
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 to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Far East Consortium International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is addressed to the shareholders of Far East Consortium International Limited for the purposes of providing information in connection with the Sale and Purchase Agreement and the Extraordinary General Meeting. It does not constitute an invitation or offer to acquire, purchase or subscribe for shares of Far East Consortium International Limited.

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)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
TANG CITY PROPERTIES PTE LTD**

**Independent financial advisor to the Independent Board Committee of
Far East Consortium International Limited**



AMS Corporate Finance Limited

A letter from the Board is set out on pages 5 to 13 and a letter from the Independent Board Committee of Far East Consortium International Limited is set out on page 14 of this circular. A letter from AMS Corporate Finance Limited containing its advice and recommendations to the Independent Board Committee of Far East Consortium International Limited is set out on pages 15 to 21 of this circular.

A notice convening an extraordinary general meeting of Far East Consortium International Limited to be held at 3:00 p.m. on 10 February, 2004 at the Penthouse Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, is set out on page 36 of this circular. Whether or not you intend to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding such meeting or any adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so desire.

16 January, 2004

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	5
Sale and Purchase Agreement	6
(A) Terms of the agreement	6
(B) Reasons for the Acquisition	8
Information on TCPL	8
Financial effect of the Acquisition	9
Information on FEC	9
General	9
Extraordinary General Meeting	12
Recommendations of the Independent Board Committee	12
Additional Information	13
Letter from the Independent Board Committee	14
Letter from AMS	15
Appendix I – Property valuation report	23
Appendix II – General Information	32
Notice of Extraordinary General Meeting	36

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Accounts”	the unaudited pro forma balance sheet of TCPL as at the Accounts Date
“Accounts Date”	31 October, 2003
“Acquisition”	the acquisition of the entire shareholding interest in TCPL by Tang City Purchaser from the Tang City Vendors
“AMS”	AMS Corporate Finance Limited, a corporation deemed licensed to carry on types 4, 6 and 9 regulated activities (advising on securities and corporate finance, and asset management) under the SFO and the Independent financial adviser to the Independent Board Committee in respect of the acquisition of TCPL
“Board”	the board of Directors
“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
“Code”	The Hong Kong Code on Takeovers and Mergers
“Completion”	Completion of the FET Share Acquisition and the Acquisition
“Completion Date”	16 February, 2004
“Directors”	the directors of FEC
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and/or any delegate of the Executive Director
“Extraordinary General Meeting”	The extraordinary general meeting of FEC to be convened at 3.00 p.m. on 10 February, 2004 at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, the notice of which is set out on page 36 of this circular
“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

DEFINITIONS

“FET”	Far East Technology International Limited
“FET EGM”	the extraordinary general meeting of FET to be convened at 4:30 p.m. on 10 February, 2004 at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong to approve the Sale and Purchase Agreement and the Acquisition
“FET Share(s)”	share(s) of HK\$1.00 each in the capital of FET
“FET Share Acquisition”	the acquisition of 93,540,200 FET Shares by the FET Shares Purchasers from the FET Shares Vendors
“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
“Group”	FEC and its subsidiaries
“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 Board Committee”	an independent committee of the Board comprising Datuk Kee Leong Chee and Mr. David Kwok Kwei Lo, both being independent non-executive Directors
“Independent Shareholders”	the shareholders of FEC, other than Mr. Deacon Chiu, Ms. 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)
“Latest Practicable Date”	15 January, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“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

DEFINITIONS

“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 Acquisition and the Acquisition dated 22 December, 2003 which, for the purpose of this circular, shall unless otherwise specifically stated, be confined to that part which concerns the Acquisition only
“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
“Tang City Purchaser”	Smartland Assets Limited, a wholly-owned subsidiary of FEC
“TCPL Shares”	The 100,000 shares of SGD1.00 each which represents 100% of the issued share capital of TCPL of which 90,000 shares are legally and beneficially owned by FET and 10,000 are legally and beneficially owned by Mr. Dennis Chiu
“Tang City Vendors”	FET and Mr. Dennis Chiu
“TCPL”	Tang City Properties Pte Ltd, a private company incorporated in Singapore

DEFINITIONS

“Valuer”	Mr. Sung Tze Wah, director of Lawson David & Sung Surveyors Limited and Mr. Ronald Y F Cheung, director of Midland Surveyors Limited
“%”	per cent
“sq.ft.”	square feet
“sq.m.”	square meter(s)

Note: Where applicable and unless otherwise stated, the exchange rate of SGD1.00 to HK\$4.50 is used in this document.

LETTER FROM THE BOARD



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:

Deacon Te Ken Chiu (*Chairman*)
David Tat Cheong Chiu
(Deputy Chairman and Chief Executive Officer)
Steven Ying Wai Kwan
(Managing Director)
Craig Grenfell Williams
Dennis Tat Shing Chiu
*Ching Lan Ju Chiu
*Dick Tat Sang Chiu
*Daniel Tat Jung Chiu
**Kee Leong Chee, Datuk
**David Kwok Kwei Lo

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

16 January, 2004

* *Non-executive Director*

** *Independent non-executive Director*

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF TANG CITY PROPERTIES PTE LTD

INTRODUCTION

On 24 December, 2003, the Directors jointly announced with the board of directors of FET, that the Sale and Purchase Agreement was entered into between, inter alia, Smartland Assets Limited, FEC, FET and Mr. Dennis Chiu on 22 December, 2003 whereby FET and Mr. Dennis Chiu have conditionally agreed to sell to Smartland Assets Limited and Smartland Assets Limited has conditionally agreed to purchase the TCPL Shares, which represents 100% of the issued share capital of TCPL for a total consideration of SGD1 (equivalent to approximately HK\$4.50) in cash and in kind by procuring the Refinancing of SGD25 million (equivalent to approximately HK\$112.5 million) by way of term loan.

The purpose of this circular is to give you further information on the Sale and Purchase Agreement, to set out the recommendation made by the Independent Board Committee based on the advice of AMS, to give the notice of the Extraordinary General Meeting to consider and, if thought fit, to approve the resolution relating to the Acquisition.

LETTER FROM THE BOARD

SALE AND PURCHASE AGREEMENT

(A) Terms

Parties

Vendors : FET; Mr. Dennis Chiu

Purchaser : Smartland Assets Limited

Guarantor : FEC

FEC, the holding company of Smartland Assets Limited, has agreed to guarantee the full, prompt and complete performance of Smartland's obligations thereunder.

Asset to be acquired

All the issued shares in the capital of TCPL.

The principal assets of TCPL is its beneficial interest in Parkway, which 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, which have a total strata floor area of 4,660 sq.m. or 50,147 sq.ft.

Consideration

The consideration for the Acquisition is both in cash and in kind. The cash consideration for the entire issued share capital of TCPL is SGD1 (equivalent to 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 approximately HK\$1,247) after taking into account of (i) the professional valuation by the independent professional Valuer of Parkway not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) 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 approximately SGD36.24 million (equivalent to approximately 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 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 the Acquisition, 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 approximately HK\$30 million) to positive asset value of SGD277 (equivalent to approximately HK\$1,247).

LETTER FROM THE BOARD

Under the Sale and Purchase Agreement, FEC would procure Refinancing of approximately SGD25 million (equivalent to approximately HK\$112.5 million).

Conditions to Sale and Purchase Agreement

Completion is conditional upon, inter alia, fulfillment of the following conditions:

- (a) FEC completing a due diligence review of the financial, legal and operational position of TCPL and its subsidiaries to its reasonable satisfaction and no matter appearing to FEC from the due diligence which in the reasonable opinion of FEC may materially and adversely affect the value of TCPL Shares and/or Parkway;
- (b) the passing of resolutions at an extraordinary general meeting of FEC by the Independent Shareholders of a resolution to approve (aa) the Sale and Purchase Agreement; and (bb) the Acquisition;
- (c) FET procuring legal opinions issued by a practicing firm of Singapore lawyers (in form and substance reasonably satisfactorily to FEC's solicitors) confirming that (aa) FET is the beneficial owner of 90,000 ordinary shares of TCPL representing 90% of the entire issued share capital of TCPL and (bb) Mr. Dennis Chiu is the legal and beneficial owner of 10,000 ordinary shares of TCPL representing 10% of the entire issued share capital of TCPL and (cc) TCPL and/or its wholly owned subsidiaries has a good and marketable title to Parkway;
- (d) the Refinancing;
- (e) execution of the Release by the relevant parties thereto;
- (f) independent FET Shareholders passing at the FET EGM the necessary resolution approving the Acquisition and the Sale and Purchase Agreement.

If the conditions (a), (b), (c) and (f) have not been fulfilled by 10 February, 2004 and in the case of conditions (d) and (e), by Completion or such other date as the parties may agree in writing, the Sale and Purchase Agreement shall lapse and no party shall have any claim against the other except in respect of any antecedent breach.

Completion

Completion shall take place on the Completion Date or such other date as the parties may mutually agree. Furthermore, under the terms of the Sale and Purchase Agreement, the Acquisition shall not be completed unless both the Acquisition and the FET Share Acquisition are completed at the same time and place.

LETTER FROM THE BOARD

(B) Reasons for the Acquisition

The FEC Group is principally engaged in 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 Directors consider that the purpose of the Acquisition and the FET Share Acquisition is to eliminate the cross-holdings in the existing shareholding structure of FEC and serves to draw a distinction between the activities of FEC and FET. Upon Completion, FEC will continue to focus mainly on property investment, development and hotel and real estate management activities while FET shall focus mainly on industrial and technology-related and non-property business activities. Further, the Directors consider the Acquisition to be in the interest of FEC for the following reasons:

- (i) The Acquisition is in line with the overall business direction of FEC to focus on property related business;
- (ii) The Acquisition will enlarge the investment property portfolio of FEC to increase the steady recurring rental income;
- (iii) With signs of an improving economy in Singapore, the Directors believe that the property leasing market in Singapore should likewise improve. Accordingly, the Property Acquisition will serve to enlarge the investment property portfolio of FEC and increase the Group's steady recurring rental income and consolidate the investment property portfolio in Singapore providing the scope for further cost savings. It is the Group's intention to introduce measures to streamline TCPL's administrative cost;
- (iv) The Acquisition may generate a medium term gain for FEC in view of the improving economy in Singapore which is expected to grow by 3% to 5% for the year 2004.

INFORMATION ON TCPL

TCPL is a company incorporated under laws of Singapore. The investment property owned by TCPL consists of 50 units of offices located on the 2nd, 3rd, 4th, 5th, 6th and 7th, 8th, 9th and 13th storey of a 13-storey office building known as Parkway Centre, 1 Marine Parade Central, Singapore 449408. 4 of the 50 office units which expired before the Latest Practicable Date have been renewed and that the three vacant units as shown in the Valuation Report have been leased out.

LETTER FROM THE BOARD

The audited revenue of TCPL amounted to approximately SGD1.8 million (equivalent to approximately HK\$8.1 million) for each of the two years ended 31 December, 2002. The gross yield of TCPL was approximately 6.9% (calculated on the basis of the audited turnover of TCPL of SGD1.8 million over the net asset value of Parkway of approximately SGD26.025 million based on the Valuation Report). TCPL recorded an audited net profit of SGD1.5 million (equivalent to approximately HK\$6.8 million) which include a one-off exchange gain of approximately SGD1.3 million for the year ended 31 December, 2001. It had incurred an audited net loss of approximately SGD1 million (equivalent to approximately HK\$4.5 million) for the year ended 31 December, 2002 due to bad debts written off and loss on disposal of properties which is non-recurring. The total audited net asset value of TCPL as at 31 December, 2001 and 31 December, 2002 was approximately SGD8.5 million (equivalent to approximately HK\$38.25 million) and SGD4.1 million (equivalent to approximately HK\$18.45 million) respectively. For the six months ended 30 June 2003 TCPL recorded an unaudited revenue of approximately SGD0.9 million (equivalent to approximately HK\$4.05 million) and an unaudited net loss of approximately SGD0.09 million (equivalent to approximately HK\$0.42 million). The total unaudited net asset value of TCPL as at 30 June 2003 was approximately SGD3.97 million (equivalent to approximately HK\$17.9 million).

FINANCIAL EFFECT OF THE ACQUISITION

The Directors consider that the Acquisition will not have any material effect on the net asset value of the Group. However there will be a marginal increase of the gearing ratio from approximately 66% as at 30 September 2003 to approximately 70% after completion of the Acquisition. TCPL will be accounted for as a wholly owned subsidiary of FEC and the operating results of TCPL would be fully reflected in the accounts of FEC upon completion of the Acquisition.

INFORMATION ON FEC

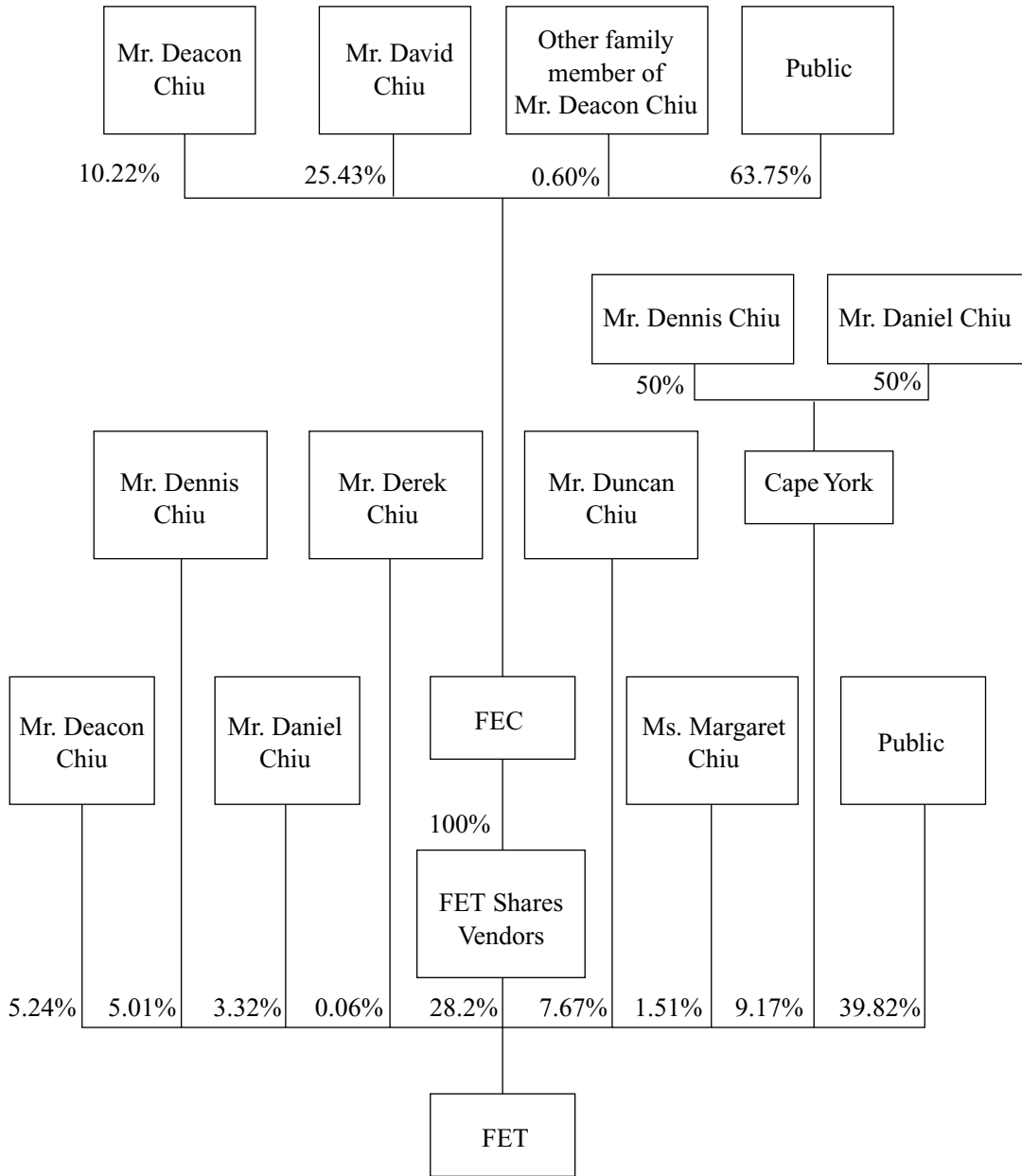
The FEC Group is principally engaged in property investment and development, investment holding, securities trading, hotel operations and manufacture of boiler products. For the six months ended 30 September, 2003, the turnover derived from its property development and investment amounted to approximately 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.

GENERAL

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.

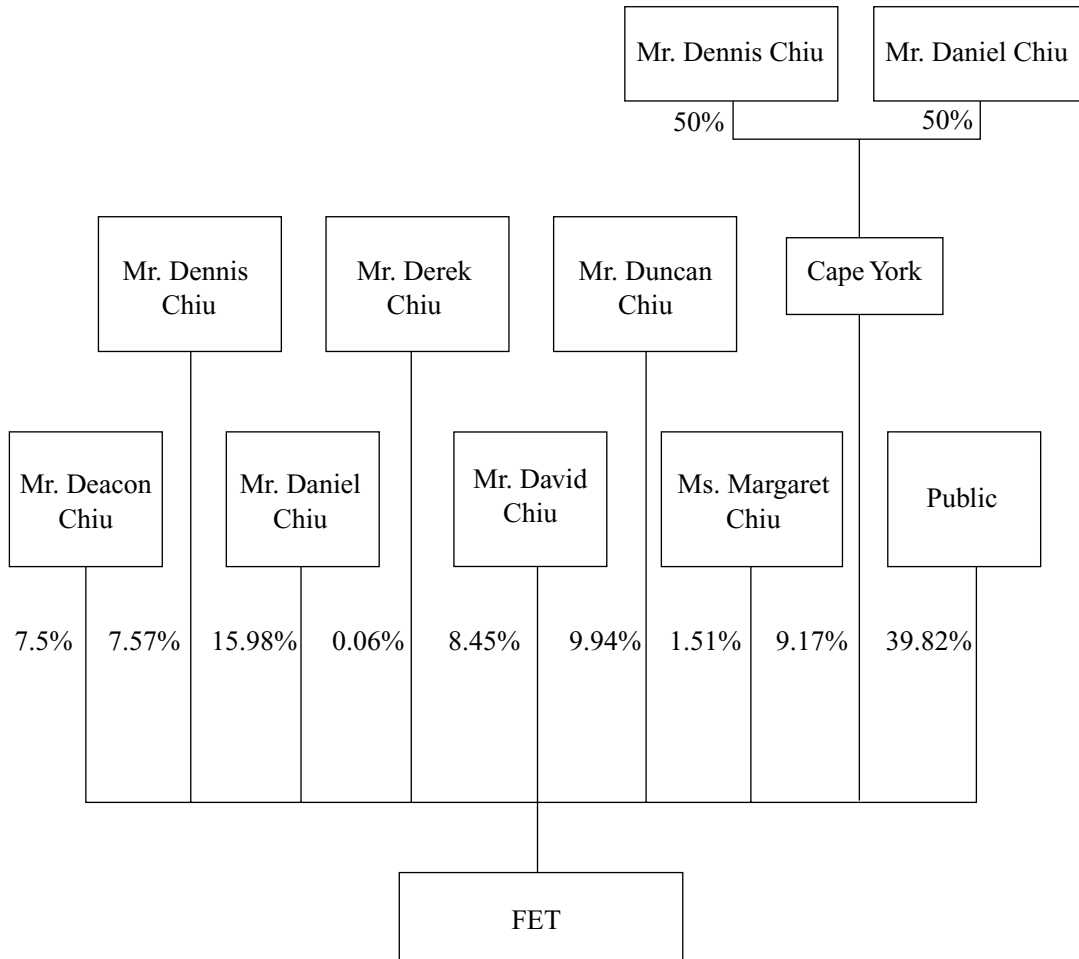
LETTER FROM THE BOARD

Shareholding structure of FEC and FET before Completion

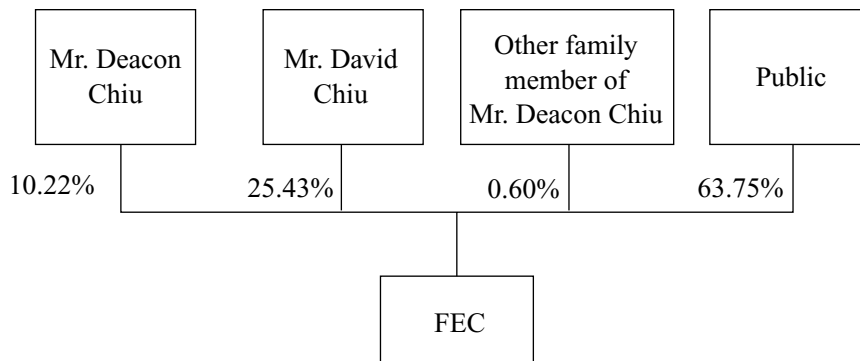


LETTER FROM THE BOARD

Shareholding interests of FET upon Completion



Shareholding interests of FEC upon Completion



LETTER FROM THE BOARD

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 Acquisition constitutes a connected transaction for FEC. The Extraordinary General Meeting will be held to consider and, if thought appropriate, approve the Acquisition. Mr. Deacon Chiu and his family members and their respective associates will abstain from voting on the resolution in relation to the Acquisition at the Extraordinary General Meeting.

EXTRAORDINARY GENERAL MEETING

There is set out on page 36 of this circular a notice convening the Extraordinary General Meeting to be held at 3:00 p.m. on 10 February, 2004 at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, at which an ordinary resolution will be proposed and, if thought fit, passed by poll to approve the Sale and Purchase Agreement and the Acquisition.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you intend to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so desire.

Mr. Deacon Chiu and his family members and their respective associates will abstain from voting on the resolution in relation to the Sale and Purchase Agreement and the Acquisition at the Extraordinary General Meeting in view of their interest in the Sale and Purchase Agreement.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE

Datuk Kee Leong Chee and Mr. David Kwok Kwei Lo, being all the independent non-executive Directors, have no interest in the Sale and Purchase Agreement and no connection with FET and parties acting in concert with them. They have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on the transaction. The remaining executive Directors are salaried employees of FEC and are not eligible to be appointed to the Independent Board Committee.

The Independent Board Committee, having taken into account the advice of AMS considers that the terms of the Sale and Purchase Agreement and the Acquisition are fair and reasonable insofar as the Independent Shareholders are concerned and that the Sale and Purchase Agreement and Acquisition are in the interest of FEC and the Independent Shareholders. Accordingly, it recommends the Independent Shareholders to vote in favour of the resolution proposed at the Extraordinary General Meeting to approve the Sale and Purchase Agreement and the Acquisition.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from AMS, which sets out its advice to the Independent Board Committee, the valuation report and other general information set out in Appendices I and II of this circular respectively.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

16 January, 2004

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
TANG CITY PROPERTIES PTE LTD**

We refer to the circular dated 16 January, 2004 issued by FEC (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

As we have no interest in the Acquisition and no connection with FEC and parties acting in concert with it, we have been appointed by the Board as the Independent Board Committee to consider the Acquisition.

AMS Corporate Finance Limited has been appointed by FEC to advise us as to whether the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 15 to 21 to this Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Acquisition and the advice of AMS Corporate Finance Limited, we consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisition is in the interests of FEC and the Shareholders. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Sale and Purchase Agreement and the Acquisition contemplated therein.

Yours faithfully,

Independent Board Committee of

Far East Consortium International Limited

Datuk Kee Leong Chee

Independent non-executive director

David Kwok Kwei Lo

Independent non-executive director

LETTER FROM AMS

The following is the full text of the letter from AMS setting out its advice to the Independent Board Committee:



博資財務顧問有限公司
AMS Corporate Finance Limited

20th Floor
Hong Kong Diamond Exchange Building
8-10 Duddell Street
Central, Hong Kong

16 January, 2004

*To the Independent Board Committee of
Far East Consortium International Limited*

Dear Sirs,

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
TANG CITY PROPERTIES PTE LTD**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in respect of the acquisition by FEC from FET and Mr. Dennis Chiu, their entire interests in TCPL, which holds investment properties in 50 office units of Parkway Centre, Singapore (the “Property Acquisition”), details of which are set out in the circular to the shareholders of FEC (the “Shareholders”) dated 16 January, 2004 (the “Circular”) of which this letter forms part. This letter contains our advice to the Independent Board Committee in respect of the Property Acquisition. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

On 24 December, 2003, the board of directors of FEC and FET jointly announced that the Sale and Purchase 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; and (ii) a subsidiary of FEC would acquire from FET and Mr. Dennis Chiu their entire interests in TCPL, the principal asset of which is investment in 50 office units of Parkway Centre in Singapore, at a consideration of SGD1 (equivalent to approximately HK\$4.5) 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\$117.1 million) as at 12 December, 2003 by the Valuer.

LETTER FROM AMS

The Directors consider that the purpose of the Property Acquisition and the FET Share Acquisition is to eliminate the cross-holdings in the present shareholding structure of FET and at the same time to clarify the activities of FEC and FET. Upon Completion, FEC will continue to focus mainly on property investment, development and hotel and real estate management activities while FET shall principally focus on industrial and technology-related and non-real estate activities. Upon completion of the FET Share Acquisition, FEC will not hold any shares in FET. Shareholders should read the details of the FET Share Acquisition as set out in the letter from the Board. It should be noted that under the Sale and Purchase Agreement, the Property Acquisition and the FET Share Acquisition are inter-conditional. If the Property Acquisition does not become unconditional, the FET Share Acquisition will not proceed.

As at the date of the Sale and Purchase Agreement, FET was indirectly held as to approximately 28.2% by FEC. Since Mr. Deacon Chiu, being one of the FET Shares Purchasers, who is the substantial shareholder and executive director of FEC, is also the executive director of FET, the FET Share Acquisition constitutes a connected transaction for FEC. However, as the consideration under the FET Share Acquisition falls within the limit specified in Rule 14.25(1) of the Listing Rules of FEC, no Shareholders' approval is required for FEC in respect of the FET Share Acquisition.

For the Property Acquisition, by virtue of the fact that Mr. Dennis Chiu, who is a substantial shareholder of TCPL, is also an executive director of FEC, the Property Acquisition constitutes a connected transaction for FEC under Rule 14.26 of the Listing Rules and is, accordingly, subject to approval by the Independent Shareholders at the Extraordinary General Meeting. Pursuant to the Listing Rules, Mr. Deacon Chiu and his family members and their respective associates, in so far as they are Shareholders, will abstain from voting on the ordinary resolution to approve the Property Acquisition at the Extraordinary General Meeting. We have been appointed to give an opinion to the Independent Board Committee in respect of the Property Acquisition.

In formulating our opinion, we have relied on the statements, information, representations and projections provided by the Directors and the valuation report prepared by the Valuer (the "Valuation Report") contained in the Circular. We have assumed that all statements, information and representations contained or referred to in the Circular which have been provided by the Directors and for which they are solely responsible, are true and accurate at the time they were made and continue to be so at the date hereof.

We consider that we have been provided with sufficient information that forms a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information and projections provided and the representations made to us untrue, inaccurate or misleading.

The Directors have further confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent investigation into the business and affairs of the Group or TCPL or FET or any of its respective subsidiaries.

LETTER FROM AMS

PRINCIPAL FACTORS CONSIDERED

Set out below are the principal factors and reasons considered by us in arriving at our recommendation in respect of the Property Acquisition.

1. Information on TCPL

The principal assets of TCPL are its beneficial interest in Parkway, which 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 a total strata floor area of 4,659 sq.m. or 50,149 sq.ft.. As advised by the Directors, all the units which expired before the Latest Practicable Date have been renewed. Independent Shareholders are advised to read carefully the basis of valuation which is set out in appendix I to the Circular and should note that the open market value of Parkway of approximately SGD26.025 million (equivalent to approximately HK\$117.1 million) is assessed on the tenancy basis existing as at 12 December, 2003, the date of the valuation.

The audited revenue of TCPL amounted to approximately SGD1.8 million (equivalent to approximately HK\$8.1 million) for each of the two years ended 31 December, 2002. The gross yield of TCPL was approximately 6.9% (calculated on the basis of the audited turnover of TCPL of approximately SGD1.8 million over the net asset value of Parkway of approximately SGD26.025 million (equivalent to approximately HK\$117.1 million) based on the Valuation Report). TCPL recorded an audited net profit of approximately SGD1.5 million (equivalent to approximately HK\$6.8 million) for the year ended 31 December, 2001. It had incurred an audited net loss of approximately SGD1.0 million (equivalent to approximately HK\$4.5 million) for the year ended 31 December, 2002. The total audited net asset value of TCPL as at 31 December, 2001 and 31 December, 2002 was approximately SGD8.5 million (equivalent to approximately HK\$38.25 million) and SGD4.1 million (equivalent to approximately HK\$18.45 million) respectively. For the six months ended 30 June 2003 TCPL recorded an unaudited revenue of approximately SGD0.9 million (equivalent to approximately HK\$4.05 million) and an unaudited net loss of approximately SGD0.09 million (equivalent to approximately HK\$0.42 million). The total unaudited net asset value of TCPL as at 30 June 2003 was approximately SGD3.97 million (equivalent to approximately HK\$17.9 million).

2. Information on the Group

The Group is principally engaged in (i) property investment and development; (ii) hotel operations; (iii) securities investment; (iv) industrial manufacturing; and (v) loan financing. For the year ended 31 March, 2003, FEC had a turnover of approximately HK\$796.1 million, which represented an increase of approximately 15.1% over the turnover of approximately HK\$691.6 million for the previous year. Net loss of FEC had decreased by approximately 35.5% from approximately HK\$204.1 million for the year ended 31 March, 2002 to approximately HK\$131.7 million for the year ended 31 March, 2003, of which HK\$90 million are one-off exceptional items and are non-recurring in nature according to the latest annual report of FEC.

LETTER FROM AMS

The following is the breakdown in turnover and segment results for the two years ended 31 March, 2003 and the six months ended 30 September, 2003 by activity extracted from FEC's latest annual report and unaudited interim report:

	Property development and investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Industries <i>HK\$'000</i>	Treasury <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September, 2003							
- Turnover	321,589	17,481	5,045	13,350	1,956	-	359,421
- Segment results	59,318	2,605	3,984	(859)	(528)	(882)	63,638
- Net profit for the period	-	-	-	-	-	-	42,563
For the year ended 31 March, 2003							
- Turnover	714,584	42,076	40,257	26,700	-	-	796,057
- Segment results	18,976	1,771	(168)	(3,881)	(20,091)	(6,264)	(9,657)
- Net loss for the period	-	-	-	-	-	-	(131,717)
For the year ended 31 March, 2002							
- Turnover	597,611	41,908	50,217	26,745	5,221	-	691,590
- Segment results	38,220	5,351	(4,290)	(17,825)	(7,288)	(2,327)	11,841
- Net loss for the period	-	-	-	-	-	-	(204,130)

The Group has been principally engaged in property-related businesses. For the two years ended 31 March, 2003 and the six months ended 30 September, 2003, turnover derived from property development and investment accounted for approximately 86.4%, 89.8% and 89.5% of the total turnover of FEC respectively. In addition, the segment results derived from the Group's property development and investment businesses accounted for approximately 93.2% of the total segment results of FEC for the six months ended 30 September, 2003.

3. Reasons for the Property Acquisition

It is stated in FEC's latest interim report that the Group will continue to focus on its principal activities in property-related projects and to dispose of its non-core assets and all of its marketable securities including the substantial stake in FET. As the Property Acquisition and the FET Share Acquisition are inter-conditional under the Sale and Purchase Agreement, we consider that the FET Property Acquisition together with the FET Share Acquisition are effected for the purpose of clarification of the overall business activities of the Group and FET, and at the same time to rationalize the shareholdings of FET, in particular, to avoid a situation where Mr. Deacon Chiu and his family members holds through their personal interests and at the same time, through FEC, in the FET Shares. Therefore, we are of the opinion that the Property Acquisition and the FET Share Acquisition, is in line with the Group's overall corporate strategy.

LETTER FROM AMS

We notice from FEC's latest interim report that for the six months ended 30 September, 2003, the Group's rental income derives mainly from four commercial/office buildings in Hong Kong. The Group also owns an office complex located at Eu Tong Sen Street, Singapore. The Directors believe that the property leasing market in Singapore should gradually improve as the economy picks up in the coming year and consider that the Property Acquisition will enlarge the investment property portfolio of FEC to increase the Group's steady recurring rental income and to consolidate the investment property portfolio in Singapore providing scope for cost savings without having to manage properties in Singapore through both FEC and FET. We have reviewed the latest available quarter market research reports issued in the third and fourth quarters of 2003 on the office leasing market in Singapore of three international property appraisal firms ("Research Reports"). According to the Research Reports, it is expected that in the short term, the office leasing market will continue to be affected by economic uncertainty. However, the evidence of an economic revival in the US coupled with the recent signing of the US-Singapore free trade agreement could encourage inward investment and an increase in demand for offices. According to one of the Research Reports dated 15 September, 2003, the latest GDP in Singapore as estimated by The Asian Development Bank forecasts an increase of 4.6% in 2004. It is also stated in the Research Reports that rentals are expected to stabilize in the first quarter of 2004 as new supply becomes limited. Based on the outlook on the office leasing market in Singapore as estimated by these three independent professional property valuers, we are of the same view with the Directors that the Property Acquisition represents an opportunity for the Group to increase its property investment portfolio in a market with long-term growth potential and is therefore in the interests of FEC and its shareholders as a whole.

As stated in the letter from the Board, the Directors believe that there will be scope for costs savings and thereby marginal value adding from TCPL to its Singapore investment property portfolio. As advised by the Directors, it is the Group's intention to adopt policy to streamline TCPL's administrative cost. We notice from FET's latest annual report and interim report that property development and investment has not been the major business activities of the FET Group. For the two years ended 31 December, 2002 and the six months ended 30 June, 2003, turnover derived from property development and investment of FET accounted for approximately 17.7%, 13.2% and 11.5% respectively of its total turnover. We are of the same view with the Directors that it is a logical move for FEC to invest and manage Parkway in Singapore in terms of overall cost effectiveness and operating efficiencies as the Group has been principally engaged in property-related businesses.

4. Corporate and shareholding structures

At present, Parkway is owned as to 90% by FET and 10% by Mr. Dennis Chiu. Upon completion of the Property Acquisition, Parkway will be wholly-owned by FEC. In addition, upon completion of the FET Share Acquisition, FEC will not hold any of the FET Shares. Shareholders should refer to the letter from the Board for the shareholding structure of FEC and FET before Completion and the shareholding interests of FEC and FET upon Completion.

LETTER FROM AMS

5. Consideration

As stated in the Letter from the Board, the cash consideration for the Property Acquisition is SGD1.00 (equivalent to approximately HK\$4.50) and was determined by reference to the unaudited net asset value of TCPL of approximately SGD277 (equivalent to approximately HK\$1,247) as at 31 October, 2003 after taking into account of (i) the valuation of the open market value of Parkway of SGD26.025 million (equivalent to approximately HK\$117 million) under the Valuation Report against the net book value of Parkway of approximately SGD36.24 million (equivalent to approximately HK\$163 million); (ii) the refinancing of bank debt by FEC of approximately SGD25 million (equivalent to approximately HK\$112.5 million); and (iii) taking over of the accounts payable of TCPL of approximately SGD1.1 million (equivalent to approximately HK\$4.9 million) after the release of FET's debts of approximately SGD6.7 million (equivalent to approximately HK\$30 million).

Prior to completion of the Property Acquisition, FET will release the debts owing by TCPL to the amount of approximately SGD6.7 million (equivalent to approximately HK\$30 million) to restore the net asset value of TCPL from negative SGD6.665 million (equivalent to approximately HK\$30 million) to positive net asset value of SGD277 (equivalent to approximately HK\$1,247).

6. Financial effect of the Property Acquisition

a. In terms of net asset value

The cash consideration of the entire issued share capital of TCPL is SGD1.0 (equivalent to approximately HK\$4.5) and was determined by reference to the unaudited net asset value of TCPL of approximately SGD277 (equivalent to approximately HK\$1,247) as at 31 October, 2003, which has taken into consideration of (i) the write down of the net book value of Parkway of approximately SGD10.2 million as a result of the valuation; (ii) the release of debts owing by TCPL to FET of approximately SGD6.7 million (equivalent to approximately HK\$30.2 million); (iii) the taking over of accounts payable of approximately SGD1.1 million; and (iv) the Refinancing of SGD25 million (approximately HK\$112.5 million). Upon completion of the Property Acquisition, the overall gross assets of the Group would be increased by approximately HK\$117.1 million, being the open market value of Parkway according to the Valuation Report. However, there will be no material effect on the net asset value of the Group as a result of the Property Acquisition.

b. In terms of gearing

The gearing ratio of the Group immediately before the Property Acquisition (calculated on the basis of the Group's unaudited total bank and other borrowings of approximately HK\$1,693.0 million as at 30 September, 2003 over Shareholder's fund of approximately HK\$2,565.4 million) was approximately 66.0%. Such gearing ratio after completion of the Property Acquisition would be increased to approximately 70.4% (calculated on the basis that the Group's total bank and other borrowings would be increased from approximately HK\$1,693.0 million by approximately SGD25 million (approximately HK\$112.5 million) to approximately HK\$1,805.5 million over Shareholder's fund of approximately HK\$2,565.4 million).

LETTER FROM AMS

c. In terms of operating results

As advised by the Directors, for the year ended 31 December, 2001, TCPL recorded an audited revenue of approximately SGD1.8 million (equivalent to approximately HK\$8.1 million) and audited net profit of approximately SGD1.5 million (equivalent to approximately HK\$6.8 million) which had included a one-off exchange gain of approximately SGD1.3 million (equivalent to approximately HK\$5.9 million). For the year ended 31 December, 2002, TCPL had recorded an audited turnover and audited net loss of approximately SGD1.8 million (equivalent to approximately HK\$8.1 million) and SGD1.0 million (approximately HK\$4.5 million) respectively. According to the Directors, the net loss for the year ended 31 December, 2002 was mainly resulted from bad debts written off and loss on disposal of properties which are of a non-recurring nature. According to the Directors, for the six months ended 30 June, 2003, TCPL recorded an unaudited revenue and unaudited net loss of approximately SGD0.9 million (equivalent to approximately HK\$4.1 million) and SGD0.09 million (equivalent to approximately HK\$0.4 million) respectively.

Based on the management accounts provided by the Directors which have taken into account of the income of approximately SGD6.6 million as a result of the release of debts owing to its holding company and the loss arising from revaluation of Parkway of approximately SGD8.4 million (approximately HK\$41.2 million), the unaudited revenue of TCPL for the ten months ended 31 October, 2003 was approximately SGD8.1 million (equivalent to approximately HK\$36.5 million) and the unaudited net loss for the same period was approximately SGD2.3 million (equivalent to approximately HK\$10.4 million). Upon completion of the Property Acquisition, TCPL will be accounted for as a wholly-owned subsidiary of FEC and the operating results of TCPL would be fully reflected on the accounts of FEC.

RECOMMENDATION

Despite the fact that there will not be immediate positive improvement to the Group's financial position and operating results as a result of the Property Acquisition, Shareholders should view the Property Acquisition and the FET Share Acquisition as a reorganisation and rationalization of the corporate and shareholding structures for both FEC and FET taken as a whole. Taking into consideration of the fact that there will be a much clearer delineation of overall business activities between FEC and FET and a more structured shareholdings of the FEC and FET, the Property Acquisition, which is part and parcel of the whole restructuring process, is in the interest of FEC and its shareholders as a whole.

Having considered the above principal factors and reasons, we are of the opinion that the Property Acquisition is in the interest of FEC and its shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the Property Acquisition at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
AMS Corporate Finance Limited
Alexander Tai
Managing Director

The following refers to the valuation report from Lawson David & Sung Surveyors Limited and Midland Surveyors Limited.



Date: 12th December 2003

Our Ref.: LDS/V/SIN/2855

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

Dear Sirs

**Re: 50 Office Units at
1 Marine Parade Central
#02-05, #03-01 to #03-09, #04-03 to #04-09, #05-01 to #05-09, #06-01 to #06-09,
#07-01 to #07-02, #07-05 to #07-06, #08-01 to #08-03, #09-04 to #09-06,
#13-01 to #13-02 and #13-04 to #13-06 Parkway Centre Singapore 449408**

We refer to your instruction for us to carry out a valuation to assess the Open Market Value of the captioned property as at 12th December 2003 ("Date of Valuation").

We confirm that we have carried out an internal and external inspection as at 11th December 2003 ("Date of Inspection"). We have also made relevant enquiries and searches in the Land Registry and obtained further information as necessary. We are now pleased to present our report and valuation concerning the same, subject to the Conditions of Liability attached.

Yours faithfully,
for and on behalf of
Lawson David & Sung Surveyors Limited
Sung Tze Wah
F.R.I.C.S., F.H.K.I.S., M.S.I.S.V., R.P.S.(G.P)
Director

Yours faithfully,
for and on behalf of
Midland Surveyors Limited
Ronald Y F Cheung
BSc(Hons), MHKIS, MRICS, RPS(GP)
Director

Encl.

* The Valuation Report by Lawson David & Sung Surveyors Limited and Midland Surveyors Limited dated 12th December, 2003 was commissioned by FEC when both parties commenced negotiation. The valuation was on an open market basis. After arm's length negotiation both parties agreed to adopt the valuation dated 12th December, 2003 by Lawson David & Sung Surveyors Limited and Midland Surveyors Limited.

The following is the valuation report from Lawson David & Sung Surveyors Limited and Midland Surveyors Limited.

VALUATION REPORT**ADDRESS OF SUBJECT PROPERTY**

1 Marine Parade Central #02-05, #03-01 to #3-09, #04-03 to #04-09, #05-01 to #05-09, #06-01 to #06-09, #07-01 to #07-02, #07-05 to #07-06, #08-01 to #08-03, #09-04 to #09-06, #13-01 to #13-02 and #13-04 to #13-06 Parkway Centre Singapore 449408

SITUATION

The subject property is situated on the eastern side of Marine Parade Central, in Marine Parade Town Centre on the East Coast of Singapore.

ENVIRONMENT

The area concerned is predominantly a mix of residential developments including HDB flats and commercial / office / retail uses. The Parkway Parade office and shopping complex is located opposite the subject building with nearby residential developments comprising of Marine Point Condominiums, Marine View Mansion, Parkway View and Century Roxy Park Hotel to the north of the subject. The Seaview Hotel and Paramount Hotel are also located in the vicinity.

A wide variety of public amenities and shopping facilities are available nearby.

TRANSPORT

The locality is well served by public transportation with excellent road network to other parts of Singapore via the East Coast Park Expressway.

THE SUBJECT BUILDING

Building Type:	13-storey office building with an L-shaped configuration enclosing an atrium space. A pedestrian bridge on the 2nd storey links the building to an adjacent multi-storey 6 level public car park.
Construction:	Reinforced concrete structure
Age of Building:	Completed in about 1988. (Extensive refurbishment was conducted in May 2000)
External Condition:	Good
Management Condition:	Good

No. of lift(s):	3 passenger lifts and 1 fire lift
No. of staircase(s):	2 staircases
Car Parking Facilities:	Available via a pedestrian link bridge

THE SUBJECT PROPERTY

The subject property comprises of 50 office units on the 2nd to 9th and 13th storeys of Parkway Centre. According to the instructing party the total strata floor area is 4,659 sq.m. or 50,149 sq.ft.

Area Schedule

Unit No.	Strata Floor Area (sq.m.)
#02-05	58
#03-01	105
#03-02	77
#03-03	77
#03-04	97
#03-05	110
#03-06	68
#03-07	96
#03-08	102
#03-09	126
#04-03	77
#04-04	97
#04-05	110
#04-06	68
#04-07	96
#04-08	102
#04-09	126
#05-01	105
#05-02	77
#05-03	77
#05-04	97
#05-05	110
#05-06	68
#05-07	96
#05-08	102
#05-09	126
#06-01	105
#06-02	77
#06-03	77
#06-04	97
#06-05	110
#06-06	68

Unit No.	Strata Floor Area (sq.m.)
#06-07	96
#06-08	102
#06-09	126
#07-01	105
#07-02	77
#07-05	110
#07-06	68
#08-01	105
#08-02	77
#08-03	77
#09-04	97
#09-05	110
#09-06	68
#13-01	105
#13-02	77
#13-04	97
#13-05	110
#13-06	68
<hr/>	
Total	<u>4,659 sq.m.</u>

Usage: Office

Finishing: The interior of the subject property is mainly finished with carpet and cement-sand screed floor and suspended ceiling including light fittings.

Internal Condition: Reasonable

Services: We understand all usual utilities are provided to the subject property.

Occupancy: According to the instructing party at the time of instruction most of the subject units were tenanted.

LAND REGISTRATION DETAILS

Lease Term: Leasehold 99 years lease commencing from 23rd July 1981.

Registered Incumbrances: No title searches have been provided by the instructing party.

BASIS OF VALUATION

The assessment is our opinion of the open market value which we would define as intended to mean “the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration at the date of valuation, assuming:

- (i) a willing seller;
- (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (iv) that no account is taken of any additional bid by a purchaser with a special interest;
- (v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

We are instructed by the party to assess the Open Market Value of the subject property as at the date of valuation on existing tenancy basis.

VALUATION

After taking into consideration of the remarks as herein stated, it is in our opinion that the Open Market Value of the subject property (50 office units on the 2nd to 9th and 13th storeys of Parkway Centre) subject to the existing tenancies as at 12th December 2003 is **SINGAPORE DOLLARS TWENTY SIX MILLION AND TWENTY FIVE THOUSAND ONLY (SGD\$26,025,000.00)**

Yours faithfully,
for and on behalf of
Lawson David & Sung Surveyors Limited
Sung Tze Wah
F.R.I.C.S., F.H.K.I.S., M.S.I.S.V., R.P.S.(G.P.)
Director

Yours faithfully,
for and on behalf of
Midland Surveyors Limited
Ronald Y F Cheung
BSc(Hons), MHKIS, MRICS, RPS(GP)
Director

Encl.

Note: The valuation report was issued jointly by Lawson David & Sung Surveyors Limited and Midland Surveyors Limited.

Mr. Sung Tze Wah of Lawson David & Sung Surveyors Limited is a Chartered Surveyor who has 30 years of post-qualification experience in valuation of all types of properties in Hong Kong, the PRC and Singapore

Mr. Ronald Y.F. Cheung of Midland Surveyors Limited is a Chartered Surveyor who has extensive experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region and is a registered valuer in Hong Kong and The Stock Exchange of Hong Kong Limited.

CONDITIONS OF LIABILITY

- (1) The value stated in this report does not taken into account any charges, mortgages, or amounts owing on the property which may or may not registered against the property, nor any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the property is free from incumbrance, restrictions and outgoings of an onerous nature which could affect its value. We assume no responsibility for matters legal in nature, nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.
- (2) Our valuation is based on the assumption that the owner sells the property interests on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase the values of the property interests.
- (3) No structural survey has been made; we are therefore unable to report that the property is/is not free from any structural defects. None of the services have been tested by us and we are, therefore, unable to report on their present condition.
- (4) No detailed on-site measurement of the property were taken. The plans in this report are included to assist the reader to visualize the property and we assume no responsibility for their accuracy.
- (5) Neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement nor published in any way for any purpose without our written approval of the form and context in which it may appear.
- (6) We have assumed that the property has been constructed, occupied and used in full compliance with, and without contravention of all Ordinances, except only where otherwise stated. We have further assumed that, for any use of the property upon which this report is based, any and all required licenses, permits, certificates, and authorizations have been obtained, except only where otherwise stated.
- (7) Unless otherwise stated we have not carried out a valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of this report.
- (8) We have relied to a very considerable extent on the information given by you and have accepted advice given to us on such matters as statutory notices, easements, tenure, occupation, lettings, site and floor areas and all other relevant matters. We assume no responsibility for their accuracy.

The followings forms part of the valuation report from Lawson David & Sung Surveyors Limited and Midland Surveyors Limited and explains the basis and methodology of valuation.



Our Ref.: LDS/VAL/SIN/MP/2855

Date: 9th January 2004

Far East Consortium International Ltd.
16th Floor Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Dear Sirs,

Re.: 50 Office Units at 1 Marine Parade Central

**#02-05, #03-01 to #3-09, #04-03 to #04-09, #05-01 to #05-09, #06-01 to #06-09,
#07-01 to #07-02, #07-05 to #07-06, #08-01 to #08-03, #09-04 to #09-06,
#13-01 to #13-02 and #13-04 to #13-06 Parkway Centre Singapore 449408**

In accordance with your instructions for us to assess the capital value of the property interests as at 12th December 2003 (“Date of Valuation”), we confirm that we have carried out a site inspection and made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the capital values of such property interests.

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, titleship of property interests and the limiting conditions.

Basis of Valuation

Our valuations are our opinion of the Open Market Value which we would define as intended to mean “the best price at which the sale interest in property would have been have completed unconditionally for cash consideration on the date of valuation, assuming:–

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the price reflects the state of the market and other circumstances at the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

In this report, we have valued the property interests in their existing uses with the understanding that they are going to be used as such.

Valuation Methodology

Unless stated otherwise, all property interests are valued by the comparison method where a comparison bases on prices realized on market of comparable properties is made. Comparable properties of similar character and location are analysed and carefully weighed against all the respective advantages and disadvantages of the property in order to arrive at a fair comparison of capital values.

Physical deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional obsolescence is the loss in value caused by conditions within the assets such as changes in design, materials, or process that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/external obsolescence is an incurable loss in value caused by unfavourable conditions external to the asset such as the local economy, economics of the industry, availability of financing, encroachment of objectionable enterprises, loss of material and labour sources, lack of efficient transportation, shifting of business centers, passage of new legislation, and changes in ordinances.

Assumptions

Our valuation has been made on the assumption that the owner sells the property interest on the open market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to increase the values of the property interests.

In undertaking our valuation for the property interests, we have assumed that the Company has an uninterrupted right to use the property for the whole of the term as granted at nominal annual land use fees and any premium payable has been granted. We are unable to ascertain the titles of the property interest but have relied on the advice given by the Company regarding the validity and nature of the property interests.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in the appraisal report. Moreover it is assumed that the utilization of the land and improvements is within the boundaries of the site held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exists, unless noted in the report.

In the course of our valuation, we believe that the assumptions so made by us are reasonable in the circumstances.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the value.

We have been provided by the Group with some documents in relation to the title to the property interest. However, we have not searched the original documents to verify ownership or to ascertain any amendments which may not appear on the copies available to us. We have relied to a considerable extent on any information given by you and have accepted advice given to us on such matters as statutory notices, easements, tenure, occupation, tenancy schedule, rentals, site and floor areas and all other relevant matters.

All documents and leases have been used as reference only and all dimensions, measurements and areas included in this valuation report are based on information contained in the documents available to us and are therefore approximations only. We have not been able to carry out detailed on-site measurements to verify the site area and floors areas of the property and we have assumed that the site and floor areas shown on the copies of the documents available to us are correct.

We have inspected the exteriors and where possible, the interiors of the properties. However, no structural survey has been carried out, and we are not able to report that the property is free of rot, infestation or any other structural defects, nor were any tests carried out on any of the services.

Opinion of Value

The valuation certificate has already shown the capital value of the property interests.

Remarks

We enclose herewith the valuation certificate.

Yours faithfully,
for and on behalf of
Lawson David & Sung Surveyors Limited
Sung Tze Wah
F.R.I.C.S., F.H.K.I.S., M.S.I.S.V., R.P.S.(G.P.)
Director

Yours faithfully,
for and on behalf of
Midland Surveyors Limited
Ronald Y F Cheung
BSc(Hons), MHKIS, MRICS, RPS(GP)
Director

Encl.

Note: Mr. Sung Tze Wah of Lawson David & Sung Surveyors Limited is a Chartered Surveyor who has 30 years of post-qualification experience in valuation of all types of properties in Hong Kong, the PRC and Singapore.

Mr. Ronald Y.F. Cheung of Midland Surveyors Limited is a Chartered Surveyor who has extensive experience in valuation of properties in Hong Kong, the PRC and the Asia-Pacific Region.

VALUATION CERTIFICATE

Property interests held by the Company

Property	Description and tenure	Particulars of Occupancy	Capital value in its existing state as at December 12, 2003
1 Marine Parade Central #02-05, #03-01 to #03-09, #04-03 to #04-09, #05-01 to #05-09, #06-01 to #06-09, #07-01 to #07-02, #07-05 to #07-06, #08-01 to #08-03, #09-04 to #09-06, #13-01 to #13-02 and #13-04 to #13-06 Parkway Centre Singapore 449408	<p>Parkway Centre is a 13-storey office building with an L-shaped configuration enclosing an atrium space. A pedestrian bridge on the 2nd storey links the building to an adjacent multi-storey 6 level public car park. The building was Completed in about 1988 with extensive refurbishment conducted in May 2000.</p> <p>The property interests comprises of 50 office units on the 2nd to 9th and 13th storeys of Parkway Centre. The total strata floor area is 4,659 sq.m. or 50,149 sq.ft.</p>	<p>The properties are currently tenanted to independent third parties mainly for office use.</p>	<p>SGD 26,025,000.00</p>

Notes:

- (1) For the property interests the leasehold is for 99 years commencing from 23rd July 1981

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests of Directors in shares of FEC or any of its associated corporations (within the meaning of Part XV of the SFO), which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests which they were taken to have under Section 344 of the SFO) or which were required to be notified to FEC and the Stock Exchange pursuant to the Listing Rules, were as following:

(a) Shares in FEC

Name of Director	Number of Ordinary shares		Total
	Personal Interests	Corporate Interests	
Deacon Te Ken Chiu	9,869,737	108,755,989 (<i>Note 1</i>)	118,625,726
David Chiu	600,395	294,597,229 (<i>Note 2</i>)	295,197,624
Dennis Chiu	8,008	4,956,938 (<i>Note 3</i>)	4,964,946
Ching Lan Ju Chiu	1,128,688	–	1,128,688
Dick Tat Sang Chiu	785,075	–	785,075
Daniel Tat Jung Chiu	36,926	3,877,218 (<i>Note 4</i>)	3,914,144

Notes:

1. These Shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.
2. These Shares are held by Sumptuous Assets Limited, a company controlled by Dato David Chiu.
3. These Shares are held by Chiu Capital N.V., a company controlled by Mr. Dennis Chiu and First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.
4. These Shares are held by First Level Holdings Limited, a company controlled by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu and are entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

- (b) As at the Latest Practicable Date, FEC has not granted to the Directors any share option under the Share option scheme adopted on 28 August, 2002.

(c) Shares in associated corporations

As at the Latest Practicable Date and upon Completion, the interests of Directors in the share capital of the FEC's associated corporations were as follows:

Name of Director	Name of associated corporation	Number of ordinary shares held
Deacon Te Ken Chiu	Far East Technology International Limited	110,926,800 <i>(Note 1)</i>
Ching Lan Ju Chiu	Far East Technology International Limited	6,110,000
David Chiu	Oi Tak Enterprises Limited	250,000
Dennis Chiu	Far East Technology International Limited	47,010,200 <i>(Note 2)</i>
Daniel Tat Jung Chiu	Far East Technology International Limited	41,400,000 <i>(Note 2)</i>

Notes:

1. Includes 6,110,000 Shares held by Madam Ching Lan Ju Chiu, the spouse of Mr. Deacon Te Ken Chiu.
2. Includes 30,400,000 Shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.

Save as disclosed above, none of the Directors and their associated corporations had any interests or short positions in the shares or debentures or underlying shares of FEC or of any of its associated corporations as at the Latest Practicable Date which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests or short positions which they were taken to have under Section 344 of the SFO) or which were required to be notified to FEC and the Stock Exchange pursuant to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following shareholders, other than the interest disclosed above in respect of certain Directors, were interested directly or indirectly in 5% or more of the total issued share capital of FEC and those interests were required to be recorded in the register kept under Section 336 of the SFO.

Name of Shareholder	Number of ordinary share held	%
J.P. Morgan Chase & Co. ("JPMC")	92,770,000	7.99
JP Morgan Chase Bank	31,250,000	2.69
J.P. Morgan Fleming Asset Management Holdings Inc.	61,520,000	5.30
J.P. Morgan Fleming Asset Management (Asia) Inc.	56,637,000	4.88
JF Asset Management Limited	53,137,000	4.58

Notes: According to the notice to FEC from JPMC, as at the Latest Practicable Date, JPMC had interests of 92,770,000 Shares in the Company as an investment manager and 31,250,000 Shares held as a lending pool in other capacity. Among the said interests, 31,250,000 Shares were held by JPMC's wholly-owned subsidiary, JP Morgan Chase Bank. Of the 61,520,000 Shares in J.P. Morgan Fleming Asset Management Holdings Inc., 56,637,000 Shares were held by JP Morgan Fleming Asset Management (Asia) Inc., out of which 53,137,000 Shares were held by JF Asset Management Limited, which was 99.99% owned by J.P. Morgan Fleming Asset Management (Asia) Inc., which was in turn wholly-owned directly by J.P. Morgan Fleming Asset Management Holdings Inc. and indirectly owned by JPMC. The remaining interest of 4,883,000 Shares was held by an indirect subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.

Save for the above interests, the Directors are not aware of any person (other than the Directors) who was, directly or indirectly, interested in at least 5% of the total issued share capital of FEC or had, directly or indirectly, any notifiable short position in the total issued share capital of FEC and those interests of short positions were required to be recorded in the register kept under Section 336 of the SFO as at the Latest Practicable Date.

4. LITIGATION

Neither FEC nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against FEC or any of its subsidiaries.

5. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contracts with FEC or any member of the Group (excluding contracts expiring or determinable by FEC within one year without payment of compensation other than statutory compensation).

6. EXPERTS

- (a) The following are the qualifications of AMS, Lawson David & Sung Surveyors Limited and Midland Surveyors Limited:

Name	Qualification
AMS	A deemed licensed corporation under the SFO
Lawson David & Sung Surveyors Limited and Midland Surveyors Limited	Professional surveyors and valuers

- (b) Each of AMS, Lawson David & Sung Surveyors Limited and Midland Surveyors Limited does not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) AMS, Lawson David & Sung Surveyors Limited and Midland Surveyors Limited have given and have not withdrawn their respective written consents to the issue of this document with the inclusion of and references to their respective names and, where relevant, letters and/or valuation certificate in the form and context in which they respectively appear.

- (d) The letter and recommendation of AMS are given as of the date of this circular for incorporation herein.

7. MISCELLANEOUS

- (a) The secretary of FEC is Mr. Kwok Wor Chow, FCS, FHKSA.
- (b) The registered office of FEC is at P.O. Box 1043, Ground Floor, Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 September, 2003, the date to which the latest published audited accounts of FEC were made up.
- (d) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the experts whose names are listed in the paragraph headed “Experts” in this appendix had any direct or indirect material interest in any assets acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group since 30 September, 2003, being the date to which the latest published audited accounts of FEC were made up.
- (e) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements which were subsisting at the Latest Practicable Date and were significant in relation to the business of the Group.
- (f) The English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of FEC at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong during normal business hours on any weekday, except public holidays, from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) the letter of advice from AMS as set out in this circular;
- (b) the written consent from AMS referred to in paragraph 6(c) of this appendix;
- (c) the Sale and Purchase Agreement;
- (d) property valuation report by the Valuer; and
- (e) the written consent from the Valuer referred to in paragraph 6(c) of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the above mentioned company (the “Company”) will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, on 10 February, 2004 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolution:

ORDINARY RESOLUTION

THAT:

the agreement dated 22 December, 2003 (“Agreement”) between, (1) the companies named as the FET Shares Vendors; (2) the parties named as the FET Shares Purchasers; (3) Far East Technology International Limited (“FET”); (4) Dennis Chiu Tat Shing (“DC”); (5) Smartland Assets Limited; and (6) the Company, a copy of which has been tabled at the meeting and signed by the Chairman of the meeting for the purpose of identification, whereby, inter alia, FET and DC agreed to sell to Smartland Assets Limited the entire issued share capital of Tang City Properties Pte Ltd for a total consideration of SGD1 in cash and in kind by procuring the Refinancing pertaining to Parkway of SGD25 million (equivalent to approximately HK\$112.5 million), be and is hereby approved and the directors of the Company be and are hereby authorized to approve any amendment to the said agreement, to implement the transactions contemplated by the said agreement (subject to any amendments as may be approved by the directors of the Company) and take all necessary actions in relation thereto to give effect to the Agreement and to approve the Acquisition.

By order of the Board
Kwok Wor Chow
Company Secretary

Dated 16 January, 2004

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Company’s principal office at 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong not later than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude shareholders from attending the meeting and voting in person.
3. A form of proxy for use at the Meeting is enclosed.
4. In the case of joint holders of any share, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share, but if more than one of such joint holders be present at the Meeting either personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of joint holders.