



## FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

### PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES AND RESUMPTION OF TRADING OF SHARES

On 3 September, 2003, Vendor A and Vendor B (which together with the Chiu family presently holds 41.04% of the issued shares of the Company) and the Placing Agent have signed the Agreement whereby Vendor A and Vendor B have agreed to place through the Placing Agent respectively 55,000,000 and 110,000,000 existing Shares of HK\$0.10 each in the share capital of the Company currently held by the Vendors at a price of HK\$1.20 per Placing Share to independent investors on an underwritten basis. Subject to the fulfillment of certain conditions as stipulated in the Agreement, the Vendors have also agreed to subscribe for the same amount of new Shares as are sold through the Placing at the same price as the Placing and the Vendors' percentage interest in the Company before and after the Placing will be varied. Vendor A is a company controlled by members of the Chiu Family of which Mr. Deacon Chiu is a director and through which he currently has a total interest (including corporate and personal) of approximately 11.82% share interest in the Company. Vendor B is a company controlled by Mr. David Chiu and through which he currently has a total interest (including corporate and personal) of approximately 28.53% in the Company. The aggregate holding of the Chiu Family in the Company is currently 41.04% approximately.

The Placing Shares represent approximately 16.75% of the existing issued share capital of the Company. Following the completion of the Placing, the total interest of Mr. Deacon Chiu and Mr. David Chiu will be decreased from 11.82% to 6.24% and from 28.53% to 17.36% respectively and the aggregate holding of the Chiu Family in the Company will be decreased from 41.04% to 24.29%.

Following the completion of the Placing and Subscription, the total interest of Mr. Deacon Chiu and Mr. David Chiu in the Company will be increased from 6.24% to 10.13% and from 17.36% to 24.43% respectively and the aggregate holding of the Chiu Family in the Company will be increased from 24.29% to 35.15%. Save as aforesaid, there are no other concert parties.

The net proceeds from the Subscription is approximately HK\$193,400,000 and HK\$58,000,000 will be used for repayment of existing loans of the Company and the balance of HK\$135,400,000 will be used as general working capital.

At the request of the Company, trading of the Company's shares has been suspended since 9.30 am on 3 September, 2003 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading of its shares commencing from 9.30 am on 5 September, 2003.

#### PLACING AND SUBSCRIPTION AGREEMENT DATED 3 SEPTEMBER, 2003 (THE "AGREEMENT") OF THE COMPANY

##### The Placing

##### Vendors:

Far East Intercontinental Limited ("Vendor A")  
Sumptuous Assets Limited ("Vendor B").

Vendor A is a company controlled by members of the Chiu Family of which Mr. Deacon Chiu is a director and through which he currently has a total interest (including corporate and personal) of approximately 11.82% share interest in the Company. Vendor B is a company controlled by Mr. David Chiu and through which he currently has a total interest (including corporate and personal) of approximately 28.53% in the Company. The aggregate holding of the Chiu Family in the Company is currently 41.04% approximately. The Chiu Family comprise of Mr. Deacon Te Ken Chiu, his wife, Ching Lan Ju Chiu and the following members. Namely, David Chiu, Dennis Chiu, Dick Tat Sang Chiu and Daniel Tat Jung Chiu.

##### Placing Agent:

Deutsche Bank AG, Hong Kong Branch (the "Placing Agent"), who is not a connected person as defined under the Listing Rules.

##### Number of existing Shares to be placed:

The total number of shares of HK\$0.10 each (the "Shares") of Far East Consortium International Limited (the "Company") to be placed by Vendor A and Vendor B is 55,000,000 Shares and 110,000,000 Shares respectively (the "Placing Shares"). The Placing Shares represent approximately 16.75% of the Company's existing issued share capital.

##### Placement to:

More than six independent institutional investors (the "Placees").

##### Independence of Placees and Placing Agent:

The Placing Agent and the Placees and their respective beneficial owners and parties acting in concert with them are not connected persons of the Company as defined under the Listing Rules and not acting in concert with the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, the Vendors or any of their respective associates or any of them.

##### Placing Price:

HK\$1.20 per Placing Share.

The Placing Price was agreed after arm's length negotiations between the Company, the Vendors and the Placing Agent and represents a discount of approximately 7.7% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 September, 2003 and represents a premium of approximately 17.07% to the average closing price of HK\$1.025 per Share of the ten trading days ended 2 September, 2003 as quoted on the Stock Exchange.

##### Rights:

The Placing Shares will be sold free of any third party rights, charges, equities and encumbrances. The Placees will be entitled to all future dividends and distributions after completion of the Placing except that they will not be entitled to the final dividend for the year ended 31 March 2003 as declared by the Company on 25 July 2003 (the "Final Dividend").

##### Placing and Underwriting

The Placing Agent undertakes to procure purchasers for, or failing which to purchase itself all of the Placing Shares.

##### Conditions of the Placing:

The Placing is unconditional.

##### Completion of the Placing:

Completion of the Placing is expected to be on 5 September, 2003.

##### The Subscription

##### Subscriber:

Vendor A

Vendor B

##### Number of new Shares to be subscribed for:

The total number of Shares to be subscribed by Vendor A and Vendor B is 55,000,000 and 110,000,000 Shares respectively (the "Subscription Shares"), being the same amount of Shares sold by the Vendors under the Placing. The Subscription Shares represent approximately 16.75% of the existing issued share capital of the Company and approximately 14.35% of the issued share capital of the Company as enlarged by the Subscription.

##### Subscription Price:

HK\$1.20 per Subscription Share.

The Company will pay the costs and expenses in connection with the Placing and the Subscription. The estimated expenses for the Placing and the Subscription will be approximately HK\$4,600,000.

##### General mandate to issue the Subscription Shares:

The Subscription Shares will be issued and allotted under the general mandate granted to the Directors of the Company at the annual general meeting of the Company held on 29 August 2003.

##### Ranking of the Subscription Shares:

The Subscription Shares, when fully-paid and issued, will rank pari passu in all respects with the existing issued Shares except that they will not be entitled to the Final Dividend.

##### Conditions of the Subscription:

The Subscription is conditional upon:

- completion of the Placing having occurred pursuant to the terms of the Agreement;
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares to be issued under the Subscription;
- the Executive granting a waiver to the Vendors from any obligation to make a general offer under Rule 26 of the Takeovers Code arising pursuant to the Vendors entering into this Agreement.

Neither the Company nor the Vendors will waive the condition referred to in (c) above. In the event of the conditions above not being fulfilled by 17 September, 2003 or such other date as the Company and the Vendors may agree, the obligations of the Company and the Vendors in respect of the Subscription shall terminate.

Application will be made to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares. Application by the Vendors will be made to the Executive for the waiver. If the listing of the Subscription Shares and the grant of the waiver is not granted, the Subscription will not proceed.

Unless agreed in writing between the Company and the Vendors, the Subscription is scheduled to be completed on or before 17 September, 2003, being 14 days from the date of the Agreement. If the Subscription is completed after this date, the Subscription will constitute a connected transaction and the Company will fully comply with the requirements of Chapter 14 of the Listing Rules in such event.

#### EFFECTS ON SHAREHOLDING

The Shareholding of the Vendors before and after the Placing and the Subscription are and will be as follows respectively:

| Placces   | Percentage Shareholding in the Company (Note)   |        |        |
|---|---|--------|--------|
|   | Chiu Family<br>(including the Vendors,<br>their associates<br>and parties acting in<br>concert) |        | Public |
| Immediately before the Placing and the Subscription   | 0   | 41.04% | 58.96% |
| Immediately after the Placing but before the Subscription   | 16.75%  | 24.29% | 58.96% |
| Immediately after the Placing and the Subscription (assuming fulfillment of the aforesaid conditions) | 14.35%  | 35.15% | 50.50% |

  

| Placces   | No. of Shares in the Company held by (Note)  |             |             |
|---|--|-------------|-------------|
|   | Chiu Family<br>(including the Vendors,<br>their associates and<br>parties acting in concert) |             | Public      |
| Immediately before the Placing and the Subscription   | 0  | 404,328,927 | 580,805,385 |
| Immediately after the Placing but before the Subscription   | 165,000,000  | 239,328,927 | 580,805,385 |
| Immediately after the Placing and the Subscription (assuming fulfillment of the aforesaid conditions) | 165,000,000  | 404,328,927 | 580,805,385 |

Note: The figures assume that other than the Subscription Shares, no new Shares are issued or no existing Shares are purchased by the Company and other than the Placing Shares, no Shares are sold or purchased by the Vendors or the associates of and parties acting in concert with the Vendors, in each case after the date of this announcement up to the date of completion of the Subscription.

Upon completion of the Placing and Subscription, there will be no new substantial shareholder arising as a result.

#### BUSINESS OF THE GROUP

The Company and its subsidiaries (the "Group") is principally engaged in property investment and development, investment holding, securities trading, hotel operations and manufacture of boiler products.

#### REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Placing and the Subscription will broaden the shareholders base and the capital base of the Company. The net proceeds from the Subscription is approximately HK\$193,400,000. The Company intends to use HK\$58,000,000 from the Subscription for repayment of existing loans of the Company and balance of HK\$135,400,000 will be used as general working capital. At present, there is no other specific plan in mind.

#### RESUMPTION OF TRADING

At the request of the Company, trading of the Company's shares has been suspended since 9.30 am on 3 September, 2003 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading of its shares commencing from 9.30 am on 5 September, 2003.

#### GENERAL

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

On behalf of the Board  
**David Chiu**  
Deputy Chairman

Hong Kong, 4 September, 2003