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# FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 36)

## MAJOR TRANSACTION DISPOSAL OF SUBSIDIARY

On 13th November 2006, the Company entered into the Agreement to dispose of the Transferred Interests, representing the Company's entire 90% equity interest in Goldtrack (the remaining 10% equity interest is held by Mr. Wu Hin Ching who is third parties independent of the Company and connected persons of the Company), the principal underlying asset of which is 70% equity interest in Suzhou Goldtract which is currently operating one commodity concrete plant in Suzhou, the PRC. Pursuant to the Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Transferred Interests for a consideration of HK\$1.00.

Upon completion of the Agreement, the Group is expected to realize an estimated gain of approximately HK\$28.99 million (before taxation and expenses).

As the applicable "revenue test" in percentage ratio(s) as defined in the Listing Rules exceed(s) 25% but all percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

No shareholders are required to abstain from voting at the general meeting in respect of the resolution to approve the Disposal and the Company has obtained from the major shareholders which currently holds 60,797,561 shares, representing approximately 55.55% of the issued share capital of the Company, written approval for the Agreement, the Disposal and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for the Company has been approved by way of written shareholders' approval in lieu of holding an EGM of the Company seeking approval from the shareholders.

A circular containing, amongst other things, further details of the Agreement and the Disposal will be dispatched to the shareholders as soon as possible and in accordance with the requirements of the Listing Rules.

The Board announces that on 13th November 2006 the Company entered into the Agreement with the Purchaser.

### THE AGREEMENT

Date of the Agreement: 13th November, 2006

Seller: the Company

Purchaser: Mr. Jason Poh Kai Sing

Transferred Interests: entire 90% equity interest in Goldtrack

Consideration: the consideration of HK\$1.00 shall be payable in cash and the consideration was determined after arm's length negotiations between the Company and the Purchaser by reference to the consolidated net liabilities of Goldtrack Group as stated in the unaudited consolidated balance sheet as at 30th September, 2006.

Payment term: HK\$1.00 shall be payable in cash upon completion of the Agreement

### Conditions and Completion

Completion is subject to fulfillment of the following conditions:

- (i) approval of the Agreement and the transactions contemplated thereunder by the Shareholders in a general meeting as required under the Listing Rules;
- (ii) approval of the Agreement, the Disposal by the respective boards of directors and shareholders of Suzhou Goldtract; and

(iii) receipt of relevant approvals, information and/or confirmations from the Ministry of Commerce of the PRC and the State Administration of Foreign Exchange of the PRC in relation to foreign exchange needs, the Agreement, the Disposal and transactions contemplated under the Agreement.

Completion shall take place within 60 working days following the satisfaction or waiver by the Seller or the Purchaser of the Conditions to which their obligations are subject; provided, however, that if Completion has not occurred by 31 December 2006, then the Agreement shall be terminated automatically and cease to have any effect. Further no party shall have any liability thereunder (but without prejudice to the rights of any party against the others for antecedent breaches of the Agreement).

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

**(a) Value**

Value of the consolidated net liabilities to be disposed of is approximately HK\$28.99 million.

**(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 consolidated net liabilities of Goldtrack Group of HK\$28.99 million being shown in the unaudited consolidated balance sheet as at 30th September 2006.

**(c) The gain on Disposal expected to accrue to the Company**

Upon Completion, a gain of approximately HK\$28.99 million arose on disposal of Goldtrack and its subsidiaries, being the sales proceeds of disposal less the carrying amount of the consolidated net liabilities of Goldtrack Group. Shareholders should note that the actual gain on disposal to be recorded by the Company will depend on the consolidated net liabilities of Goldtrack Group as the Completion Date.

#### **INFORMATION ON THE GROUP**

The Company acts as an investment holding company. The principal activities of its subsidiaries and associates 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 PURCHASER**

The Purchaser is a Singaporean, namely Mr. Jason Poh Kai Sing. Mr. Poh, aged 48, is working as Managing Director in RPC Construction Development (M) Sdn Bhd in Malaysia. He is an associate member of Association of Consulting Engineers Singapore and also an ordinary member of Singapore Concrete Institute. The Directors confirm that to the best of their knowledge information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and connected persons of the Company.

#### **INFORMATION ON GOLDTRACK**

Goldtrack is an investment holding company and a private company incorporated in Hong Kong with limited liability. 90% equity interest of Goldtrack is directly held by the Company and the remaining 10% is held by Mr. Wu Hin Ching who is third parties independent of the Company and connected persons of the Company. Goldtrack, the principal underlying asset of which is 70% equity interest in Suzhou Goldtract Commodity Concrete Company Limited, a sine-foreign joint venture established in PRC which is currently operating one commodity concrete plant in Suzhou, the PRC.

Based on the unaudited consolidated financial statements of Goldtrack Group, which are prepared in accordance with accounting principles generally accepted in Hong Kong, the consolidated net loss (before and after taxation) for the two years ended 31st December 2004, 2005 and nine months ended 30th September 2006 and the consolidated net liabilities of Goldtrack Group as at 31st December 2004, 2005 and 30th September 2006 are as follows:

	<b>For the nine months ended 30.9.2006 (unaudited) HK\$</b>	<b>For the year ended</b>	
		<b>31.12.2005 (unaudited) HK\$</b>	<b>31.12.2004 (unaudited) HK\$</b>
Net loss before taxation	2.87 million	2.61 million	2.98 million
Net loss after taxation	2.87 million	2.61 million	2.98 million
	<b>As at 30.9.2006 HK\$</b>	<b>As at 31.12.2005 HK\$</b>	<b>As at 31.12.2004 HK\$</b>
Net liabilities	28.99 million	25.75 million	22.90 million

Immediately upon completion of the Agreement the Company will cease to have any shareholding in Goldtrack Group. Accordingly, the equity interest in the Goldtrack Group will no longer be consolidated in the accounts of the Group after the completion of the Disposal.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

It is the intention of the Group to focus on manufacturing and trading of garment business. As Goldtrack has suffered loss in 2005 and 2004, therefore it is in the interest of the Company to dispose of it. Although the consideration for disposal of 90% equity interest in Goldtrack by the Company is only at HK\$1.00, however it helps to improve the overall consolidated financial results of the Group. As at the date of this announcement, the Company has neither given any shareholders' loan nor any guarantees given to banks in respect of general banking facilities granted to Goldtrack Group.

The Directors (including all independent non-executive directors) believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

## **USE OF PROCEEDS**

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

## **GENERAL**

As the applicable "revenue test" percentage ratio(s) as defined in the Listing Rules exceed(s) 25% but all percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

No Shareholders are required to abstain from voting at the general meeting in respect of the resolution to approve the Disposal and the Company has obtained from the major shareholders which currently holds 60,797,561 shares, representing approximately 55.55% of the issued share capital of the Company, written approval for the Agreement, the Disposal and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, the Disposal which constitutes a major transaction for the Company has been approved by way of written shareholders' approval in lieu of holding an EGM meeting of the Company seeking approval from the Shareholders.

A circular containing, amongst other things, further details of the Agreement and the Disposal will be dispatched to the Shareholders as soon as possible and in accordance with the requirements of the Listing Rules.

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

"Agreement"	the agreement dated 13th November, 2006 entered into between the Company and Purchaser for the Disposal
"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
"Completion"	completion of the Disposal pursuant to the Agreement
"Completion Date"	30th November 2006 or such earlier date as may be agreed in writing between the Seller and Purchaser
"Conditions"	the conditions to which Completion is subject to
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Disposal"	the Disposal by the Company of a 90% equity interest in Goldtrack to Mr. Jason Poh Kai Sing pursuant to the Agreement
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company to consider the ordinary resolution to approve the Disposal
"Goldtrack"	Goldtrack Limited, a company incorporated in Hong Kong
"Goldtrack Group"	Goldtrack Limited and its subsidiary Suzhou Goldtrack Commodity Concrete Company Limited
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratio(s)"	the percentage ratio(s) under Rule 14.07 of the Listing Rules
"PRC"	the People's Republic of China
"Purchaser"	Mr. Jason Poh Kai Sing, is a Singaporean
"RMB"	Renminbi, the lawful currency of the PRC
"Seller"	the Company
"Shares"	ordinary shares of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Suzhou Goldtract”	Suzhou Goldtract Commodity Concrete Company Limited, a sino-foreign joint venture established in the PRC which currently operates one concrete commodity plants in Suzhou, the PRC
“Transferred Interests”	the 9,000 shares of Goldtrack, representing approximately 90% of the issued share capital of Goldtrack, to be bought and sold pursuant to the terms and conditions of the Agreement.
“%”	per cent

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

Hong Kong, 13th November, 2006

*As at the date of this announcement, the executive directors are Deacon Te Ken Chiu, J.P., 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, Mr. Ryan Yen Hwung Fong and Mr. Hing Wah Yim.*

*Please also refer to the published version of this announcement in  
The Standard and Hong Kong Economic Times.*