property for the year ended 31 March 2004 was HK\$0.5 million. The profit on disposal of the Property based on the book value as at 31 March 2004 is HK\$35.2 million.

The Directors consider the disposal will provide the opportunity for the Company to realize its assets at reasonable market price. After the completion of the transaction, the net proceeds of HK\$140.2 million will be used for repayment of existing loan of HK\$51.5 million and the remaining balance of HK\$88.7 million will be deployed for general working capital purpose. The total assets of the Company would be decreased by approximately HK\$16.3 million, represented by an increase of cash of HK\$88.7 million and a decrease of property of HK\$105 million. As a result of the disposal, the total liabilities of the Company would be reduced by approximately HK\$51.5 million upon repayment of existing loan. As a result of the disposal, the Company would have less profit from its hotel segment, the gross profit attributable to the Property disposed was approximately HK\$8.5 million for the year ended 31 March 2004.

The Directors confirm that to the best of their knowledge information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and connected persons of the Company.

### ADDITIONAL INFORMATION

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.

Yours faithfully,  
By Order of the Board of  
**Far East Consortium International Limited**  
**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 Group. 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

## 2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange:

### (a) Shares

	Number of ordinary shares held			Total	Percentage of issued share capital of the Company
	Personal interests	Corporate interests			
Deacon Te Ken Chiu	10,164,123	111,999,864 (Note i)		122,163,987	10.34%
David Chiu	618,302	305,420,646 (Note ii)		306,038,948	25.91%
Dennis Chiu	8,245	4,989,142 (Note ii)		4,977,387	0.42%
Ching Lan Ju Chiu	1,162,351	–		1,162,351	0.10%
Dick Tat Sang Chiu	808,491	–		808,491	0.07%
Daniel Tat Jung Chiu	38,026	3,877,218 (Note iv)		3,915,244	0.33%

#### Notes:

- i. These shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.
- ii. These shares are held by Sumptuous Assets Limited, a company controlled by Dato' David Chiu and include the lending of 71,274,271 shares.
- iii. These shares are held by Chiu Capital N.V., a company controlled by Mr. Dennis Chiu and First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.
- iv. These shares are held by First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu and are entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

**(b) Shares options**

As at the Latest Practicable Date, the Company has not granted to the Directors any share option under the share option scheme adopted on 28 August, 2002.

**(c) Shares in associated corporations**

As at the Latest Practicable Date, the interests of Director in the share capital of the Company's associated corporations was as follow:

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Number of ordinary shares held</b>
David Chiu	Oi Tak Enterprises Limited	250,000

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

**3. SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, according to the register of interests in long positions and short positions kept by the Company pursuant to Divisions 2 and 3 of Part XV and section 336 of the SFO and so far as the Directors were aware, the following persons had a long position or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

<b>Name of Shareholder</b>	<b>Number of ordinary share held</b>	<b>%</b>
J.P. Morgan Chase & Co. ("JPMC")	94,655,470 (Note i)	8.01%
JP Morgan Chase Bank ("JPMCB")	23,204,000 (Note i)	1.96%
Deutsche Bank Aktiengesellschaft ("DBA")	69,459,119 (Note ii)	5.88%

*Notes:*

- (i) According to the notice to the Company from JPMC, as at the Latest Practicable Date, JPMC had interests of 94,655,470 shares in the Company as an investment manager and 23,204,000 shares held as a lending pool in other capacity. 23,704,000 shares were held by JPMC's wholly owned subsidiary JMPCB and 71,422,470 shares were held by various subsidiaries of JPMC.
- (ii) According to the notice to the Company from DBA, as at the Latest Practicable Date, DBA had interest of 69,459,119 shares in the Company and 51,705,000 shares were held in short position.



Save as disclosed above, none of the Directors or Chief Executive are aware of any person (other than the directors or Chief Executive) who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group.

#### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

#### **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, there were no existing or proposed service contracts between any of the Directors and any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **6. DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in item 7 below, no contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date.

#### **7. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

To the best knowledge of the Directors, none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business, which competes or may compete with the business of the Group.

#### **8. OTHER INTERESTS**

Save as disclosed in this circular of the Company, none of the Directors has or had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2004, being the date to which the latest published audited financial statements of the Company were made up.

#### **9. MISCELLANEOUS**

- (a) The qualified accountant and secretary of the Company is Bill Kwai Pui Mok, MBA, AICPA, HKSA.
- (b) The registered office of the Company is at P.O. Box 1043, Ground Floor, Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The English language text of this circular shall prevail over the Chinese language text.