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FAR EAST HOTELS AND ENTERTAINMENT LIMITED

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT

Clarification of Information and Despatch of Circular in relation to the Connected Transaction – Acquisition of 25 percent equity interest in a non wholly-owned subsidiary

The Directors announce that information contained in the Previous Announcement relating to the redevelopment of the Land and the ownership of the land use right of the Land was incorrectly stated due to misinterpretation of information and inadvertence of the Company. The Company has clarified that government approval was obtained to redevelop the Land into high rise residential apartments instead of high rise service apartments and a hotel. It is the Company's intention to redevelop the Land into service apartments and/or a hotel, the application for conversion into which will be pursued by BJ Hai Lian following Completion of the Acquisition. The Company has also clarified that the land use right of the Land is held by Beijing Warwick, formerly known as Ye Jin.

All conditions of the Acquisitions, except for the passing of the ordinary resolution to be proposed at the EGM, have been fulfilled as at the date of the Circular. The Circular of the Company to Shareholders, including the notice of the EGM and the proxy form, will be despatched to the Shareholders on 7 November 2002.

Shareholders should peruse the Circular, including, in particular, the letter from the independent financial advisor advising the Independent Board Committee and the letter from the Independent Board Committee advising the Shareholders in respect of the Acquisition before taking any action in relation to the Acquisition.

INTRODUCTION

Reference is made to the announcement dated 16 October 2002 (the "Previous Announcement") by Far East Hotels & Entertainment Limited (the "Company") in respect of the Acquisition. Terms defined in the Announcement shall have the same meanings when used herein unless the context requires otherwise.

CLARIFICATION OF INFORMATION

Some information contained in the Previous Announcement was incorrectly stated due to misinterpretation of information and inadvertence of the Company. The Directors clarify as follows:

(1) Redevelopment of the Land

It was stated in the Previous Announcement that BJ Hai Lian had obtained approval from the local government authorities to redevelop the Land into high rise service apartments and a hotel. The Company has clarified that the approval was obtained to redevelop the Land into high rise residential apartments. The Company's intention is to redevelop the Land into high rise service apartments and/or a hotel, which is in line with the existing business of BJ Hai Lian. The application for conversion into service apartments and/or a hotel will be pursued by BJ Hai Lian following the Completion of the Acquisition.

(2) Ownership of the land use right

As stated in the Previous Announcement, Ye Jin has the land use right of the Land and it has been agreed that the land use right will be transferred from Ye Jin to BJ Hai Lian. The Company has clarified that Ye Jin has been renamed as Beijing Warwick Hot Spring Property Management Company Limited (北京華威溫泉物業管理有限公司; "Beijing Warwick") since June 2000. Therefore, the Company clarified that the land use right is currently held by Beijing Warwick. Beijing Warwick has agreed to transfer the land use right to BJ Hai Lian.

DESPATCH OF CIRCULAR

The circular (the "Circular") together with the proxy form for the EGM to be held on 28 November 2002 will be despatched to the Shareholders on 7 November 2002.

The Circular contains, inter alia, (i) a letter from the board of Directors (the "Board"); (ii) a letter of advice from the Independent Board Committee; (iii) a letter of advice from Taiwan Securities (HK) Co. Ltd, an independent financial advisor to the Independent Board Committee, containing its advice to the Shareholders; (iv) a property valuation report as at 30th September, 2002 conducted by Vigers, an independent professional property valuer; (v) and a notice convening the EGM to be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Thursday, 28 November 2002 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Acquisition.

EXPECTED TIMETABLE

All references to time are to Hong Kong time.

	2002
Despatch of Circular	Thursday, 7 November
Latest time for lodging form of proxy for the EGM	11:00 a.m. on Tuesday, 26 November
EGM	11:00 a.m. on Thursday, 28 November
Announcement in newspapers of the results of the EGM	Friday, 29 November

EGM

The EGM will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Thursday, 28 November 2002 at 11:00 a.m.

A further announcement will be made in relation to the voting results of the EGM.

CONDITIONS OF THE ACQUISITION

All conditions of the Acquisitions, except for the passing of the ordinary resolution to be proposed at the EGM, have been fulfilled as at the date of Circular.

GENERAL

Shareholders should peruse the Circular, including, in particular, the letter from the independent financial advisor advising the Independent Board Committee and the letter from the Independent Board Committee advising the Shareholders in respect of the Acquisition before taking any action in relation to the Acquisition.

On behalf of the Board
Derek Chiu
Managing Director and Chief Executive

Hong Kong, 6 November 2002

Please also refer to the published version of this announcement in The Standard.