



Far East Consortium International Limited

(incorporated in the Cayman Islands with limited liability)
Website: <http://www.fareastconsortium.com.hk>



Far East Technology International Limited

(incorporated in Hong Kong with limited liability)
Website: <http://www.fet.com.hk>

JOINT ANNOUNCEMENT CONNECTED TRANSACTIONS AND MAJOR AND CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING OF SHARES

The FEC Board and the FET Board jointly announce that an agreement was entered into on 22 December, 2003 whereby (i) Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu would acquire from the subsidiaries of FEC 93,540,200 FET Shares, representing approximately 28.2% of the total issued share capital of FET at an aggregate cash consideration of HK\$20.7 million or HK\$0.2212 per FET Share; and (ii) a subsidiary of FEC would acquire from FET and Mr. Dennis Chiu their entire interests in an investment property, Parkway Centre, in Singapore at a consideration of SGD1 and to procure bank refinancing arrangement pertaining to the property of SGD25 million (equivalent to HK\$112.5 million). Parkway is valued at SGD26.025 million (equivalent to approximately HK\$117 million) as at 12 December, 2003 by the Valuer.

The terms of the Sale and Purchase Agreement in relation to the FET Share Disposal and FET Property Disposal transactions were determined after arm's length negotiations and were concluded on normal commercial terms between the respective parties. The directors of FEC and FET consider that the terms of the Sale and Purchase Agreement are fair and reasonable. An independent board committee for FET and FEC will be established to consider the FET Property Disposal and to give a recommendation to the Independent FET & FEC Shareholders. An independent financial adviser will be appointed to advise the independent board committee of FET & FEC.

The FET Share Disposal and the FET Property Disposal are subject to a number of conditions, details of which are summarized in the section headed "Conditions of the Sale and Purchase Agreement" below. In particular, the FET Share Disposal and the FET Property Disposal are inter-conditional.

As at the date of the Sale and Purchase Agreement, FET was indirectly held as to approximately 28.2% by FEC through the FET Shares Vendors. Since Mr. Deacon Chiu and Mr. David Chiu, being two of the FET Shares Purchasers, who are the substantial shareholders and executive directors of FEC, are also the executive directors of FET. The FET Share Disposal constitutes a connected transaction for FEC. As the consideration of the FET Share Disposal falls within the limit specified in Rule 14.25(1) of the Listing Rules for FEC, no shareholders' approval is required for FEC in respect of the FET Share Disposal. Details of the FET Share Disposal will be included in the next published annual report and accounts of FEC.

The FET Property Disposal constitutes a major and connected transaction for FET and a connected transaction for FEC. The FEC EGM and the FET EGM will be held to consider and, if thought appropriate, approve the FET Property Disposal. Mr. Deacon Chiu and his family members and their respective associates will abstain from voting on the resolution in relation to the FET Property Disposal.

At the request of FET and FEC, trading of the shares of FET and FEC have been suspended since 9.30 am on 23 December 2003 pending the release of this announcement. FET and FEC have applied to the Stock Exchange for the resumption of trading of its shares commencing from 9.30 am on 29 December 2003.

The FEC Board and the FET Board jointly announce that an agreement was entered into on 22 December, 2003 whereby (i) Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu would acquire from the subsidiaries of FEC 93,540,200 FET Shares, representing approximately 28.2% of the total issued share capital of FET at an aggregate cash consideration of approximately HK\$20.7 million or HK\$0.2212 per FET Share; and (ii) a subsidiary of FEC would acquire from FET and Mr. Dennis Chiu their entire interests in an investment property, Parkway Centre, in Singapore at a consideration of SGD1 and FEC would procure bank refinancing arrangement pertaining to the property of SGD25 million (equivalent to approximately HK\$112.5 million). Parkway is valued at SGD26.025 million (equivalent to approximately HK\$117 million) as at 12 December, 2003 by the Valuer.

I. THE FET SHARE DISPOSAL

The FET Shares Vendors

All of the FET Shares Vendors are wholly-owned subsidiaries, either directly or indirectly held by FEC. As at 22 December, 2003, FEC was the ultimate shareholder of 93,540,200 FET Shares, representing approximately 28.2% of the total issued share capital of FET.

The FET Shares Purchasers

As at 22 December, 2003, Mr. Deacon Chiu and members of his family were beneficially interested in approximately 31.98% of the entire issued share capital of FET. In addition, Mr. Deacon Chiu and members of his family were also holding 93,540,200 FET Shares through its holdings in FEC, representing approximately 28.2% of the entire issued share capital of FET.

The respective shareholding of the Chiu's family in FET before and after the transaction will be as follow:

Shareholder	Before transaction		Shareholdings Number of FET shares to be acquired		After transaction	
	million shares	%	million Shares	%	million Share	%
Deacon Chiu	17.39	5.24	7.50	2.26	24.89	7.50
David Chiu	—	—	28.04	8.45	28.04	8.45
Dennis Chiu	16.61	5.01	8.50	2.56	25.11	7.57
Daniel Chiu	11.00	3.32	42.00	12.67	53.00	15.98
Duncan Chiu	25.45	7.67	7.50	2.26	32.95	9.94
Cape York*	30.40	9.17	—	—	30.40	9.17
other Chiu family members	5.20	1.57	—	—	5.20	1.57
	106.05	31.98	93.54	28.2	199.59	60.18
FEC	93.54	28.20			—	—

Public	199.59	60.18	199.59	60.18
	132.08	39.82	132.08	39.82
Total	331.67	100.0	331.67	100.0

* A private company owned 50/50 by Mr. Daniel Chiu and Mr. Dennis Chiu, neither has a casting vote.

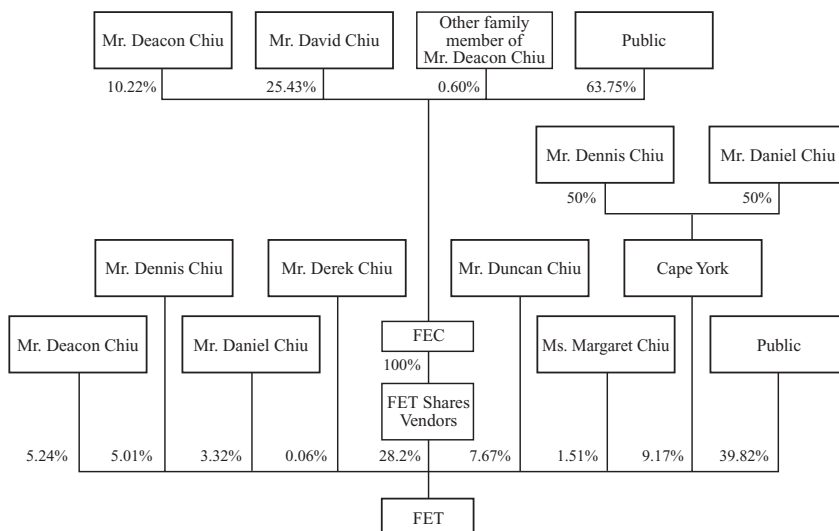
Reasons for the FET Share Disposal

FEC is beneficially owned as to approximately 25.43% by Mr. David Chiu, approximately 10.22% by Mr. Deacon Chiu and approximately 0.6% by other family members of Mr. Deacon Chiu. Mr. Deacon Chiu and his family members altogether hold the beneficial interests in approximately 36.25% of the entire issued share capital of FEC as at the date of the Sale and Purchase Agreement. Mr. Deacon Chiu and his family members have controlled FEC for over thirty years, since it was floated in 1972.

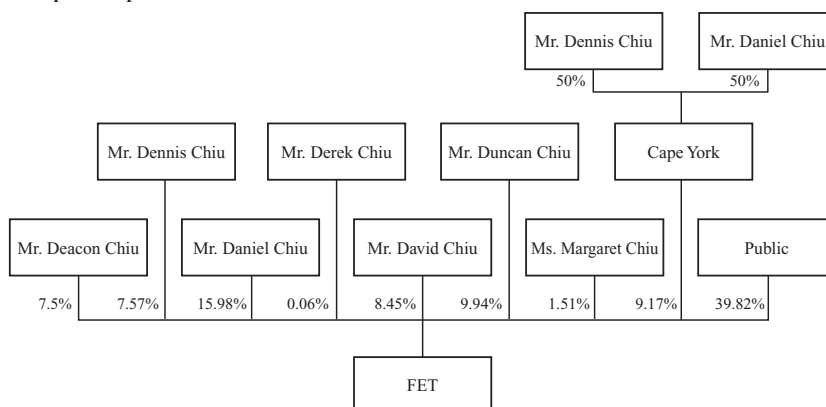
Control of FET was acquired by FEC in early 1980s. The shareholding interests of approximately 28.2% in FET beneficially owned by FEC has remained unchanged for over three years, since July 2000. Apart from the shareholding interests of approximately 28.2% held through FEC, Mr. Deacon Chiu and his family members also hold, in aggregate, approximately 31.98% of the entire issued share capital of FET, either directly or through company other than FEC.

The purpose of the FET Share Disposal is to eliminate the cross-holdings in the present shareholding structure of FET. Following the completion of the FET Share Disposal, the individual shareholding interests of Mr. Deacon Chiu and his family members will change and the details of the individual holdings are set out in the following chart. However, the overall percentage of the voting rights controlled by Mr. Deacon Chiu and his family members and their respective associates will not change and will remain at approximately 60.18%. The directors of FET and FEC consider that the effect of the FET Share Disposal involves no change in the control of FET and it is solely effected for the rationalization and clarification of the shareholding structures of FET.

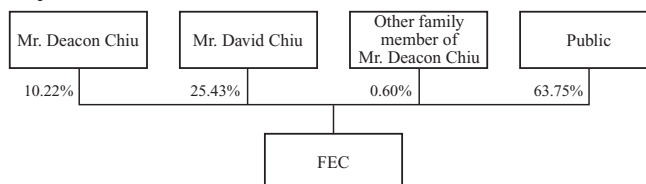
Shareholding structure of FEC and FET before Completion



Shareholding interests of FET upon Completion



Shareholding interests of FEC upon Completion



Consideration on the FET Share Disposal

The consideration of the FET Share Disposal represents a discount of approximately 1% to the closing price of the FET Shares of HK\$0.223 each as quoted on the Stock Exchange on 22 December, 2003, being the last trading day before the signing of the Sale and Purchase Agreement and represents the average closing price for the last five trading days including 22 December, 2003.

The aggregate consideration of the FET Share Disposal is arrived at after arm's length negotiations and that the FET Share Disposal is conducted under normal commercial terms. The FEC Board (including their respective independent non-executive directors) considers that the price at a discount of approximately 1% over the last traded price prior to the suspension to be fair and reasonable with reference to the market price of the FET Shares as traded on the Stock Exchange.

Implications of the FET Share Disposal under the Code

The FET Share Disposal, which involves the acquisition of FET Shares by each of Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu individually, would trigger the obligations of them to make a mandatory general offer for all the FET Shares other than those already owned by them and parties acting in concert with them under the Code. Application has been made on 28 November, 2003 by Mr. Deacon Chiu, Mr. David Chiu, Mr. Daniel Chiu, Mr. Dennis Chiu and Mr. Duncan Chiu and FET to the Executive for the grant of the Waiver. The Executive has on 5 December, 2003 granted the Waiver thereby waiving any obligation on the part of Mr. Deacon Chiu, Mr. David Chiu, Mr. Daniel Chiu, Mr. Dennis Chiu and Mr. Duncan Chiu to make a general offer which might arise as a result of the FET Share Disposal.

II. THE FET PROPERTY DISPOSAL DATED 22 DECEMBER 2003

The Tang City Vendors:

1. FET, a company owned as to approximately 28.2% by FEC holds 90% interest in TCPL; and
2. Mr. Dennis Chiu, an executive director of both FEC and FET, holds 10% interest in TCPL.

The Tang City Purchaser

Smartland Assets Limited, a wholly owned subsidiary of FEC

Asset to be transferred

Under the Sale and Purchase Agreement, the Tang City Vendors have agreed to sell to the Tang City Purchaser their entire shareholding interest in TCPL, at a cash consideration of SGD1; and in kind by procuring the refinancing of Bank Debt. TCPL is owned as to 90% by FET and 10% by Mr. Dennis Chiu. TCPL is engaged solely in the operation of 50 units in an investment property, Parkway Centre, in Singapore.

Investment Property

The investment property owned by TCPL is situated at 1 Marine Parade Central, Parkway Centre in Singapore. It comprises 50 office units on the 2nd to 9th and 13th storeys in a 13-storey office building with existing occupancy rate of approximately 90% and a total strata floor area of 4,660 sq.m. or 50,147 sq.ft. The investment property is encumbered with a total bank loan of approximately SGD25 million (equivalent to HK\$112.5 million). The total audited net asset value of TCPL for the financial year ended 31 December 2001 and 31 December 2002 were in aggregate of approximately SGD8.5 million (equivalent to approximately HK\$38 million) and SGD4 million (equivalent to approximately HK\$18 million) respectively.

TCPL recorded an audited net profit of approximately SGD1.5 million (equivalent to approximately HK\$6.75 million) and an audited net loss of approximately SGD1 million (equivalent to approximately HK\$4.5 million) for the financial year ended 31 December 2001 and 31 December 2002 respectively.

Consideration on the FET Property Disposal

The consideration for the FET Property Disposal is both in cash and in kind. The cash consideration for the entire issued share capital of TCPL is SGD1.00 (equivalent to approximately HK\$4.50) and was determined by reference to the net asset value of the unaudited balance sheet of TCPL as at 31 October 2003 of approximately SGD277 (equivalent to HK\$1,247) after taking into account of (i) the professional valuation by the unconnected independent professional Valuer of Parkway at an open market value of SGD26,025 million (equivalent to approximately HK\$117 million) under a valuation report dated 12 December, 2003 issued by the independent Valuer appointed by FEC against the net book value of SGD36.24 million (equivalent to HK\$163 million); (ii) the refinancing of bank debt by FEC of approximately SGD25 million (equivalent to approximately HK\$112.5 million) as at 31 October 2003; and (iii) taking over of the net external trade and non trade creditors of TCPL of approximately SGD1.1 million (equivalent to approximately HK\$4.9 million) after the release of FET's debts of approximately SGD6.665 million (equivalent to approximately HK\$30 million).

Prior to the completion of this transaction, FET will release the debts owing by TCPL to the amount of approximately SGD6.665 million (equivalent to approximately HK\$30 million) to restore the net asset value of TCPL from negative SGD6.665 million (equivalent to HK\$30 million) to positive net asset value of SGD277 (equivalent to HK\$1,247). In the opinion of the directors of FET, such release of debts is not expected to affect the consolidated net asset value of FET and the interest of FET's shareholders.

Under the Sale and Purchase Agreement, FEC would procure bank refinancing arrangements pertaining to Parkway of SGD25 million (equivalent to approximately HK\$112.5 million).

Reasons for the FET Property Disposal

The FET Group is principally engaged in (i) securities investment; (ii) property development, investment and rental; (iii) entertainment and leisure-related business; and (iv) industrial manufacturing. For the six months ended 30 June, 2003, the turnover of its property development and investment operations amounted to approximately HK\$5.0 million, which accounted for approximately 11.5% of the total turnover for the FET Group. It is the present intention of the directors of FET to reduce its operation on property-related businesses and re-direct its resources on other business opportunities for the FET Group.

The FEC Group is principally engaged in (i) property investment and development, investment holding, securities trading, hotel operations and manufacture of boiler products. For the six months ended 30 September, 2003, the turnover derived from its property development and investment amounted to approximately HK\$321.6 million, which accounted for approximately 89.5% of the total turnover of the FEC Group. It is the present intention of FEC that it will continue to focus on the property-related businesses.

The FET Property Disposal is effected for the purpose of clarification of the activities of FET and FEC. As a result of the FET Property Disposal, there will be a substantial reduction in the bank loans and the external borrowings. The directors of FET consider that the FET Property Disposal is in the interests of FET and the FET Shareholders as a whole and is fair and reasonable.

CONDITIONS OF THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement is conditional upon, among other things, satisfaction of all of the following conditions before the Completion Date:

- (i) the Independent FET Shareholders passing at the FET EGM the necessary resolutions approving the FET Property Disposal;
- (ii) FET Shares continue to be listed and dealt in on the Stock Exchange up to and including the Completion Date save for such temporary suspension not exceeding 7 consecutive trading days;
- (iii) FEC being satisfied with the results of the due diligence review to be conducted on TCPL and its subsidiaries;
- (iv) the Independent FEC Shareholders passing at the FEC EGM the necessary resolutions approving the FET Property Disposal;
- (v) FET procuring legal opinions issued by a practicing firm of Singapore lawyers confirming that FET and Dennis Chiu is the beneficial owner of 90% and 10% of the total issued share capital of TCPL respectively and TCPL and/or its wholly owned subsidiaries has a good and marketable title to Parkway;
- (vi) the Refinancing;
- (vii) the execution of the Release; and
- (viii) the FET Share Disposal and the FET Property Disposal are inter-conditional.

EXTRAORDINARY GENERAL MEETINGS

As at the date of the Sale and Purchase Agreement, FET was indirectly held as to approximately 28.2% by FEC through the FET Shares Vendors. Since Mr. Deacon Chiu and Mr. David Chiu, being two of the FET Shares Purchasers, who are the substantial shareholders and executive directors of FEC, are also the executive directors of FET, the FET Share Disposal constitutes a connected transaction for FEC. As the consideration of the FET Share Disposal falls within the limit specified in Rule 14.25(1) of the Listing Rules for FEC, no shareholders' approval is required for FEC in respect of the FET Share Disposal. Details of the FET Share Disposal will be included in the next published annual report and accounts of FEC.

The FET Property Disposal constitutes a major and connected transaction for FET and a connected transaction for FEC. The FEC EGM and the FET EGM will be held to consider and, if thought appropriate, approve the FET Property Disposal. Mr. Deacon Chiu and his family members and their respective associates will abstain from voting on the resolution in relation to the FET Property Disposal.

GENERAL

An independent board committee for FEC will be established to consider the FET Property Disposal and to give a recommendation to the Independent FEC Shareholders. An independent financial adviser will be appointed to advise the independent board committee of FEC regarding the FET Property Disposal. A circular, containing, among other things, details of the FET Share Disposal and the FET Property Disposal, the advice from the independent financial adviser and the notice of the meeting will be dispatched to the FEC Shareholders as soon as practicable.

An independent board committee for FET will be established to consider the FET Property Disposal and to give a recommendation to the Independent FET Shareholders. An independent financial adviser will be appointed to advise the independent board committee of FET. A circular, containing, among other things the independent Valuer's report, details of the FET Share Disposal and the FET Property Disposal, the advice from the independent financial adviser and the notice of the meeting will be dispatched to the FET Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Board of each of FEC and FET, trading in the FEC Shares and the FET Shares on the Stock Exchange was suspended with effect from 9.30 am on 23 December 2003 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption in trading in the FEC and the FET Shares on the Stock Exchange with effect from 9:30 a.m. on 29 December 2003.

DEFINITIONS

The following defined terms are used in this announcement:—

“Accounts”	the unaudited pro forma balance sheet of TCPL as at the Accounts Date;
“Accounts Date”	31 October, 2003;
“Business Day”	a day other than a Saturday during which banks are open for business in Hong Kong;
“Cape York”	Cape York Investments Limited, a private company owned as to 50% by Mr. Daniel Chiu and 50% by Mr. Dennis Chiu;
“Chiu’s family”	Chiu’s family comprises Mr. Deacon Chiu and his family members namely Mr. Dick Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu, Mr. Derek Chiu, Mr. Duncan Chiu, Ms. Margaret Chiu and Mrs. Ching Lan Ju Chiu
“Code”	Hong Kong Code on Takeovers and Mergers;
“Completion”	completion of the FET Share Disposal and the FET Property Disposal;
“Completion Date”	16 February, 2004
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and/or any delegate of the Executive Director
“FEC”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange and the beneficial owner of the 93,540,200 FET Shares;
“FEC EGM”	the extraordinary general meeting of FEC to be held on or about 29 January, 2004 to approve the Agreement and the FET Property Disposal;
“FEC Group”	FEC and its subsidiaries
“FET”	Far East Technology International Limited, the legal and beneficial owner of 90,000 ordinary shares of TCPL”;
“FET EGM”	the extraordinary general meeting of FET to be held on or about 29 January, 2004 to approve the Agreement and the FET Property Disposal;
“FET Group”	FET and its subsidiaries;
“FET Property Disposal”	the sale of the entire shareholding interest in TCPL by Tang City Vendors to the Tang City Purchaser;
“FET Share(s)”	share(s) of HK\$1.00 each in the capital of FET;
“FET Share Disposal”	the sale of 93,540,200 FET Shares by the FET Shares Vendors to the FET Shares Purchasers;
“FET Shares Purchasers”	Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu, being the purchasers of an aggregate of 93,540,200 FET Shares;
“FET Shares Vendors”	Far East Consortium Limited, Ridon Investment Limited, Ready Town Limited, Elliot Investment Corporation Limited and Singford Holdings Limited, being the vendors of an aggregate of 93,540,200 FET Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent FEC Shareholders”	shareholders of FEC, other than Mr. Deacon Chiu, Mrs. Ching Lan Ju Chiu, Mr. Dick Tat Sang Chiu, Mr. David Chiu, Mr. Dennis Chiu and Mr. Daniel Chiu and their respective associates (as defined under the Listing Rules);
“Independent FET Shareholders”	shareholders of FET, other than Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu, Mr. Duncan Chiu, Mr. Derek Chiu and Ms. Margaret Chiu and their respective associates (as defined under the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the interest free unsecured loan in the amount of SGD6,665,983.07 advanced by FET to TCPL;
“Mr. Daniel Chiu”	Mr. Daniel Chiu Tat Jung, a son of Mr. Deacon Chiu;
“Mr. David Chiu”	Mr. David Chiu Tat Cheong, a son of Mr. Deacon Chiu;
“Mr. Deacon Chiu”	Mr. Deacon Te Ken Chiu, the father of Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu;
“Mr. Dennis Chiu”	Mr. Dennis Chiu Tat Shing, a son of Mr. Deacon Chiu;
“Mr. Duncan Chiu”	Mr. Duncan Chiu, a son of Mr. Deacon Chiu
“Parkway”	the 50 units of a property known as Parkway Centre in Singapore legally and beneficially owned by TCPL;
“Refinancing”	the bank refinancing arrangement pertaining to Parkway to be provided by FEC;
“Release”	the deed of release in respect of the release of the liabilities under the Loan;
“Sale and Purchase Agreement”	the sale and purchase agreement for the FET Share Disposal and the FET Property Disposal dated 22 December, 2003;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGD”	Singapore dollar, the lawful currency of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Tang City Purchaser”	Smartland Assets Limited, a wholly-owned subsidiary of FEC;

“Tang City Vendors”	FET and Mr. Dennis Chiu;
“TCPL”	Tang City Properties Pte. Ltd., a private company incorporated in Singapore
“Valuer”	Lawson David & Sung Surveyors Limited, an independent valuer;
“Waiver”	a waiver from the Executive pursuant to Note 6(a) to Rule 26.1 of the Code in respect of the obligations of Mr. Deacon Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Daniel Chiu and Mr. Duncan Chiu and their respective associates to make a mandatory general offer for all the FET Shares not already owned by them and their respective associates which would otherwise arise as a result of the FET Share Disposal;
“%”	per cent.;
“sq.ft.”	square feet; and
“sq.m.”	square meter(s).

The directors of FET jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of FEC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

By order of the board of
Far East Consortium International Limited
David Chiu
Deputy Chairman

By order of the board of
Far East Technology International Limited
Duncan Chiu
Managing Director

Hong Kong, 24 December, 2003

Please also refer to the published version of this announcement in South China Morning Post dated on 29-12-2003.