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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 other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 35)

**DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF
A BUILDING PROJECT IN THE PRC**

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DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser from the Vendor through the Auction Agent for the entire interest in the Building Project pursuant to the Agreement
“Agreement”	the confirmation letter entered into between the Purchaser and the Auction Agent on 22 April 2007 and the auction agreement entered into between the Purchaser and the Auction Agent on 20 April 2007
“Auction Agent”	北京東方偉龍國際拍賣有限公司 (Beijing Oriental Great Long International Auction Co., LTD), a company formed in the PRC with limited liability
“Board”	the board of Directors
“Building Project”	collectively, (i) the land use right of a plot of land located in No. 124 to 177, 成都市玉龍西街 (Cheng Du Yu Long West Street) with a site area of 5,738.81 s.q.m.; and (ii) the immovable property, which is known as 成都銀座大廈 (Cheng Du Ginza Building), situated on such plot of land
“Company”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning as defined in the Listing Rules
“Consideration”	the consideration of RMB279,000,000 (equivalent to approximately HK\$281,818,182) payable for the Acquisition under the Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“ICBC”	Industrial Commercial Bank of China Limited (stock code: 1398), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively
“Latest Practicable Date”	means 11 May 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
“PRC”	the People’s Republic of China and for the purpose of this circular exclude Hong Kong
“Purchaser”	遠東帝豪酒店管理(成都)有限公司 (Far East Dorsett Hotel Management (Cheng Du) Company Limited), a wholly foreign owned enterprise established in the PRC with limited liabilities and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“s.q.m.”	square metre(s)
“Vendor”	中國工商銀行四川分行 (Sichuan branch of Industrial and Commercial Bank of China Limited), the branch office of ICBC

For illustration purposes, an exchange rate of HK\$1.00 = RMB0.99 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 (*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
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
Mr. Peter Wong Man Kong

14 May 2007

To the Shareholders,

Dear Sirs,

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF A BUILDING PROJECT IN THE PRC

INTRODUCTION

On 24 April 2007, the Directors announced that on 22 April 2007, the Agreement was entered into through a public bidding between the Purchaser and the Vendor pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agree to sell the Building Project at the Consideration of RMB279,000,000 (equivalent to approximately HK\$281,818,182) payable in cash. The Building Project mainly consists of (i) the land use right of a plot of land located in No. 124 to 177, 成都市玉龍西街 (Cheng Du Yu Long West Street) with a site area of 5,738.81 s.q.m.; and (ii) the immovable property, which is known as 成都銀座大廈 (Cheng Du Ginza Building), situated on such plot of land.

LETTER FROM THE BOARD

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

THE AGREEMENT

Date: 22 April 2007

Parties:

Auction Agent: 北京東方偉龍國際拍賣有限公司 (Beijing Oriental Great Long International Auction Co., LTD)

Purchaser: 遠東帝豪酒店管理(成都)有限公司 (Far East Dorsett Hotel Management (Cheng Du) Company Limited), a wholly-owned subsidiary of the Company

The Vendor disposes of the Building Project to the Purchaser through the Auction Agent. The Vendor is 中國工商銀行四川分行 (Sichuan branch of Industrial and Commercial Bank of China Limited). As far as the Directors are aware, the Vendor is principally engaged in provision of banking services and the Auction Agent is principally engaged in the provision of auction agency services in the PRC. To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, (i) the Vendor and the Auction Agent and the ultimate beneficial owners of the Auction Agent are third parties independent of the Group and its connected persons; and (ii) none of the connected person of the Group holds more than 10% of the issued share capital of ICBC.

Assets to be acquired:

The Building Project mainly consists of (i) the land use right of a plot of land (the "Land") located in No. 124 to 177, 成都市玉龍西街 (Cheng Du Yu Long West Street) with a site area of 5,738.81 s.q.m.; and (ii) the immovable property, which is known as 成都銀座大廈 (Cheng Du Ginza Building), situated on the Land.

Consideration:

The Consideration of RMB279,000,000 (equivalent to approximately HK\$281,818,182) payable in cash in the following manner:

- (i) as to RMB30,000,000 (equivalent to approximately HK\$30,303,030) (the "Deposit") payable on or before 27 April 2007; and
- (ii) as to the balance of RMB249,000,000 (equivalent to approximately HK\$251,515,152) payable on or before 22 July 2007.

As at the Latest Practicable Date, the Deposit was paid by the Purchaser. In addition to the Consideration, the Company also incurred an agency fee of RMB5,580,000 (equivalent to approximately HK\$5,636,364) payable to the Auction Agent, determined as to 2% of the Consideration. The agency fee is payable by the Purchaser to the Auction Agent on or before

LETTER FROM THE BOARD

25 April 2007 and has been paid by the Purchaser as at the Latest Practicable Date. Save as disclosed above, as at the Latest Practicable Date the Group has no further commitment in relation to the Acquisition.

The Consideration is determined after a public bidding process and the Directors consider that the Consideration is fair and reasonable having taking into accounts the expected cost-to-completion of the Building Project and the location and development potential of the Building Project.

The Consideration and the related costs was and will be financed by the internal resources of the Group and/or bank financing.

Conditions precedent:

Completion is conditional upon the following conditions being satisfied:

- (i) the transfer of the land use right of the Land from the Vendor to the Purchaser; and
- (ii) the entire Consideration is paid by the Purchaser to the Vendor.

In the event that any of the above conditions have not been satisfied within three months from the date of the Agreement then either the Purchaser or the Vendor shall be entitled to terminate the Agreement. None of the above conditions can be waived by parties to the Agreement. As at the Latest Practicable Date, none of the above conditions was fulfilled.

In case the Vendor fails to transfer the land use right of the Land to the Purchaser within three months after the date of the Agreement, the Auction Agent shall refund the amount paid by the Purchaser in relation to the Agreement in full within five business days and the Auction Agent guarantees that the Purchaser be compensated with the loss of interest in relation thereto.

In case the Purchaser fails to pay the Consideration and other related costs according to the payment schedule as above, the Auction Agent is entitled to terminate the Agreement and the amount paid by the Purchaser in relation to the Agreement is not refundable.

Completion:

Completion will take place within five business days after the Agreement has become unconditional.

LETTER FROM THE BOARD

INFORMATION ON THE BUILDING PROJECT

The Building Project is located at Cheng Du, Sichuan Province, the PRC and mainly consists of (i) the land use right of the Land located in No. 124 to 177, Cheng Du Yu Long West Street with a site area of 5,738.81 s.q.m.; and (ii) the immovable property, which is known as 成都銀座大廈 (Cheng Du Ginza Building), situated on the Land. Cheng Du Ginza Building currently has a gross floor area of 67,616.94 s.q.m. and the construction work of which has not yet been completed as at the Latest Practicable Date. The land use right of the Building Project will expire on 22 September 2047.

Cheng Du Ginza Building is located within the central business district of Cheng Du. It is approximately 1.5 kilometres away from the downtown area and around 6 kilometres from the Cheng Du North Railway Station. In addition, it is only a 15-minute drive from Cheng Du Ginza Building to the 成都雙流國際機場 (Cheng Du Shangliu International Airport).

As the Building Project was not completed in previous years, therefore, there was no revenue or profits attributable to the Building Project for the previous years.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The principal activities of the Group are property development and investment, hotel operations, securities investment and trading, and loan financing for hotel operations. As at the Latest Practicable Date, the Group has 7 hotels in Hong Kong and 2 hotels in Malaysia. The Group is actively seeking investment opportunities in the hospitality industry, both in the PRC, Hong Kong and overseas.

The Group intends to develop the Building Project into a hotel and retail complex. The Board considers that the Acquisition represents a good opportunity for the Group to strengthen its existing hotel portfolio and provides a platform to the Group to capture the future growth of tourism business in the PRC. Upon Completion, the Acquisition will not have any material impact on the Group's total assets, total liabilities and results. The Board considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable and after arm's length negotiations and the entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

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) Long position in Shares and underlying Shares

Name of Director	Number of ordinary shares held		Beneficial interests in underlying shares	Total	Percentage of issued share capital of the Company
	Personal interests	Corporate interests			
Deacon Te Ken Chiu	10,851,359	118,660,876 (1)	–	129,512,235	8.82%
David Chiu	660,103	334,127,010 (2)	11,000,000 (5)	345,787,113	23.56%
Dennis Chiu	8,397	5,064,321 (3)	–	5,072,718	0.35%
Ching Lan Ju Chiu	1,353,490	–	–	1,353,490	0.09%
Dick Tat Sang Chiu	863,155	–	–	863,155	0.06%
Daniel Tat Jung Chiu	40,594	3,877,218 (4)	–	3,917,812	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 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.
- (4) 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.
- (5) These interests represent derivative interests pursuant to a derivative contract exercisable for the period from 27 April 2007 to 28 April 2008.

(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 a Director in the share capital of the Company's associated corporations was 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	Capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Zwaanstra John	Interests in controlled corporation	325,824,740(L)	22.22%
Penta Investment Advisers Ltd	Investment manager	325,824,740(L)	22.22%
Mercurius GP LLC	Founder of a discretionary trust	148,256,021(L)	10.11%
Zwaanstra Todd	Trustee	148,256,021(L)	10.11%
Penta Japan Fund Ltd	Interests in controlled corporation	148,256,021(L)	10.11%
Deutsche Bank Aktiengesellschaft	Beneficial owner	43,079,178(L)	2.94%
	Beneficial owner	4,436,552(S)	0.30%
	Person having a security interest in Shares	102,554,517(L)	6.99%
	Person having a security interest in Shares	27,802,125(S)	1.90%
Sky Investment Counsel Inc.	Investment manager	105,212,984(L)	7.17%

Note: “L” refers to the long position in the Shares held by such person/entity, while “S” refers to short position in the Shares held by such person/entity.

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. If there is any inconsistency between the Chinese names of PRC entities or locations mentioned in this circular and their English translations, the Chinese version shall prevail.