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

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**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 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 THE ACQUISITION OF  
PROPERTY IN AUSTRALIA**

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser for the Property pursuant to the Sale Contract
“A\$”	Australian dollar, the lawful currency of Australia
“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
“Completion”	completion of the Acquisition
“Consideration”	the total consideration of A\$33.1 million (equivalent to approximately HK\$165.2 million) payable by the Purchaser for the Acquisition pursuant to the Sale Contract
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Latest Practicable Date”	18 December 2008, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Property”	collectively (i) the land of a plot of land located in 613-649 Lonsdale Street, Melbourne, Victoria, Australia, with a site area of 9,195 s.q.m.; and (ii) any improvements situated on such plot of land.

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## DEFINITIONS

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“Purchaser”	Far East Consortium (Australia) Pty Ltd., a company incorporated in Australia and an indirect wholly-owned subsidiary of the Company
“Sale Contract”	the sale contract entered into between the Purchaser and the Vendor in relation to the Acquisition
“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”	Soldis Capital Pty Ltd.

*For the purposes of this circular, unless otherwise indicated, the exchange rate at A\$1.00 = HK\$4.99 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.*

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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)*

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

24 December 2008

*To the Shareholders*

Dear Sirs,

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTY IN AUSTRALIA**

#### **INTRODUCTION**

By an announcement dated 10 December 2008, the Board announced that the Purchaser and the Vendor entered into the Sale Contract, pursuant to which, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Property at the Consideration of A\$33.1 million (equivalent to approximately HK\$165.2 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 Property.

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## LETTER FROM THE BOARD

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### THE SALE CONTRACT

**Date:** 24 November 2008

**Parties:**

**Purchaser:** Far East Consortium (Australia) Pty Ltd., an indirect wholly-owned subsidiary of the Company. Its principal business activity is property development.

**Vendor:** Soldis Capital Pty Ltd.

To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendor is an investment holding company, and the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Assets to be acquired:**

The Property consists of (i) the land of a plot of land located in 613-649 Lonsdale Street, Melbourne, Victoria, Australia, with a site area of 9,195 s.q.m.; and (ii) any improvements situated on such plot of land.

**Consideration:**

The Consideration of A\$33.1 million (equivalent to approximately HK\$165.2 million) will be payable in cash in the following manner:

- (i) as to A\$5.2 million (equivalent to approximately HK\$26.0 million) has been paid on the date of the Sale Contract as deposit (the "Deposit"); and
- (ii) as to A\$27.9 million (equivalent to approximately HK\$139.2 million) payable on or before the date of Completion.

Currently, the Property is pledged to Charub Pty Limited, an independent third party to the Company, for a loan (the "Loan"). Subject to the approval by Charub Pty Limited, the Purchaser or its nominee may substitute the Vendor as the borrower. If so, the Consideration shall be reduced by the corresponding amount of Loan being assigned. The Vendor warrants to the Purchaser that the principle of the Loan will not exceed A\$6.2 million (equivalent to approximately HK\$30.9 million) as at the date of Completion and there is no arrears in payment of interests.

The Vendor agrees that in the event that the Sale Contract is terminated by the Purchaser (other than as a result of a breach of the Sale Contract by the Purchaser), the Vendor must refund to the Purchaser on demand the Deposit and other amounts expended by the Purchaser on the Property from the date of the Sale Contract to the date of Completion.

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## LETTER FROM THE BOARD

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The Consideration is determined after arm's length negotiation with reference to (i) prevailing market value of similar properties in Melbourne; (ii) premier location of the Property; and (iii) prospect of property market in Melbourne.

The Consideration and the related costs are proposed to be financed entirely by the internal resources of the Group.

### **Condition precedent:**

The date of Completion of the Sale Contract is 27 February 2009, conditional on Charub Pty Limited agreeing to substitute the Purchaser and/or its nominee as borrower under the Loan and further agreeing to extend the date of repayment from 20 April 2009 for a period of at least three additional months and at most six additional months to any date between 20 July 2009 and 21 October 2009 (the "Condition").

If the Condition cannot be fulfilled by 27 February 2009, then the date of Completion shall be extended to 20 April 2009 provided that the Purchaser shall be liable for and making all interests payments due and payable under the Loan from the date of the Sale Contract to the date of Completion. The Completion shall take place on 20 April 2009 in any event notwithstanding that the Condition cannot be fulfilled. The Purchaser shall not be liable for any mortgage repayments.

### **INFORMATION ON THE PROPERTY**

The Property is located in 613-649 Lonsdale Street, Melbourne, Victoria, Australia and is known as "The Former Spencer Street Power Station". The Property is one of the few remaining large sites in the central business district of Melbourne and is situated at the west end of the city in close proximity to a major railway station.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

The Property is one of the few remaining large sites in the central business district of Melbourne. The Purchaser intends to develop buildings on the Property with apartments in excess of 1,000 units in four stages. The Property is situated at the west end of the city in close proximity to a major railway station and in the area which is undergoing a revitalization as more people now choose to live in the inner city. The previous owners of the Property had done a substantial amount of demolition and clean-up on the Property. The Property is currently a vacant site.

The Board considers that the Sale Contract is on normal commercial terms and the terms of which are fair and reasonable. The Board further considers that the entering into of the Sale Contract is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 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 Property is still a vacant site pending for development 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 under Chapter 14 of the Listing Rules. A circular containing, among other things, further information on the Acquisition will be sent to the Shareholders as soon as practicable in accordance with the Listing Rules.

By Order of the Board  
**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' INTEREST

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 Division 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 Mode 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			Percentage of Issued Share Capital of the Company	
		Personal Interests	Corporate Interests	Family Interests	Total	
Tan Sri Dato' David Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	820,002	367,525,574 <sup>(i)</sup>	557,000	368,902,576	22.75%
Deacon Te Ken Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	11,912,255	129,098,058 <sup>(ii)</sup>	–	142,496,123	8.79%
Dennis Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	8,633	5,180,378 <sup>(iii)</sup>	–	5,189,011	0.32%
Daniel Tat Jung Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	44,561	3,877,218 <sup>(iv)</sup>	–	3,921,779	0.24%

Name of Director	Capacity	Number of Ordinary Shares Held			Total	Percentage of Issued Share Capital of the Company
		Personal Interests	Corporate Interests	Family Interests		
Ching Lan Ju Chiu	Beneficial owner, interest of child or spouse & interest of controlled corporations	1,485,810	-	-	1,485,810	0.09%

*Notes:*

- (i) These Shares are held by Sumptuous Assets Limited and Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David Chiu.
- (ii) These Shares are held by various companies controlled by Mr. Deacon Te Ken 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 2008.

**(c) Share 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 shore 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 Division 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 Mode 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 2008 (being the date to which the latest published unaudited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to, 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 Division 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 Division 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	Nature of interests	No. of ordinary shares held	% of issued share capital
Zwaanstra John	Interests in controlled corporation	Long	469,074,397	28.93%
Penta Investment Advisers Ltd.	Investment manager	Long	469,074,397	28.93%

Name of Shareholder	Capacity	Nature of interests	No. of ordinary shares held	% of issued share capital	
Mercurius GP LLC	Founder of a discretionary trust	Long	178,265,591	11%	
Penta Asia Fund, Ltd.	Interests in controlled corporation	Long	178,265,591	11%	
Zwaanstra Todd	Trustee	Long	178,265,591	11%	
UBS AG	Beneficial owner	Long	4,373,359	0.27%	
		Short	40,614	0.003%	
	Person having a security interest	Long	141,204,769	8.71%	
		Interests in controlled corporation	Long	186,436	0.01%
			Short	186,436	0.01%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	Long	114,073,187	7.04%	
Sky Investment Counsel Inc.	Investment manager	Long	87,847,252	5.42%	

*Note:* “Long” refers to the long position in the shares of the Company held by such person/entity, while “Short” refers to short position in the shares of the Company 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 on 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 entities in PRC and their English translation mentioned in this circular, the Chinese version shall prevail.