



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

DISCLOSEABLE TRANSACTION RESUMPTION OF TRADING

On 29 December 2001, Sunfast Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Through In Industries Limited in relation to the acquisition of 80 per cent. equity interest owned by Through In Industries Limited in the Joint Venture Company. The sole business activity of the Joint Venture Company is the holding, operation and management of Jiao Zuo Dan He Electric Power Generation Co., Ltd., Henan, PRC. The total consideration payable by the Purchaser is HK\$125 million, and will be satisfied by the allotment and issue of a total of 125 million Shares at par.

The Consideration Shares to be issued to the Vendor in aggregate represent about 37.7 per cent. of the issued share capital of the Company as at the date of this announcement, and about 27.4 per cent. of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Company agreed to guarantee the due and punctual performance by Sunfast Limited of all its obligation under the Agreement.

The Agreement constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules. Accordingly, a circular will be sent to its shareholders as soon as practicable.

Trading in the Shares was suspended with effect from 10:00 a.m. on 31 December 2001 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares commencing from 10:00 a.m. on 4 January 2002.

Parties to the Agreement dated 29 December 2001

Vendor : Through In Industries Limited, a company incorporated in Hong Kong and its principal activities are property investment in Hong Kong.

It is owned as to 45% by China Henan Electric Power Development Company, as to 40% by Henan Hongkong Enterprises Limited, as to 5% by Hao Zheng Shan, as to 5% by Li Jugen and as to 5% by Hu Guodong. Each of them has no prior shareholding in the Company.

Purchaser : Sunfast Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

Purchaser's Guarantor : the Company.

Each of the Vendor, its ultimate beneficial owners and the Joint Venture Company is an independent third party not connected with any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates for the purposes of the Listing Rules.

The Company agreed to guarantee the due and punctual performance by Sunfast Limited of all its obligation under the Agreement.

Asset to be acquired

By the Agreement, the Sale Equity, being the equity interest in the capital of the Joint Venture Company legally and beneficially owned by the Vendor comprising as at the date of the Agreement 38 per cent. and on Completion 80 per cent. of the entire registered capital of the Joint Venture Company, would be acquired by the Purchaser.

The Joint Venture Company is currently owned as to 10 per cent. by 河南省電力公司 (Electric Power of Henan), as to 10 per cent. by 河南省博愛縣電力開發公司 (Bo Ai Electric Power Development Co., Ltd.), as to 42 per cent. by 漯河銀鶴制漿造紙股份有限公司 (Luo He Yingge Paper Manufacturing Co., Ltd.) and as to 38 per cent. by the Vendor. Under the terms of the Agreement, the Vendor will sell the First Sale Equity to the Purchaser and acquire the Second Sale Equity from 漯河銀鶴制漿造紙股份有限公司 and then sell it to the Purchaser within 60 days from the signing of the Agreement. Each of the PRC parties is an independent third party not connected with any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates for the purposes of the Listing Rules.

The sole business activity of the Joint Venture Company is the holding, operation and management of Jiao Zuo Dan He Electric Power Generation Co., Ltd., Henan (the "Power Plant"). The Power Plant commenced business since December 1998. It produces electricity through two 100MW high voltage electric generator and sells the electricity to 河南省電力公司, the electric company authorized by the local government, which in turn distributes electricity to end users in the Henan province, the PRC. As shown in its audited accounts for the year ended 31 December 2000 and 31 December 1999, its net profits after taxation and extraordinary items and its net asset value are stated as follows:

	1999 'million	2000 'million
Net profits in RMB (equivalent to approximately HK\$)	18.9 18.1	14.9 14.3
Net asset value in RMB (equivalent to approximately HK\$)	148.6 142.9	137.9 132.6

According to the terms of the Joint Venture Company (which are for 15 years from 1998), the PRC parties and the Vendor share profits and assets in accordance with their respective equity interest in the Joint Venture Company.

Consideration

A total of HK\$125 million which was arrived at and based on arm's length negotiations between the parties to the Agreement having regard to the net asset value of the Power Plant.

The consideration is to be satisfied by the issue and allotment of the Consideration Shares, credited as fully paid at the issue price of HK\$1.00 each, to the Vendor (or its nominee(s)). The price per Consideration Share of HK\$1.00 represents (i) the par value of the Share; (ii) a premium of approximately 270.37 per cent. over the closing price of HK\$0.27 as quoted on the Stock Exchange on 28 December 2001, being the last trading day of the Shares immediately before the date of this announcement; and (iii) a premium of about 271 per cent. over the average closing price of HK\$0.2695 as quoted on the Stock Exchange for the ten trading days ended on 28 December 2001.

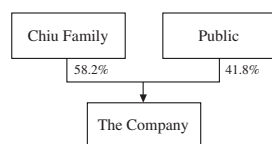
The Consideration Shares represent about 37.7 per cent. of the existing issued share capital of the Company of 331,668,905 as at the date of this announcement, and about 27.4 per cent. of its share capital as enlarged by the issue of the Consideration Shares.

The Consideration Shares when issued, will rank pari passu in all respect with the existing Shares on the date of issue of the Consideration Shares.

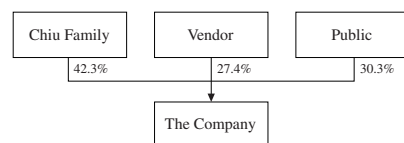
Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Shareholding structure of the Company before and after Completion

Before Completion



After Completion



Conditions precedent

- the completion of a financial, legal and operational due diligence review on the Joint Venture Company by the Purchaser to its reasonable satisfaction by the Condition Date;
- the execution of an agreement in Chinese in a form to the reasonable satisfaction of the Purchaser within 21 days from the date of the Agreement in respect of the transfer of the Sale Equity by the Vendor to the Purchaser and the waiving of any pre-emption rights as the other parties to the Joint Venture Company may have;
- the necessary resolutions having been passed in the EGM to approve, inter alia, the Agreement;
- the granting to the Vendor by third parties all necessary consent in respect of the transactions contemplated in the Agreement;
- the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- the listing status of the Shares not being withdrawn and trading of the Shares not being suspended for more than 14 consecutive days (excluding any suspension for the purposes of obtaining clearance from the Stock Exchange of this announcement);
- the issue of a legal opinion prepared by a law firm practicing PRC laws (in form and substance reasonably satisfactory to the Purchaser) confirming that:
 - the Joint Venture Company is properly and duly registered under the Laws of the PRC;
 - the approval by the relevant PRC government of the establishment/ re-registration of the Joint Venture Company as an equity joint venture pursuant to the Laws of the PRC on Chinese-Foreign Equity Ventures (中華人民共和國中外合資經營企業法);

- the Joint Venture Company is legally entitled to carry out the scope of business described in its Business Licence and in particular the right to hold, operate and manage the Power Plant;
- the Joint Venture Company is the sole legal and beneficial owner of the Power Plant;
- the acquisition of the Second Sale Equity by the Vendor are in compliance with the laws of the PRC; and
- the Vendor is the legal and beneficial owner of the First Sale Equity.

(8) the production by the Vendor of a valuation report to be compiled by a competent and independent valuation company confirming the Power Plant being valued at not less than HK\$125 million; and

(9) the Vendor being able to acquire the Second Sale Equity from 漯河銀鶴制漿造紙股份有限公司 and to be able to sell it to the Purchaser within 60 days from the signing of the Agreement.

Completion of the Agreement shall take place 7 Business Days after all of the above conditions precedent have been fulfilled, unless waived by the Purchaser (in respect of conditions (1), (2), (7) and (8) above only) or by the Vendor (in respect of condition (6) above only), which is expected to be on or before 8 March 2002 or such later date as the parties to the Agreement may agree in writing.

If the above conditions precedent are not fulfilled on or before the Condition Date, the Agreement shall terminate and none of the parties to the Agreement shall have any claim against the other party save for antecedent breaches.

Under the Agreement, the Company would be entitled to nominate 5 out of 7 directors to the board of the Joint Venture Company and the Vendor intends to appoint three non-executive directors to the board of Directors upon Completion.

Reasons for the Transaction

The principal activities of the Company are property trading and financial investment, entertainment and leisure business, and merchandise manufacturing and trading. As indicated in the Company's annual report 2000 and its interim report 2001, the Company and its subsidiaries will further consolidate its business activities and continue to pursue new investment opportunities, especially with better growth potential in the PRC. The Directors consider that it will be in the best interests of the Company to diversify into other areas with better prospects and stable return after the PRC's entry into the World Trade Organisation viewing that the demand for the electricity will be increased as a result of the good impacts on the PRC's industries. The issue of the Consideration Shares would enable the Group to acquire assets without incurring any immediate cash outlay, and to broaden its shareholder base.

The Directors consider that the Agreement has been entered into on normal commercial terms and that the terms of the Agreement are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

General

The Agreement constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules. Accordingly, a circular and the notice of the EGM to be convened to consider and approve, among other matters, the Agreement will be sent to its shareholders as soon as practicable.

Trading in the Shares was suspended with effect from 10:00 a.m. on 31 December 2001 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares commencing from 10:00 a.m. on 4 January 2002.

Definitions

In this announcement, the expressions below have the meanings assigned to them in the Agreement, in particular:

"Agreement"	means the agreement entered into by the Vendor, the Purchaser and the Company in relation to the acquisition of 80 per cent. equity interest in 焦作丹河發電有限公司 (Jiao Zuo Dan He Power Generation Co., Ltd) dated 29 December 2001;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Business Day"	has the meaning ascribed to it under the Listing Rules;
"Chiu Family"	means Mr. Deacon Te Ken Chiu, the Chairman of the Company, Messrs. Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Duncan Chiu and Ms. Margaret Chiu, all being Directors;
"Company"	means Far East Technology International Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
"Completion"	means completion of the Agreement;
"Condition Date"	means 27 February 2002, the sixtieth day after the signing of the Agreement or such other date as shall be agreed by the parties to the Agreement;
"Consideration"	means an aggregate consideration of HK\$125 million for the Sale Equity, to be satisfied by the issue and allotment of the Consideration Shares;
"Consideration Shares"	means 125 million Shares to be issued in full settlement of the Consideration;
"Directors"	means the directors of the Company;
"EGM"	means an extraordinary general meeting of the Company to be convened to consider and approve, among other matters, the Agreement;
"First Sale Equity"	means the existing equity in the Joint Venture Company currently owned by the Vendor comprising 38 per cent. of the entire registered capital of the Joint Venture Company;
"HK\$" / "Hong Kong"	means the lawful currency of Hong Kong; / means the Hong Kong Special Administrative Region of the PRC;
"Joint Venture Company"	means 焦作丹河發電有限公司 (Jiao Zuo Dan He Power Generation Co., Ltd), a sino-foreign equity joint venture company established under the laws of the PRC pursuant to an equity joint venture contract and articles first made on 18 April 1998 and subsequently amended on 8 September 1999 and between the Vendor and the PRC Parties;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	means the People's Republic of China;
"PRC Parties"	means 河南省電力公司 (Electric Power of Henan), 河南省博愛縣電力開發公司 (Bo Ai Electric Power Development Co., Ltd.) and 漯河銀鶴制漿造紙股份有限公司 (Luo He Yingge Paper Manufacturing Co., Ltd.);
"Purchaser"	means Sunfast Limited, a company incorporated in the British Virgin Islands and wholly-owned by the Company;
"RMB"	means the lawful currency of the PRC (where applicable, was converted into HK\$ for the sole purpose of reference at a rate of RMB1.04 per HK\$1.00);
"Sale Equity"	means the equity interest in the capital of the Joint Venture Company legally and beneficially owned by the Vendor comprising as at the date of the Agreement 38 per cent. and on Completion 80 per cent. of the entire registered capital of the Joint Venture Company;
"Second Sale Equity"	means the existing equity in the Joint Venture Company owned by 漯河銀鶴制漿造紙股份有限公司 (Luo He Yingge Paper Manufacturing Co., Ltd.) and to be acquired by the Vendor prior to Completion comprising 42 per cent. of the entire issued registered capital of the Joint Venture Company;
"Share(s)"	means ordinary share(s) of par value HK\$1.00 each in the capital of the Company;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited; and
"Vendor"	means Through In Industries Limited, a company incorporated in Hong Kong.

By Order of the Board of
FAR EAST TECHNOLOGY INTERNATIONAL LIMITED
Duncan Chiu
Joint Managing Director

Hong Kong SAR, 3 January 2002