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

If you have sold all your shares in Far East Consortium International Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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.fareastconsortium.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

Non-executive Directors:

Madam Ching Lan Ju Chiu
Mr. Dick Tat Sang Chiu
Mr. Daniel Tat Jung Chiu

Independent Non-executive Directors:

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

Registered Office:

P.O. Box 1043, Ground Floor,
Caledonian House, Mary Street,
George Town,
Grand Cayman, Cayman Islands,
British West Indies.

Principal Office:

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

9th February, 2006

To the Shareholders,

Dear Sir or Madam,

**INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2005
AND
ADJUSTMENT TO CONVERSION PRICE OF THE BONDS
HK\$754,400,000 Zero Coupon Convertible Bonds Due 2009**

INTRODUCTION

On 20th December, 2005, it was announced that the Directors of Far East Consortium International Limited (the "Company") resolved to declare an interim dividend of HK3 cents

per ordinary share of HK\$0.10 each (the “Share(s)”) for the six months ended 30th September, 2005 (“Interim Dividend”) to shareholders whose names appear on the register of members of the Company on 19th January, 2006 (other than those residing outside Hong Kong as referred to below) in the form of new fully paid Shares (“Scrip Shares”) with shareholders being given the option to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by shareholders in relation thereto.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Pursuant to the Scrip Dividend Scheme, shareholders have the choices of receiving Interim Dividend, subject to conditions imposed on shareholders resident outside Hong Kong as defined below, in respect of each existing Shares registered in their names as at 19th January 2006:–

- (i) an allotment of Scrip Shares credited as fully paid shares and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of Interim Dividend which such shareholder could elect to receive in cash; or
- (ii) cash of HK3 cents per Share; or
- (iii) partly Scrip Shares and partly cash.

For the purpose of calculating the number of Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at HK\$2.75 per Share, which was the average of the closing prices per Share on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days up to and including 25th January, 2006 (“Average Closing Price”). Accordingly, the number of Scrip Shares which shareholders will receive in respect of the existing Shares registered in their names as at 19th January, 2006 will be calculated as follows:

$$\begin{array}{l} \text{Number of Scrip Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of existing shares} \\ \text{held on 19th January, 2006} \\ \text{or number of Shares elected} \\ \text{for Scrip Shares} \end{array} \times \frac{\text{HK\$0.03 (Interim Dividend per Share)}}{\text{HK\$2.75 (Average Closing Price)}}$$

The last day and time on which shareholders will be entitled to elect their desired form of Interim Dividend is 4:00 p.m. on Friday, 24th February, 2006. The number of Scrip Shares to be issued to each shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares in respect of alternatives (i) and (iii) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respect with the existing Shares of the Company except that they will not entitle to the Interim Dividend.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that shareholders do not elect to receive cash in lieu of Scrip Shares, such cash as would otherwise have been paid to shareholders will be retained for use by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

Shareholders should note that the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to discloseable requirements under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to these provisions may affect them as a result of the Scrip Shares arising from the scheme are recommended to seek their own professional advice.

FORM OF ELECTION

A Form of Election is enclosed for use by shareholders who wish to receive the Interim Dividend wholly in cash or partly in cash and partly in the form of Scrip Shares, or to make a permanent election to receive cash in lieu of any future dividend in Scrip Shares.

The Form of Election has not been sent to shareholders who have earlier made a permanent election to receive cash in respect of all future dividends. Please contact the Share Registrar for a Form of Election if such shareholders wish to change their permanent election.

If you elect to receive your Interim Dividend wholly in the form of Scrip Shares, you do not need to take any action.

If you elect to receive wholly in cash, or partly cash and partly Scrip Shares, you should use the enclosed Form of Election. If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive cash under the Scrip Dividend Scheme, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on 19th January, 2006, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder.

Shareholders who elect to receive the Interim Dividend wholly in cash may also elect to receive all future dividends by completing Box D on the Form of Election. The above election or notice may be revoked at any time by written notice to the Share Registrar of the Company. The Form of Election will not be sent to shareholders who have made the above election or given the above notice in future unless they notify the Share Registrar of the Company of their wish to revoke their above election or notice.

If you have earlier made a permanent election to receive either cash or Scrip Shares, then unless and until you cancel such election by written notice to the Share Registrar of the Company, you will continue to receive cash or Scrip Shares respectively for all the Shares for the time being registered in your name, without having to complete any further Form of Election.

If you have earlier made a permanent election to receive cash in respect of all future dividends and now wish to receive wholly Scrip Shares or partly Scrip Shares and partly cash, or if you have earlier made a permanent election to receive Scrip Shares and now wish to receive wholly cash or partly Scrip Shares and partly cash, you are required to cancel your permanent election by written notice and return the Form of Election indicating your choice to the Share Registrar of the Company.

Form of Election should be completed in accordance with the instructions printed thereon and returned together with, if any, written notice regarding the cancellation of earlier made permanent election of all future dividends, so that they are received by the Share Registrar of the Company, Standard Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 24th February, 2006. Failure to complete and return the Form of Election in accordance with the instructions printed thereon will result in the relevant shareholder's dividend being in the form of scrip shares. No acknowledgement of receipt of the Form of Election will be issued.

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

No person receiving a copy of this document or a Form of Election in any jurisdiction outside Hong Kong may treat the same as offering a right to elect to receive new shares unless such offer could lawfully be made to such person without the Company being required to comply with any governmental or regulatory procedures or any similar formalities. It is the responsibilities of any person outside Hong Kong who wishes to receive new shares under the Scheme to comply with the laws of the relevant jurisdiction(s), including the obtaining of any governmental or other consents and compliance with all other formalities. It is also the responsibilities of any person who receives new shares in lieu of a cash dividend to comply with any restrictions on the resale of the shares which may apply outside Hong Kong.

(a) United States of America and Canada

The Form of Election has not been sent to shareholders with a registered address in the United States of America or any of its territories or possessions or Canada. Such shareholders will not be permitted to exercise an election to receive an allotment of Scrip Shares in lieu of cash for any part of the Interim Dividend. Such excluded shareholders will only receive the Interim Dividend wholly in cash, as the Directors considered such exclusion to be necessary and expedient having obtained and taken into consideration legal opinions in those jurisdictions.

(b) General

Whether or not it is to your advantage to receive Scrip Shares or cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each shareholder. Shareholders who are trustees are recommended to take professional advice as to whether the choice of Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument. All shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to receive the Interim Dividend in scrip form or whether any government or other consents are required or other formalities need to be observed.

LISTING AND DEALINGS

The issue of Scrip Shares pursuant to the Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of the Stock Exchange of a listing of and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme, for which the Company will make application.

It is expected that the relevant dividend warrants and share certificates will be posted to shareholders at the risk of those entitled thereto on or about 14th March, 2006 on which dealings of the Scrip Shares will commence.

Subject to the granting of the listing of and permission to deal in the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares and Zero Coupon Convertible Bonds due 2009 of the Company are listed and dealt in on the Stock Exchange. No other equity or debt securities of the Company are listed on or dealt in on any other stock exchange nor is listing or permission to deal in on any other stock exchange being or proposed to be sought.

ADJUSTMENT TO CONVERSION PRICE OF THE BONDS
HK\$754,400,000 Zero Coupon Convertible Bonds Due 2009

Reference is made to the Announcement dated 19th January, 2006 of the Company in relation to the notice to bondholders of adjustment to conversion price. Terms defined in the offering circular dated 9th December, 2004 (“Offering Circular”) of the HK\$754,400,000 Zero Coupon Convertible Bonds due 2009 (the “Bonds”) shall have the same meanings when used herein unless the context otherwise requires.

As a result of Conversion Price Reset pursuant to the Terms and Conditions in the Offering Circular, the Conversion Price of the Bonds has been adjusted from HK\$4.00 to HK\$3.20, effective as from 18th January, 2006. Upon full conversion of the Bonds (including the Firm Bonds and the Optional Bonds) at the adjusted Conversion Price of HK\$3.20 (subject to adjustment), the Conversion Shares will be issued slightly in excess of the general mandate granted by the Shareholders in the Company’s annual general meeting held on 25th August, 2004 (the “General Mandate”). The Company will consider the option, where applicable, to make a cash settlement payment to the relevant Bondholder to satisfy such Convertible Right in full or in part pursuant to the Subscription Agreement to comply with the General Mandate. The Company will seek, where applicable, to obtain further listing approval in this regard.

Yours faithfully,
For and on behalf of the Board of
Far East Consortium International Limited
David Chiu
Deputy Chairman and
Chief Executive Officer