
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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Far East Consortium International Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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.fecil.com.hk>

(Stock Code: 35)

DISCLOSEABLE TRANSACTION

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	3
THE AGREEMENT	4
INFORMATION ON SHELBNORN	5
REASONS FOR THE DISPOSAL	5
ADDITIONAL INFORMATION	6
APPENDIX – GENERAL INFORMATION	7

DEFINITIONS

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

“Advance from the Vendor”	the balance of all loans, advances, notes and debts of any kind (including principal and interest thereon) owing by Shelborn to the Vendor and any of its affiliates at the date of Completion, which is expected to be approximately HK\$70 million
“Agreement”	the agreement entered into between the Vendor, the Purchaser and Shelborn on 14 December 2006 regarding the Disposal
“Board”	the board of Directors
“Company”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“connected persons”	has the meaning as defined in the Listing Rules
“Consideration”	the cash consideration of US\$37.8 million (or approximately HK\$294.8 million) payable for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Subject Matter by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Latest Practicable Date”	3 January 2007, 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
“Properties”	the office buildings situated in midtown Manhattan, New York and in San Francisco’s business district, in which Shelborn is currently interested

DEFINITIONS

“Proceeds”	the gross proceeds of approximately US\$1.76 billion (or HK\$13.7 billion) from the disposal of the “Riverside South Project” in Manhattan, New York City, U.S.
“Purchaser”	Dr. Henry Cheng Kar Shun
“Sale Shares”	ten (10) ordinary shares of US\$100 each in Shelborn, representing the entire issued share capital of Shelborn
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Shelborn”	Shelborn Enterprises, Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Matter”	the Sale Shares and the right, title and interest in and to the Advance from the Vendor
“U.S.”	United States of America
“US\$”	U.S. dollars
“Vendor”	Far East Consortium Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For illustration purposes, an exchange rate of US\$1.00 = HK\$7.80 has been adopted.

LETTER FROM THE BOARD



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 35)

Executive Directors:

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

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, J.P.
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:

Mr. David Kwok Kwei Lo
Mr. Jian Yin Jiang
Mr. Kwok Wai Chan

3 January 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 15 December 2006, the Directors announced that the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and Shelborn entered into the Agreement on 14 December 2006. Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Subject Matter for a cash consideration of US\$37.8 million (or approximately HK\$294.8 million).

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to give you further information regarding the Disposal and other information required under the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

Date:

14 December 2006

Parties:

- (i) Far East Consortium Limited, a wholly-owned subsidiary of the Company, as vendor
- (ii) Dr. Henry Cheng Kar Shun, as purchaser
- (iii) Shelborn, a wholly-owned subsidiary of the Vendor

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Assets to be disposed of:

The Subject Matter, being comprised of (i) the Sale Shares, representing the entire issued share capital of Shelborn; and (ii) the right, title and interest in and to the Advance from the Vendor.

After Completion, Shelborn shall cease to be a subsidiary of the Company.

Consideration and intended use of proceeds:

The Consideration of US\$37,800,000 (or approximately HK\$294.8 million) is payable in cash by the Purchaser upon Completion. The Consideration has been agreed between the Vendor and the Purchaser after arm's length negotiations, taking into account Shelborn's 5% interest in the Proceeds (net of U.S. tax attributable thereto). The Directors consider that the Consideration is fair and reasonable in so far as the Shareholders are concerned given the gain on the Disposal is expected to amount to approximately HK\$225.3 million.

The Company intends to use the proceeds from the Disposal to invest in the property markets in China and hotel operations in other Asian regions. As at the Latest Practicable Date, no specific investment projects in this regard have been identified by the Company yet. To the extent that such proceeds are not immediately used by the Company, the Directors intend to place them on short-term deposits.

Condition precedent:

Pursuant to the Agreement, Completion is conditional upon the transfer of the Subject Matter from the Vendor to the Purchaser. As at the Latest Practicable Date, such condition has yet to be fulfilled.

LETTER FROM THE BOARD

Completion:

Completion shall take place on the earlier of the date falling on the 35th day from the date of the Agreement or the 5th day from the notice of the Purchaser given to the Vendor for Completion.

INFORMATION ON SHELBN

Shelborn is a wholly-owned subsidiary of the Vendor which is in turn wholly-owned by the Company. The principal assets of Shelborn are its 5% interests in the Properties.

The Properties are comprised of office buildings in midtown Manhattan, New York and in San Francisco's business district. They were acquired in March and April 2006 from the Proceeds, which were in turn from the disposal of the "Riverside South Project" in Manhattan, New York City, U.S. for an aggregate amount of approximately US\$1.76 billion (or HK\$13.7 billion) in November 2005.

Set out below are the audited financial results of Shelborn for each of the two years ended 31 March 2005 and 2006 prepared in accordance with Hong Kong Financial Reporting Standards:

	Year ended 31 March	
	2006	2005
	HK\$'000	HK\$'000
Turnover	–	–
Loss before taxation	368	12
Loss attributable to the shareholder of Shelborn	368	12

As at 30 September 2006, the unaudited net liabilities of Shelborn (the "Net Liabilities") were approximately HK\$0.5 million.

REASONS FOR THE DISPOSAL

The principal activities of the Group are property development and investment, hotel operations, loan financing for hotel operations and treasury management.

The Directors consider that the Disposal provides the Group with an opportunity to streamline its business by disposing of its non-core business and overseas assets. Taking into account the cost of investment in Shelborn to the Company of approximately HK\$69.5 million (represented by the difference between the Advance from the Vendor and the Net Liabilities) and the Consideration, the Company expects that it would record a gain on the Disposal amounting to approximately HK\$225.3 million. In view of such gain on the Disposal, the Directors consider that the terms of the Disposal are fair and reasonable so far as the Shareholders are concerned and the entering into of the Agreement is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As a result of the Disposal, it is expected that the assets of the Group will increase by the same amount of the gain on the Disposal of approximately HK\$225.3 million while its liabilities will remain intact. Since after Completion Shelborn will cease to be a subsidiary of the Company, its results subsequent to Completion will be no longer consolidated into the financial statements of the Group.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf 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

Name of Director	Nature of interests	Number of ordinary shares held			Total	Percentage of issued share capital of the Company
		Personal interests	Corporate interests	Beneficial interests in underlying Shares		
Deacon Te Ken Chiu	Long position	10,727,697	117,444,283(1)	–	128,171,980	8.81%
David Chiu	Long position	652,581	328,491,368(2)	11,000,000(3)	340,143,949	23.39%
Dennis Chiu	Long position	8,370	5,050,793(4)	–	5,059,163	0.35%
Ching Lan Ju Chiu	Long position	1,338,068	–	–	1,338,068	0.09%
Dick Tat Sang Chiu	Long position	853,319	–	–	853,319	0.06%
Daniel Tat Jung Chiu	Long position	40,132	3,877,218(5)	–	3,917,350	0.27%

Notes:

- (1) These Shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.
- (2) These Shares are held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David Chiu.
- (3) These interests represent derivative interests pursuant to a derivative contract exercisable for the period from 26 April 2006 to 26 April 2007.
- (4) 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.
- (5) 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) Share 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 Directors in the share capital of the Company's associated corporations were as follow:

Name of Director	Name of associated corporation	Number of ordinary shares held
Deacon Te Ken Chiu	Kanic Property Management Limited	2
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 are 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:

Name of Shareholder	Number of ordinary shares held	%
Deutsche Bank Aktiengesellschaft ("DBA")	156,212,186(<i>Note</i>)	10.74
Penta Investment Advisers Ltd.	252,066,576	17.33

Note: According to the notice to the Company from DBA, as at the Latest Practicable Date, DBA had interest of 156,212,186 Shares and 19,342,672 Shares were held in short position.

Save as disclosed above, none of the Directors or chief executive of the Company are aware of any person (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares 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, directly or indirectly interested 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.

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 COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

7. MISCELLANEOUS

- (a) The qualified accountant and secretary of the Company is Bill Kwai Pui Mok, MBA, AICPA, HKICPA.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The English language text of this circular shall prevail over the Chinese language text.