



FAR EAST HOTELS AND ENTERTAINMENT LIMITED

遠東酒店實業有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0037)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY**

The Board announces that on 11 December 2004, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser will acquire from the Vendor the Property for a purchase price of HK\$18,500,000. The Purchase Price was determined after arm's length negotiation and was based on normal commercial terms.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, details of the Provisional Sale and Purchase Agreement and the Acquisition will be sent to the shareholders of the Company in accordance with the requirements of the Listing Rules.

The Board announces that on 11 December 2004, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendor in relation to the Acquisition for a purchase price of HK\$18,500,000.

Provisional Sale and Purchase Agreement

- Date :** 11 December 2004
- Parties :** (a) Vendor: Yue Sun Cutting Factory Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent third parties and not connected persons of the Company.
- (b) Purchaser: Kingwell Century Limited, a wholly-owned subsidiary of the Company, or its nominee

Sale and purchase :

Pursuant to the Provisional Sale and Purchase Agreement, the Vendor shall sell and the Purchaser shall purchase the Property upon the terms contained therein. The Vendor and the Purchaser shall enter into the Formal Agreement on or before 24 December 2004.

Property :

The property is situate at Duplex No. 1 on 1st Floor and 2nd Floor with garden and rear open yard of House 15 (Dynasty Villa 6) and car parking space No. 202 on carpark level, Dynasty Heights, No. 2 Yin Ping Road, Kowloon, Hong Kong.

Purchase Price :

The Purchase Price is HK\$18,500,000.

The Purchase Price was determined after arm's length negotiation between the Purchaser and the Vendor, an independent third party. There was no independent valuation conducted on the Property.

Terms of Payment :

- (a) an initial deposit of HK\$925,000 was paid by the Purchaser to the Vendor upon the signing of the Provisional Sale and Purchase Agreement;
- (b) a further deposit of HK\$925,000 will be paid by the Purchaser to the Vendor upon the signing of the Formal Agreement, which is expected to be on or before 24 December 2004; and
- (c) the balance of the Purchase Price of HK\$16,650,000 will be paid by the Purchaser on or before completion of the Acquisition.

Completion :

Completion of the sale and purchase of the Property shall take place on or before 8 April 2005. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

Reasons for the Acquisition

In view of the recent property market conditions, the Directors consider that the Acquisition is a sound investment opportunity for the Group and as the Group currently intends to lease out the Property, the Acquisition represents a stable rental income source. The Directors believe the Acquisition, which is a medium to long term investment, will improve the Group's operating performance and widen its asset base as well as its earnings base.

General

The principal business activities of the Group are hotel operation, property rental, securities trading, loan financing and investment holding.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquires, the principal business activity of the Vendor is investment holding.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is on normal commercial terms which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, details of the Provisional Sale and Purchase Agreement and the Acquisition will be sent to the shareholders of the Company in accordance with the requirements of the Listing Rules.

DEFINITIONS

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

"Acquisition"	the acquisition of the Property by the Purchaser
"Board"	the board of Directors
"Company"	Far East Hotels and Entertainment Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Formal Agreement"	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
"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
"Property"	Duplex No. 1 on 1st Floor and 2nd Floor with garden and rear open yard of House 15 (Dynasty Villa 6) and car parking space No. 202 on carpark level, Dynasty Heights, No. 2 Yin Ping Road, Kowloon, Hong Kong
"Provisional Sale and Purchase Agreement"	the provisional sale and purchase agreement dated 11 December 2004 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
"Purchase Price"	the purchase price of HK\$18,500,000 for the Property
"Purchaser"	Kingwell Century Limited, a wholly-owned subsidiary of the Company, or its nominee
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Yue Sun Cutting Factory Limited, being an independent third party and not a connected person of the Company

On behalf of the Board
Derek Chiu
Managing Director and Chief Executive

Hong Kong, 16 December 2004

As at the date of this announcement, the executive Directors are Mr. Deacon Te-ken Chiu, Mr. Derek Chiu, Mr. Desmond Chiu, Ms. Margaret Chiu; the non-executive Directors are Mrs. Chiu Ju Ching-lan, Mr. Dick Tat-sang Chiu, Mr. David Tat-cheong Chiu, Mr. Dennis Tat-shing Chiu, Mr. Duncan Chiu; the independent non-executive Directors are Mr. Ip Shing-hing, Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond; and the alternate Directors are Mr. Chan Chi-hing (alternate Director to Mr. Deacon Te-ken Chiu) and Mr. Tang Sung-ki (alternate Director to Mr. Desmond Chiu).