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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 THE ACQUISITION OF
JIANHUA ORIENTAL APARTMENT**

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DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of the Apartment pursuant to the Pre-sale Contracts
“Apartment”	collectively, (i) the land use right of a plot of land located in Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, with a site area of 3,990 s.q.m.; and (ii) the properties titles of a property, namely 建華東方大廈 (Jianhua Oriental Apartment), situated on such plot of land
“Board”	the board of Directors
“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 total consideration of RMB280.0 million (equivalent to approximately HK\$316.4 million) payable for the Acquisition pursuant to the Pre-sale Contracts
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Latest Practicable Date”	20 June 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Pre-sale Contracts”	the five unconditional pre-sale contracts entered into between the Purchaser and the Vendor in relation to the Acquisition
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong

DEFINITIONS

“Purchaser”	錦秋(上海)置業發展有限公司 (Ching Chu (Shanghai) Real Estate Development Company Limited), a wholly foreign owned enterprise established in the PRC with limited liabilities and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	holders of the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“s.q.m.”	square meter(s)
“Vendor”	上海建華房地產開發經營有限公司 (Shanghai Jianhua Property Development Co., Ltd.)

For the purposes of this circular, unless otherwise indicated, the exchange rate at HK\$1.13 = RMB1.00 has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged.

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. Daniel Tat Jung Chiu

Principal Office:

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

Independent Non-executive Directors:

Mr. Jian Yin Jiang
Mr. Kwok Wai Chan
Mr. Peter Man Kong Wong

23 June 2008

To the Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF JIANHUA ORIENTAL APARTMENT

INTRODUCTION

By an announcement dated 5 June 2008, the Board announced that on 3 June 2008, the Purchaser and the Vendor entered into the Pre-sale Contracts, pursuant to which, the Purchaser has agreed to purchase and the Vendor has agreed to pre-sell the Apartment at the Consideration of RMB280.0 million (equivalent to approximately HK\$316.4 million) payable in cash.

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

The purpose of this circular is to provide you with further information in relation to the acquisition of the Apartment.

LETTER FROM THE BOARD

THE PRE-SALE CONTRACTS

Date: 3 June 2008

Parties:

Purchaser: 錦秋(上海)置業發展有限公司 (Ching Chu (Shanghai) Real Estate Development Company Limited), an indirect wholly-owned subsidiary of the Company. Its principal business activity is property consultancy.

Vendor: 上海建華房地產開發經營有限公司 (Shanghai Jianhua Property Development Co., Ltd.)

To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendor is principally engaged in the property development business and the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired:

The Apartment consists of (i) the land use right of a plot of land located in Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, the PRC with a site area of 3,990 s.q.m.; and (ii) the properties titles of a property, namely 建華東方大廈 (Jianhua Oriental Apartment), situated on such plot of land.

The Vendor undertakes that it will deliver vacant possession of the Apartment to the Purchaser by 30 June 2008. If the Vendor fails to deliver vacant possession of the Apartment to the Purchaser by 30 June 2008, the Vendor is liable to pay a penalty of 0.05% per day on the amount of the Consideration already paid by the Purchaser. If the Vendor delays the delivery of vacant possession to the Purchaser for more than 45 days, the Purchaser is entitled to rescind the Pre-sale Contracts.

The Vendor further undertakes that it will obtain 《新建商品房房地產權證》 (Newly-Built Commercial Housing Real Estate Certificate) of the Apartment by 31 December 2008. If the Vendor fails to do so, the Purchaser is entitled to rescind the Pre-sale Contracts.

If the Purchaser rescinds the Pre-sale Contracts based on the above reason(s), the Vendor is liable to refund all the amounts of the Consideration already paid by the Purchaser (including interest) to the Purchaser together with damages equivalent to 20% of the total Consideration within ten days after receipt of the notice for rescission by the Vendor.

Consideration:

The Consideration of RMB280.0 million (equivalent to approximately HK\$316.4 million) will be payable in cash in the following manner:

- (i) as to RMB56.0 million (equivalent to approximately HK\$63.28 million) payable within seven business days after the date of the Pre-sale Contracts;

LETTER FROM THE BOARD

- (ii) as to RMB56.0 million (equivalent to approximately HK\$63.28 million) payable within seven business days after the transfer of vacant possession of the Apartment from the Vendor to the Purchaser (on or before 30 June 2008);
- (iii) as to RMB112.0 million (equivalent to approximately HK\$126.56 million) payable after the Vendor has obtained 《新建商品房房地產權證》 (Newly-Built Commercial Housing Real Estate Certificate) of the Apartment before 31 December 2008; and
- (iv) as to RMB56.0 million (equivalent to approximately HK\$63.28 million) payable after the Vendor has transferred the legal title of the Apartment to the Purchaser before 31 December 2008.

If the Purchaser fails to pay the Consideration according to the above payment schedule, the Purchaser is liable to pay a penalty of 0.05% per day on the outstanding amount of the Consideration payable. If the Purchaser fails to make any payment of the Consideration as agreed for more than 45 days, the Vendor is entitled to rescind the Pre-sale Contracts and the Purchaser is liable to pay damages equivalent to 20% of the total Consideration.

The Consideration is determined after arm's length negotiation with reference to (i) prevailing market value of similar properties in Shanghai; (ii) premier location of the Apartment; (iii) prospect of hotel market in Shanghai, being the financial centre of the PRC; and (iv) the synergetic effects of the Apartment to the existing hotel portfolio of the Group.

The Consideration and the related costs are proposed to be financed as to 50% by the internal resources of the Group and as to 50% by bank financing.

As at the Latest Practicable Date, the Purchaser has paid the first 20% of the Consideration in the sum of RMB56.0 million (equivalent to approximately HK\$63.28 million) pursuant to the Pre-Sale Contracts.

INFORMATION ON THE APARTMENT

The Apartment is located at Nos. 769-800, Hua Mu Road, Pudong District, Shanghai, the PRC. Jianhua Oriental Apartment is a 18 stories high (with the basement car park) building with a gross floor area of 17,998.25 s.q.m. and has 208 residential units, 158 of which are studios, and 77 car park spaces.

Situated above the Shanghai Metro Line No. 2, Jianhua Oriental Apartment is directly connected to one of the entrances of Century Park Station. Jianhua Oriental Apartment is also located in the travel district of Pudong District, such as the Century Park, the Lotus Market and Shanghai Science & Technology Museum.

The profits attributable to the Apartment for the two financial years immediately preceding the Acquisition are not available as no financial statement for the Apartment has been prepared by the Vendor. The Company cannot obtain the net assets value of the Apartment from the Vendor. The Apartment was vacant up to the Latest Practicable Date.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are property development and investment, hotel operations and treasury management. As at the Latest Practicable Date, the Group owned seven hotels in Hong Kong, three hotels in Malaysia, and one hotel in the PRC. The Group is actively seeking investment opportunities in the hospitality industry in Hong Kong, the PRC and overseas.

The Group intends to retain the current structure of the Apartment and operate it as a hotel. The Board considers that the Acquisition represents a good opportunity for the Group to extend its hotel network to Shanghai. With the premier location of the Apartment and management expertise of the Group, the Directors are of the view that the Acquisition will add substantial value to the hotel operating business of the Group. The Board considers that the Agreement is on normal commercial terms and the terms of which are fair and reasonable. The Board further considers that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

There will not be any immediate impact on the earnings of the Group immediately upon Completion as the Apartment has not commenced operation as at the Latest Practicable Date. The Acquisition will not have any substantial effect on the total assets and total liabilities of the Group.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company and is subject to announcement and circular requirements under Chapter 14 of the Listing Rules. Your attention is also drawn to the additional information as set out in the appendix to this circular.

By order of the Board of
Far East Consortium International Limited
Bill Kwai Pui Mok
Chief Financial Officer and Company Secretary

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

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	Capacity	Number of Ordinary Shares Held			Total	Percentage of Issued Share Capital of the Company
		Personal Interest	Family Interest	Corporate interest		
Deacon Te Ken Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	11,259,887	1,404,442	122,680,004 ⁽ⁱ⁾	135,344,333	8.37%
David Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	819,952	557,000	360,186,054 ⁽ⁱⁱ⁾	361,563,006	22.36%
Dennis Chiu	Beneficial owner & interest of controlled corporations	8,487	–	5,109,012 ⁽ⁱⁱⁱ⁾	5,117,499	0.32%
Ching Lan Ju Chiu	Beneficial owner & interest of child or spouse	1,404,442	133,939,891	–	135,344,333	8.37%
Daniel Tat Jung Chiu	Beneficial owner & interest of controlled corporations	42,121	–	3,877,218 ^(iv)	3,919,339	0.24%

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 Tan Sri Dato' David Chiu.
- (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 interest 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 follows:

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.

(d) 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).

(e) Interest in assets of the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 30 September 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

(f) Interest in contracts and arrangements

None of the Directors had material interest in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(g) Interest in competing business

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or their respective associates has any interest in a business, which competes or may compete with the business of the Group.

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 as 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
Sumptuous Assets Limited	Beneficial owner	359,186,054(L)	22.22%
Zwaanstra John	Interests in controlled corporation	469,074,397(L)	29.01%
Penta Investment Advisers Limited	Investment manager	469,074,397(L)	29.01%
Mercurius GP LLC	Founder of a discretionary trust	178,265,591(L)	11.03%
Zwaanstra Todd	Trustee	178,265,591(L)	11.03%
Penta Asia Fund, Ltd.	Interests in controlled corporation	178,265,591(L)	11.03%

Name of Shareholder	Capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Deutsche Bank	Beneficial owner	29,123,343(L)	1.80%
Aktiengesellschaft	Beneficial owner	8,998,552(S)	0.56%
	Person having a security interest in Shares	83,312,094(L)	5.15%
	Person having a security interest in Shares	30,826,327(S)	1.91%
Sky Investment Counsel Inc.	Investment manager	87,847,252(L)	5.43%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	80,514,665(L)	4.98%

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

- (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 Tricor Standard 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 entites in PRC and their English translation mentioned in this circular, the Chinese version shall prevail.