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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

The Directors announce that on 14 December 2006, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser and Shelborn entered into the Agreement pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Subject Matter for an aggregate cash consideration of US\$37.8 million (or approximately HK\$294.8 million). The Directors expect that a gain of approximately HK\$225.3 million on the Disposal would be recorded by the Group.

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, further information on the Disposal will be despatched to the Shareholders as soon as possible.

THE AGREEMENT

Date:

14 December 2006

Parties:

- (i) Far East Consortium Limited, a wholly-owned subsidiary of the Company, as vendor
- (ii) Dr. Henry Cheng Kar Shun, as purchaser
- (iii) Shelborn, a wholly-owned subsidiary of the Vendor

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Assets to be disposed of:

The Subject Matter, being comprised of (i) the Sale Shares, representing the entire issued share capital of Shelborn; and (ii) the right, title and interest in and to the Advance from the Vendor.

Consideration and intended use of proceeds:

The Consideration of US\$37,800,000 (or approximately HK\$294.8 million) is payable in cash by the Purchaser upon Completion. The Consideration has been agreed between the Vendor and the Purchaser after arm's length negotiations, taking into account Shelborn's 5% interest in the Proceeds (net of U.S. tax attributable thereto). The Directors consider that the Consideration is fair and reasonable in so far as the Shareholders are concerned given the gain on the Disposal is expected to amount to approximately HK\$225.3 million.

The Company intends to use the proceeds from the Disposal to invest in the property markets in China and hotel operations in other Asian regions. As at the date of this announcement, no specific investment projects in this regard have been identified by the Company yet. To the extent that such proceeds are not immediately used by the Company, the Directors intend to place them on short-term deposits.

Condition precedent:

Pursuant to the Agreement, Completion is conditional upon the transfer of the Subject Matter from the Vendor to the Purchaser.

Completion:

Completion shall take place on the earlier of the date falling on the 35th day from the date of the Agreement or the 5th day from the notice of the Purchaser given to the Vendor for Completion.

INFORMATION ON SHELBN

Shelborn is a wholly-owned subsidiary of the Vendor which is in turn wholly-owned by the Company. The principal assets of Shelborn are its 5% interests in the Properties.

The Properties are comprised of office buildings in midtown Manhattan, New York and in San Francisco's business district. They were acquired in March and April 2006 from the Proceeds, which were in turn from the disposal of the "Riverside South Project" in Manhattan, New York City, U.S. for an aggregate amount of approximately US\$1.76 billion (or HK\$13.7 billion) in November 2005.

Set out below are the audited financial results of Shelborn for each of the two years ended 31 March 2005 and 2006 prepared in accordance with Hong Kong Financial Reporting Standards:

	Year ended 31 March	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	—	—
Loss before taxation	368	12
Loss attributable to the shareholder of Shelborn	368	12

As at 30 September 2006, the unaudited net liabilities of Shelborn (the "Net Liabilities") were approximately HK\$0.5 million.

REASONS FOR THE DISPOSAL

The principal activities of the Group are property development and investment, hotel operations, loan financing for hotel operations and securities investment and trading.

The Directors consider that the Disposal provides the Group with an opportunity to streamline its business by disposing of its non-core business and overseas assets. Taking into account the cost of investment in Shelborn to the Company of approximately HK\$69.5 million (represented by the difference between the Advance from the Vendor and the Net Liabilities) and the Consideration, the Company expects that it would record a gain on the Disposal amounting to approximately HK\$225.3 million. In view of such gain on the Disposal, the Directors consider that the terms of the Disposal are fair and reasonable so far as the Shareholders are concerned and the entering into of the Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, further information on the Disposal will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Advance from the Vendor”	the balance of all loans, advances, notes and debts of any kind (including principal and interest thereon) owing by Shelborn to the Vendor and any of its affiliates at the date of Completion, which is expected to be approximately HK\$70 million
“Agreement”	the agreement entered into between the Vendor, the Purchaser and Shelborn on 14 December 2006 regarding the Disposal
“Board”	the board of Directors
“Company”	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“connected persons”	has the meaning as defined in the Listing Rules
“Consideration”	the cash consideration of US\$37.8 million (or approximately HK\$294.8 million) payable for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Subject Matter by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	the office buildings situated in midtown Manhattan, New York and in San Francisco’s business district, in which Shelborn is currently interested
“Proceeds”	the gross proceeds of approximately US\$1.76 billion (or HK\$13.7 billion) from the disposal of the “Riverside South Project” in Manhattan, New York City, U.S.

“Purchaser”	Dr. Henry Cheng Kar Shun
“Sale Shares”	ten (10) ordinary shares of US\$100 each in Shelborn, representing the entire issued share capital of Shelborn
“Shareholders”	the holders of the shares in the Company
“Shelborn”	Shelborn Enterprises, Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Matter”	the Sale Shares and the right, title and interest in and to the Advance from the Vendor
“U.S.”	United States of America
“US\$”	U.S. dollars
“Vendor”	Far East Consortium Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For illustration purposes, an exchange rate of US\$1.00 = HK\$7.80 has been adopted.

By Order of the Board
FAR EAST CONSORTIUM INTERNATIONAL LIMITED
David Chiu
Deputy Chairman and Chief Executive Officer

Hong Kong, 15 December 2006

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Dennis Chiu, Mr. Craig Grenfell Williams; three non-executive Directors, namely Madam Ching Lan Ju Chiu, Mr. Dick Tat Sang Chiu, Mr. Daniel Tat Jung Chiu; and three independent non-executive Directors, namely Mr. David Kwok Kwei Lo, Mr. Jian Yin Jiang and Mr. Kwok Wai Chan.

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.