



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)
(Website: <http://www.fet.com.hk>)
(Stock Code: 36)

DISCLOSEABLE TRANSACTION DISPOSAL OF 65% EQUITY INTEREST IN WUXI CHEERMAN PROPERTY COMPANY LIMITED

On 28th May, 2006, the China Entertainment (Jiagsu) Development Limited entered into the Share Transfer Agreement with the 無錫市新業建設發展公司 for the disposal of 65% equity interest in Wuxi Cheerman Property Company Limited. The consideration for the Disposal is RMB15,500,000 and shall be payable in cash on completion date.

The transaction contemplated under the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular in connection with the Disposal will be despatched to the shareholders of the Company as soon as practicable.

SHARE TRANSFER AGREEMENT

Date of the Agreement: 28th May, 2006

Transferor: China Entertainment (Jiagsu) Development Limited, a wholly-owned subsidiary of the Company, holds 65% equity interest in Wuxi Cheerman Property Company Limited.

Transferee: 無錫市新業建設發展公司

Interest to be transferred: 65% equity interest in Wuxi Cheerman Property Company Limited.

Consideration: the consideration of RMB15,500,000 shall be payable in Cash and the consideration was determined after arm's length negotiations between the Transferor and the Transferee by reference to the net assets of Wuxi Cheerman as stated in the audited balance sheet as at 31st December, 2005.

Conditions precedent: (i) the results of the assets valuation of Wuxi Cheerman as of 28th May, 2006 having been filed with and recorded at the PRC State-owned Assets Supervision and Administration authority; and
(ii) approval having been obtained from PRC State-owned Assets Supervision and Administration authority confirming that the 65% equity interest in Wuxi Cheerman shall be transferred to the Company by way of the Share Transfer Agreement.

In the event that any of the above conditions is/are not fulfilled by 9th September, 2006, the Transferor and the Transferee shall be entitled to terminate the Share Transfer Agreement.

Payment terms: (i) RMB10 million shall be payable in cash within 3 days after the conditions precedent have been fulfilled; and
(ii) the balance of RMB5.5 million shall be payable in cash within 3 days after completion of the relevant industry and commence registration in the PRC required in respect of the Share Transfer Agreement.

VALUE OF THE EQUITY INTEREST TO BE DISPOSED OF AND BASIS OF NEGOTIATION

(a) Value

Value of the assets to be disposed of is approximately HK\$1.58 million comprises of:

- (i) Approximately HK\$6.48 million being the carrying amount of 65% interest in Wuxi Cheerman; and
- (ii) Approximately HK\$4.9 million being the share of post-acquisition loss and net of dividends received.

(b) Basis upon which the consideration was determined

The consideration for the disposal was arrived at after arm's length negotiations between the parties involved, by reference to the total of HK\$11.2 million being the then acquisition cost of 65% interest in Wuxi Cheerman completed in April, 1996 and also by reference to approximately HK\$15.73 million being the net asset value of Wuxi Cheerman's audited balance sheet at 31st December, 2005.

(c) The gain on disposal expected to accrue to the Company

The gain on disposal expected to accrue to the Company would be approximately HK\$13.32 million (that is the consideration of HK\$14.9 million less the value of the assets to be disposal of approximately HK\$1.58 million).

INFORMATION ON THE COMPANY

The Company acts as an investment holding company. The principal activities of its subsidiaries, associates and a jointly controlled entity are information technology, manufacturing and trading of garment and commodity concrete. Investment in properties for rental purpose, property development and investment in securities.

INFORMATION ON THE TRANSFEE

The Transferee is an investment holding company and incorporated in the PRC. The Directors confirm that to the best of their knowledge information and belief having made all reasonable enquiry, the Transferee and the ultimate beneficial owner of the Transferee are third parties independent of the Company and connected persons of the Company.

INFORMATION ON WUXI CHEERMAN

Wuxi Cheerman Property Co. Ltd ("Wuxi Cheerman"), a joint venture registered and engaged in letting of properties in the PRC. Under a joint venture agreement, Wuxi Cheerman is jointly controlled by the Group and another PRC joint venture partner.

The audited net (loss)/profit before/after taxation and net assets value of Wuxi Cheerman for the year ended 31st December, 2005 and 31st December, 2004 respectively were as follows:

	31.12.2005	31.12.2004
	RMB	RMB
Net (loss)/profit before taxation	(1.96 million)	0.08 million
Net (loss)/profit after taxation	(1.96 million)	0.05 million
Net assets value	16.36 million	18.30 million

REASONS FOR AND BENEFITS OF THE DISPOSAL

It is the intention of the Group to focus on its core businesses including the development of its information technology and industrial manufacturing. As (i) Wuxi Cheerman is not considered as a core business to the Group, and (ii) Wuxi Cheerman has suffered loss in 2005, it is in the interest of the Company to dispose of it.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

The Group intends to retain the sale proceeds resulting from the Disposal as general working capital.

GENERAL INFORMATION

The transaction contemplated under the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular in connection with the Disposal will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

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

"Board"	the board of directors of the Company;
"Company"	Far East Technology International Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange;
"Disposal"	the disposal by the China Entertainment (Jiagsu) Development Limited of a 65% equity interest in Wuxi Cheerman Property Company Limited to 無錫市新業建設發展公司 pursuant to the Share Transfer Agreement;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"Share Transfer Agreement"	the conditional agreement dated 28th May, 2006 between the Transferor and the Transferee for the Disposal;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transferee"	無錫市新業建設發展公司, a company incorporated in the PRC;
"Transferor"	China Entertainment (Jiagsu) Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It holds 65% equity interest in Wuxi Cheerman Property Company Limited; and
"Wuxi Cheerman"	Wuxi Cheerman Property Co Ltd, a joint venture registered and engaged in letting of properties in the PRC.

By Order of the Board
Far East Technology International Limited
Duncan Chiu
Managing Director and Chief Executive Officer

Hong Kong, 9th June, 2006

As at the date of this announcement, the executive directors are Mr. Deacon Te Ken Chiu, Mr. Duncan Chiu and Mr. Dennis Chiu, the non-executive directors are Tan Sri Dato David Chiu, Mr. Daniel Tat Jung Chiu, Mr. Derek Chiu, Mr. Desmond Chiu and Ms. Margaret Chiu; and the independent non-executive directors are Dr. Lee G. Lam, Ryan Yen Hwung Fong and Mr. Hing Wah Yim.