



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

DISCLOSEABLE TRANSACTION INVOLVING NEW ISSUE OF SHARES RESUMPTION OF TRADING OF THE COMPANY'S SHARES

The Directors are pleased to announce that the Company has entered into an agreement on 9 April 2001 with the Sellers to acquire 49 per cent. of the issued share capital of Asian Mark and the pro-rata directors' advances to Asia Continental at a total consideration of HK\$196 million. The sole business of Asia Continental is the acquisition of an oil exploration right over an area in Ningxia, Hui Autonomous Region, PRC. The Consideration shall be satisfied as to HK\$137 million by the transfer of the Disposed Assets which consist of 95 per cent. of the issued capital of TDC and a shareholder's loans of S\$51.2 million as at 31 March 2001 advanced to TDC and as to HK\$59 million by the allotment and issue of 59,000,000 Consideration Shares at par of HK\$1.00 each to the Sellers. Terms of the Agreement have been determined after arm's length negotiations and the Directors consider that the Transaction is in the interest of the Company.

The Agreement constitutes a discloseable transaction for the Company pursuant to the Listing Rules. Accordingly, a circular giving more information in relation to the Agreement will be sent to the shareholders of the Company as soon as possible but no later than 24 April 2001.

Trading of the Company's shares has been suspended since 3:35 p.m. on 10 April 2001 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading of its shares commencing from 10:00 a.m. on 17 April 2001.

PARTIES TO THE AGREEMENT DATED 9 APRIL 2001

The Purchaser : the Company which is also the beneficial owner of the Disposed Assets

The Sellers : the beneficial owners of the entire issued share capital in Asian Mark and who, in their capacity as directors of Asia Continental, have advanced a total of RMB\$2 million (equivalent to approx. HK\$1.88 million) to Asia Continental

INFORMATION OF THE SELLERS

Each of the Sellers is independent and is not connected with the directors, chief executives and substantial shareholders of the Company, its subsidiaries or any associates of any of them. Each of the Sellers holds 50 per cent. of the issued share capital in Asian Mark and has no shareholding in the Company as at the date of this announcement.

THE TRANSACTION

The Company will acquire the Acquired Assets from the Sellers at a total consideration of HK\$196 million which is to be satisfied as to HK\$137 million by the transfer of the Disposed Assets and as to HK\$59 million by the allotment and issue of 59,000,000 Consideration Shares at par of HK\$1.00 each to the Sellers in equal proportion upon Completion. The Consideration Shares will be issued pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 27 June 2000. Such mandate is valid and subsisting and has not been revoked.

The issue price of HK\$1.00 per Consideration Share represents a premium of approx. 316.7 per cent. to the closing price of the Company's shares of HK\$0.24 each as recorded on 9 April 2001 being the last trading day prior to the suspension in trading in its shares and a premium of approx. 291.8 per cent. to the average of the closing prices of the Company's shares of HK\$0.2552 in the last ten trading days ended 9 April 2001. The 59,000,000 Consideration Shares are equivalent to approx. 17.8 per cent. of the existing issued share capital of the Company and upon the allotment and issue of the Consideration Shares on Completion, approx. 15.1 per cent. of the enlarged issued capital of the Company. As the allotment and issue of the Consideration Shares to the Sellers will be in equal proportion, none of the Sellers will become a substantial shareholder of the Company upon Completion and the Sellers have not requested for the appointment of directors to the board of Directors.

THE ACQUIRED ASSETS

The Acquired Assets consist of 49 per cent. of the issued capital of Asian Mark, together with the pro-rata directors' advances of RMB0.98 million (equivalent to approx. HK\$0.93 million) owed by Asia Continental to the Sellers. Asian Mark owns the entire issued share capital of Asia Continental. The sole business of Asia Continental is the acquisition of an oil exploration right pursuant to an agreement (the "Mining License Agreement") made between 寧夏回族自治區鹽池縣礦產資源開發辦 and Asia Continental on 20 December 2000. Under the Mining License Agreement, Asia Continental is granted an exploration right over Yen Zhi Oil Field District No. Red 29 (鹽池縣紅29#地區) with an area of approx. 15.2 square kilometers in Ningxia, Hui Autonomous Region, PRC for 15 years from 20 December 2000. Other than the entering into the Mining License Agreement with 寧夏回族自治區鹽池縣礦產資源開發辦, Asia Continental has not conducted any other business. It is intended that Asia Continental will commence drilling operations after Completion. The Company has commenced a financial, operational and legal due diligence review on the business of the Asia Continental to ascertain among others, to ascertain the capital investment, the potential oil reserve, what regulatory approvals are required to operate its business and whether approval is required for the change in shareholding in Asian Mark. The Company will only proceed with Completion if it is satisfied with the results of the due diligence review.

Since Asia Continental only started its operation since 5 May 2000, a loss of approx. HK\$8,000 and a negative net asset value of approx. HK\$8,000 was recorded in its unaudited management accounts for the period from 5 May 2000 to 31 March 2001.

THE DISPOSED ASSETS

The Disposed Assets consist of 95 per cent. of the issued capital of TDC plus the shareholders loans of S\$51.2 million (equivalent to approx. HK\$238.1 million) as at 31 March 2001 advanced by the Company to TDC which, as at 31 December 1999, had an aggregate written down value of approx. HK\$204.9 million. The principal assets of TDC are a receivable of a principal sum of approx. S\$45.5 million (equivalent to approx. HK\$195.7 million) due from Admiralty Leisure Pte. Limited (in liquidation in Singapore) ("AL") and investments in its subsidiaries.

As disclosed in the Company's Annual Report 1999, TDC has entered into an agreement with AL in 1996 in relation to the sale of a leisure-entertainment complex comprising a theme park, a palace in progress and the construction of a hotel (collectively as "Theme Park"). Pursuant to the agreement, the title of the Theme Park had been transferred to AL in 1997. To secure payment of the balance of consideration of approx. HK\$465.4 million, TDC had obtained a mortgage over the Theme Park from AL. In 1999, AL was put under judicial management, the balance of sale consideration remained unpaid and AL went into liquidation in December 2000. In 1999, TDC has lodged a proof of debts of approx. S\$59 million (inclusive of accrued interest) when AL was under judicial management. TDC will be lodging a proof of debt of approx. S\$70 million (inclusive of accrued interest) to the liquidator of AL when it is informed to do so by the liquidator of AL. The Directors are uncertain on the amount ultimately recoverable from AL.

Based on the audited consolidated accounts of TDC as at 31 December 1999 and 31 December 1998, a net loss after extraordinary item of approx. HK\$93.5 million and a net profit after extraordinary item approx. HK\$4,113 were recorded respectively and negative net assets value of approx. HK\$38.4 million and net assets value approx. HK\$55.1 million were recorded respectively.

THE CONSIDERATION

The Consideration has been arrived at after arm's length negotiations having regard to the relative prospects and potential of the Acquired Assets and the Disposed Assets. In determining the purchase price of the Acquired Assets, the Directors have considered the feasibility studies, exploration proposals and geological survey reports of the area covered by the Mining License Agreement provided by the Sellers. It will be supported by a valuation prepared by an independent valuer on the fair market value of the exploration right and business of Asia Continental to be commissioned by the Company and it is one of the conditions of the Agreement that such valuation shall not be less than HK\$400 million as mentioned below. TDC and its subsidiaries have been dormant and their only principal asset is the amount due from AL as mentioned above. The recoverability of the amount due will depend on the available assets and other liabilities of the debtor. The Company considers that the Transaction offer an opportunity to divest of the Disposed Assets and to diversify the business of the Group.

CONDITIONS OF THE AGREEMENT AND THE DATE OF COMPLETION

Completion is subject to the following conditions being satisfied by 23 April 2001 or such later date as shall be agreed by the Company and the Sellers:

- the completion of a legal, operational and financial due diligence review on Asian Mark and its subsidiary to the satisfaction of the Company;
- the completion of a legal, operational and financial due diligence review on TDC and its subsidiaries to the satisfaction of the Sellers;
- the Company obtaining a valuation by an independent valuer appointed by the Company that the oil exploration concession business of Asia Continental shall not be less than HK\$400 million; and

- the Stock Exchange granting the listing of and permission to deal in the Consideration Shares.

Completion shall take place on or before the 5th business day after all the conditions to the Agreement have been satisfied, or such other date as the parties may agree in writing. If the conditions to the Agreement are not satisfied by 23 April 2001 or such later date as shall be agreed by the Company and the Sellers, the Agreement will lapse.

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. The Directors believe that the Transaction presents an excellent opportunity for the Company to invest into the primary industry engaging in the exploration of crude oil in the great north western region of the PRC in line with the recent economic policy in developing the great north western region of the PRC. At present, the Sellers are the only two directors of both Asian Mark and Asia Continental. Under the Memorandum and Articles of Association of Asian Mark, the chairman of the board of directors shall have a casting vote in case of equality of votes, whereas, under the existing Memorandum and Articles of Association of Asia Continental, there is no such power vested in the chairman of the board. After the Transaction, the Company will nominate two directors to Asian Mark and Asia Continental and will further explore other business opportunities in the great north western region of the PRC. It is intended by the Company and the Sellers that Asia Continental will recruit suitable management and/or contractors for the business of Asia Continental.

GENERAL

The Agreement constitutes a discloseable transaction for the Company pursuant to the Listing Rules. Accordingly, a circular giving more information in relation to the Agreement will be sent to the shareholders of the Company as soon as possible but no later than 24 April 2001.

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

Trading of the Company's shares has been suspended since 3:35 p.m. on 10 April 2001 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading of its shares commencing from 10:00 a.m. on 17 April 2001.

DEFINITIONS

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

- "associate(s)" has the meaning ascribed thereto under the Listing Rules
- "Acquired Assets" an aggregate of 490 shares of US\$1.00 each, representing 49 per cent. of the entire issued share capital of Asian Mark and the related pro-rata directors' advance of RMB0.98 million (equivalent to approx. HK\$0.93 million) held in equal proportion by each of the Sellers
- "Agreement" the agreement for the Transaction made between the Company and the Sellers on 9 April 2001
- "Asia Continental" Asia Continental Limited, a company incorporated in Hong Kong on 5 May 2000 and is wholly-owned by Asian Mark
- "Asian Mark" Asian Mark Limited, a company incorporated in British Virgin Islands and is wholly-owned by the Sellers
- "Company" Far East Technology International Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
- "Completion" completion of the Agreement
- "Consideration" the consideration of HK\$196 million for the Transaction
- "Consideration Shares" the ordinary shares of HK\$1.00 each in the share capital of the Company to be issued to the Sellers upon Completion
- "Directors" the directors of the Company
- "Disposed Assets" an aggregate of 23,750,000 shares of S\$1.00 each, representing 95 per cent. of the issued share capital of TDC beneficially owned by the Company and the shareholder's loans advanced by the Company to TDC of approx. S\$51.2 million as shown in its unaudited management accounts as at 31 March 2001 (equivalent to approx. HK\$238.1 million)
- "HK\$" Hong Kong Dollars, the lawful currency of Hong Kong
- "Hong Kong" the Hong Kong Special Administrative Region of the PRC
- "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 (where applicable, was converted into HK\$ for the sole purpose of reference at a rate of RMB1.06 per HK\$1.00)
- "S\$" Singapore Dollars, the lawful currency of the Republic of Singapore (where applicable, was converted into HK\$ for the sole purpose of reference at a rate of S\$0.22 per HK\$1.00, save that the prevailing rates of exchange as at 31 December 1998 and 31 December 1999 were used for the audited accounts of TDC financial years ended 31 December 1998 and 1999)
- "Sellers" the beneficial owners of the entire issued share capital in Asian Mark and who have advanced a total of RMB\$2 million to Asia Continental which is the wholly-owned subsidiary of Asian Mark
- "Stock Exchange" The Stock Exchange of Hong Kong Limited
- "TDC" Tang Dynasty City Pte. Ltd., a company incorporated in the Republic of Singapore in which the Company has a 95 per cent. interest and Mr. Dennis Chiu, Managing Director of the Company, has the remaining 5 per cent. interest
- "Transaction" the acquisition of the Acquired Assets by the Company from the Sellers at the Consideration by the transfer of the Disposed Assets and the allotment and issue of 59,000,000 Consideration Shares

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

Hong Kong, 12 April, 2001