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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: <http://www.fareastconsortium.com.hk>

(Stock Code: 0035)

**MAJOR AND DISCLOSEABLE
TRANSACTIONS
RESUMPTION OF TRADING**

The Directors announced that Agreement I dated 15 July 2004 was entered into between FEC Properties Limited, a wholly owned subsidiary of the Company and Smart View on 16 July 2004 in respect of the sale of Far East Bank Mongkok Building at a cash consideration of HK\$468,800,000 and Agreement II dated 15 July 2004 was entered into between Far East Consortium Limited, a wholly owned subsidiary of the Company and The Sun and Lidell Realty on 16 July 2004 in respect of the purchase of the property at 263 Hollywood Road for a cash consideration of HK\$118,000,000. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, Smart View and its ultimate beneficial owners are not connected with The Sun and Lidell Realty and their ultimate beneficial owners and the two transactions are not interrelated.

The considerations and other terms and conditions of both agreements were determined after arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the Directors of the Company to be fair and reasonable.

The transaction contemplated under the Agreement I constitutes a major transaction and Agreement II constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular in connection with the Agreement I and II will be despatched to the shareholders of the Company as soon as practicable. An EGM will be held to consider and if thought appropriate to approve the disposal of the property in Agreement I. No shareholder is required to abstain from voting at the EGM.

At the request of the Company, trading of shares (35) and bonds (2576) of the Company have been suspended since 2:30p.m. on 19 July 2004 pending the release of this announcement and the Company has applied to the Stock Exchange for the resumption of trading of its shares (35) and bonds (2576) commencing from 9:30a.m. on 22 July 2004.

A. PROVISIONAL AGREEMENT FOR THE SALE AND PURCHASE OF FAR EAST BANK MONGKOK BUILDING (“AGREEMENT I”)

Date of the Agreement I

15 July 2004

Vendor

FEC Properties Limited (“FECPL”), a wholly owned subsidiary of the Company.

Purchaser

Smart View Enterprise Limited (“Smart View”), its principal activity is property investments. Smart View and the ultimate beneficial owner of the Smart View are third parties independent of the Company and connected persons of the Company. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, Smart View and its beneficial owners are not connected with The Sun and Lidell Realty and their ultimate beneficial owners. The Purchaser was introduced to the Company through the estate agent, Centaline Property Agency Limited.

Asset to be transferred

Under the Agreement I, FECPL agreed to sell the Far East Bank Mongkok Building (“Property I”), to Smart View at a cash consideration of HK\$468,800,000 representing approximately HK\$10,176 per sq. ft..

The registered owner of the Property I is FECPL. The property is leasehold and comprises the whole of basement, ground to 6th Floors (excluding theatre premises on portions of Ground to 5th Floors), Flat A on 24th Floor and Roof of Far East Bank Mongkok Building, 240-244 Portland Street and 11 Nelson Street, Mongkok, Kowloon. The property was occupied for

retail/commercial and domestic uses. The property is sold subject to existing tenancies. The Purchaser will appoint the Vendor as its agent for the lease of the property and the Vendor will undertake to the Purchaser that the monthly rental income for the period from 15 March 2005 to 14 September 2007 will be HK\$1,953,333 based on 5% yield on the consideration which is about the market rate. Any excess rental income will be for the benefit of the Vendor.

Consideration

The consideration of the Property I is HK\$468,800,000 representing approximately HK\$10,176 per sq. ft. payable in cash and was agreed by the parties after arm's length negotiations with reference to market price of properties in similar locations which range from approximately HK\$9,100 per sq. ft. to HK\$12,300 per sq.ft. from the estate agent's information available to the Company. Property I was acquired by the Company in 1992 and the acquisition cost of the property as carried to 31 March 2003 is HK\$189,000,000 representing approximately HK\$4,100 per sq.ft.. The book value of Property I as at 31 March 2003 was HK\$255,000,000. The profit attributable to the Property I for the year ended 31 March 2003 and 31 March 2002 were HK\$1,000,000 and HK\$10,000,000 respectively. The profit on disposal of the Property I based on the acquisition cost is HK\$279,800,000 and based on the book value as at 31 March 2003 is HK\$213,800,000. The Property I was valued at HK\$271,000,000 as at 31 March 2004 by DTZ Debenham Ti Leung Limited, an unconnected independent valuer. The profit on disposal of the property based on the valuation is HK\$197,800,000.

Formal agreement

A formal sale and purchase agreement is required to be entered into by the parties on or before 17 August 2004.

Completion

Completion of Agreement I is scheduled to take place on or before 15 March 2005. The Property I is sold on “as is” basis. HK\$10,000,000 was paid upon signing of Agreement I as deposit. HK\$36,880,000 shall be paid upon signing of formal agreement for sale and purchase on or before 17 August 2004. HK\$23,440,000 shall be paid on or before 25 February 2005 as further deposit and HK\$398,480,000 shall be paid upon completion on or before 15 March 2005 as balance of purchase price.

Reason for the Property I Disposal

The Group is principally engaged in property investment and development, investment holdings, securities trading, hotel operation, manufacture of boiler products and loan financing.

The Directors consider the disposal will provide the opportunity for the Company to realize its assets at reasonable market price. The net proceeds will be used for repayment of existing loan of the Vendor of HK\$107 million and the remaining balance of HK\$361 million will be deployed for general working capital purpose.

Extraordinary General Meeting

Agreement I constitutes a major transaction of the Company. An Extraordinary General Meeting (“EGM”) will be held to consider and, if thought appropriate, approve the disposal of Property I under Agreement I. A circular with information of Agreement I with property valuation report will be despatched to the shareholders of the Company as soon as practicable. No shareholder is required to abstain from voting at the EGM.

General

The Directors are of the view that the disposal of the Property I is in the interest of the Company and the terms of the Agreement I are on normal commercial terms, which are fair and reasonable and in the interest of the shareholders, as a whole. The Property I was valued at HK\$271,000,000 as at 31 March 2004 by DTZ Debenham Ti Leung Limited, an unconnected independent valuer.

The Directors confirm that the consideration of the Property I has been determined after arm's length negotiations between the parties by reference to the market value of property transaction and by reference to the property valuation.

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, Smart View and the ultimate beneficial owner of the Smart View are third parties independent of the Company and connected persons of the Company.

B. PROVISIONAL AGREEMENT FOR THE SALE AND PURCHASE OF 263 HOLLYWOOD ROAD (“AGREEMENT II”)

Date of the Agreement II

15 July 2004

Vendors

The Sun Company Limited (“The Sun”) and Lidell Realty Investment Company Limited (“Lidell Realty”) (collectively the “Vendors”). The Vendors and the ultimate beneficial owner of the Vendors are third parties independent of the Company and connected persons of the Company. Their principal activities are property holding and construction. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, The Sun and Lidell Realty and their

ultimate beneficial owners are not connected with Smart View and its ultimate beneficial owners. The Vendors are introduced to the Company through FPDSAVILLS (Hong Kong) Limited.

Purchaser

Far East Consortium Limited (“FECL”), a wholly owned subsidiary of the Company.

Asset Acquired

Under the Agreement II, FECL has agreed to purchase from the Vendors all the issued share capital of the Caragis Limited (“Caragis”) and Vicsley Limited (“Vicsley”) which are sole beneficial owners of the Section A of Inland Lot Nos. 568 and Inland Lot No. 8412 at 263 Hollywood Road, Hong Kong the (“Property II”) at a cash consideration of HK\$118,000,000 representing approximately HK\$2,009 per sq. ft.. Property is leasehold and the gross floor area of Property II is approximately 58,738 sq. ft. The Property II is for commercial/residential use and is purchased on an “as is” basis subject to existing tenancies which is about 75% rented out.

Consideration

The consideration of Property II is HK\$118,000,000 representing approximately HK\$2,009 per sq. ft.. payable in cash and was agreed by the parties after arm’s length negotiations with reference to market price of properties in similar locations which ranged from approximately HK\$3,300 per sq. ft to HK\$7,600 per sq. ft. from the estate agent’s information available to the Company. An initial deposit of HK\$5,000,000 was paid upon the signing of Agreement II and further deposit of HK\$6,800,000 shall be paid upon signing of the formal sale and purchase agreement on or before 29 July 2004. The remaining balance of HK\$106,200,000 shall be paid upon completion.

Based on the accounts provided by the Vendors, the net asset value of Caragis as at 30 June 2003 and 31 May 2004 were (HK\$45.6 million) and (HK\$46.6 million) respectively. The net asset value of Vicsley as at 30 June 2003 and 31 May 2004 were (HK\$59 million) and (HK\$60 million) respectively. The net loss of Caragis as at 30 June 2003 and 31 May 2004 were HK\$16 million and HK\$1 million respectively. The net loss of Vicsley as at 30 June 2003 and 31 May 2004 were HK\$16 million and HK\$1 million respectively. The book value of the Property II in Caragis as at 30 June 2003 and 31 May 2004 is HK\$45 million respectively. The book value of Property II in Vicsley as at 30 June 2003 and 31 May 2004 is HK\$45 million respectively. The consideration of HK\$118,000,000 represents a premium of HK\$28,000,000 over the book value of the Property II.

Formal agreement

A formal sale and purchase agreement is required to be entered into by the parties on or before 29 July 2004 and will supersede the Agreement II.

Completion

Completion of Agreement II is scheduled to take place on or before 28 September 2004.

Reasons for the acquisition

The acquisition will provide a good opportunity for the Company to further its investment in the property business. The Property II is intended to be used as hotel or service apartments with about 148 units by mid 2005.

The consideration and other terms and conditions of Agreement II were determined after arm's length negotiations between the parties with reference to the normal commercial terms and are considered by the Directors of the Company to be fair and reasonable after taking into consideration the market prices.

The cash considerations of HK\$118,000,000 will be paid as to HK\$36,000,000 from internal resources of the Company and as to HK\$82,000,000 from bank finance.

General

The Directors are of the view that the acquisition of the Property II is in the interest of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the shareholders, as a whole.

The Directors confirm that the consideration of the Property II has been determined after arm's length negotiations between the parties by reference to the market value of property transaction.

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendors and the ultimate beneficial owner of the Vendors are third parties independent of the Company and connected persons of the Company.

A circular with information of Agreement II will be despatched to the shareholders of the Company as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading of shares (35) and bonds (2576) of the Company have been suspended since 2:30p.m. on 19 July 2004 pending the release of this announcement and the Company has applied to the Stock Exchange for the resumption of trading of its shares (35) and bonds (2576) commencing from 9:30a.m. on 22 July 2004.

By Order of the Board of Directors
Far East Consortium International Limited
David Chiu
Deputy Chairman

Hong Kong, 21 July 2004

DEFINITIONS

In this announcement, the following terms have the following meanings:

“associates”	as defined under the Listing Rules
“Company”	Far East Consortium International Limited, shares and bonds of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

As at the date of this announcement, the Board of Directors of the Company comprises executive directors namely Mr. Deacon Te Ken Chiu, Dato' David Chiu, Mr. Craig Grenfell Williams, Mr. Dennis Chiu; non-executive directors namely Madam Ching Lan Ju Chiu, Mr. Dick Tat Sang Chiu, Mr. Daniel Tat Jung Chiu and independent non-executive directors namely Datuk Kee Leong Chee and Mr. David Kwok Kwei Lo.

Please also refer to the published version of this announcement in South China Morning Post dated 22 July 2004.