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If you have sold or transferred all your securities in Far East Technology International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 2.65% EQUITY INTEREST IN
CHINASOFT INTERNATIONAL LIMITED**

This circular is provided for the information of the shareholders of Far East Technology International Limited only.

11 December 2006

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DEFINITIONS

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

“ABN•AMRO”	ABN•AMRO Bank N.V., a bank incorporated in Netherlands and is also one of the licensed banks in Hong Kong
“Board”	the board of directors of the Company
“Chinasoft”	Chinasoft International Limited, a company incorporated in Cayman Island and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Company”	Far East Technology International Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company to KGI and ABN•AMRO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the Director’s knowledge, information and belief, having made all reasonable enquiry, third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“KGI”	KGI Asia Limited, a private company incorporated in Hong Kong and a licensed corporation to conduct securities dealing business
“Latest Practicable Date”	7 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale Shares”	20 million ordinary shares of Chinasoft representing approximately 2.65% of the issued share capital of Chinasoft at a consideration of HK\$23.95 million
“Seller”	the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“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
“%”	per cent

LETTER FROM THE BOARD



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 36)

Executive Directors:

Deacon Te Ken Chiu, *J.P. (Chairman)*

Mr. Duncan Chiu

(Managing Director and Chief Executive Officer)

Mr. Dennis Chiu

Registered office:

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

Non-executive Directors:

Tan Sri Dato' David Chiu

Mr. Daniel Tat Jung Chiu

Mr. Derek Chiu

Mr. Desmond Chiu

Ms. Margaret Chiu

*Head office and principal place of
business:*

Room 1802-1804, 18th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

Independent non-executive Directors:

Dr. Lee G. Lam

Mr. Ryan Yen Hwung Fong

Mr. Hing Wah Yim

11 December 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF 2.65% EQUITY INTEREST IN CHINASOFT INTERNATIONAL LIMITED

INTRODUCTION

The Board announces that on 7 November 2006, the Company disposed of 5 million Chinasoft shares (representing approximately 0.66% of the issued share capital of Chinasoft) to KGI an Independent Third Party, for a consideration of HK\$5.95 million to be satisfied in cash. Subsequently, on 13 November 2006, the Company further disposed of 15 million Chinasoft shares (representing approximately 1.99% of the issued share capital of Chinasoft) to ABN•AMRO, an Independent Third Party, for a consideration of HK\$18 million to be satisfied in cash. Following the Disposal, the Company's equity interest in the Chinasoft will further reduced to 19.87%.

LETTER FROM THE BOARD

THE DISPOSAL

Date of the Disposal	: 7 November 2006	13 November 2006
Purchaser	: KGI	ABN•AMRO
Vendor	: the Company	the Company
Assets disposed	: Disposal (1) 5 million ordinary shares of Chinasoft representing approximately 0.66% of the issued share capital of Chinasoft	Disposal (2) 15 million ordinary shares of Chinasoft representing approximately 1.99% of the issued share capital of Chinasoft
Completion of the Disposal	: completed on 9 November 2006	completed on 16 November 2006

CONSIDERATION

The considerations for the Disposal (1) and (2) were HK\$5.95 million and HK\$18 million respectively and were satisfied in cash on 9 November 2006 and 16 November 2006 respectively.

The considerations for the Disposal (1) and (2) are determined on an arm's length basis with reference to the audited consolidated net asset value of Chinasoft as at 31 December 2005 attributed to the Sale Shares representing a premium of approximately 183.33% and 185.71% respectively over the audited consolidated net assets value per Share of approximately HK\$0.42.

The Disposal (1) represents a discount of approximately 11.19% to the closing price of HK\$1.34 per Share as quoted on the Stock Exchange on 7 November 2006. While the Disposal (2) represents a discount of approximately 13.04% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on 13 November 2006.

INFORMATION ON THE GROUP

The Company acts as an investment holding company. The principal activities of its subsidiaries are manufacturing and trading of garment, investment in properties for rental purpose, property development and investment in securities.

INFORMATION ON KGI

KGI Asia Limited, a private company incorporated in Hong Kong, an Independent Third Party and a licensed corporation to conduct securities dealing business.

INFORMATION ON ABN•AMRO

ABN•AMRO bank N.V., a bank incorporated in Netherlands, an Independent Third Party, and is also one of the licensed banks in Hong Kong.

LETTER FROM THE BOARD

INFORMATION ON THE CHINASOFT

Chinasoft was incorporated as an exempted company with limited liability in the Cayman Islands on 16 February 2000 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of Chinasoft are listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 June 2003. Chinasoft is an investment holding company. The principal activities of the Chinasoft group are development and provision of solutions, provision of information technology (“IT”) consulting, training, outsourcing services and sale of standalone software and hardware products.

The audited net profit before/after taxation and net assets value of Chinasoft for the year ended 31 December 2005 and 31 December 2004 respectively were as follows:

	31.12.2005	31.12.2004
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation	48.71 million	39.05 million
Net profit after taxation	43.00 million	35.21 million
Net assets value	309.04 million	199.40 million

In this circular, for data purpose only, certain amounts in RMB has been translated into HK\$ at a rate of RMB1.00 to HK\$1.00.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group shall report a gain of approximately HK\$22.04 million on the disposal of Chinasoft shares in the financial year ending 31 December 2006. This is arrived at after deducting the consideration from the carrying value of Chinasoft shares (except the exchange reserve) as at 31 December 2005 and certain selling and brokerage fees.

Upon completion, the Company’s equity interest in Chinasoft which has been decreased to 19.87%, will be reclassified as available-for-sale investments under non-current assets in the Group’s consolidated balance sheet. Therefore, Chinasoft will no longer be an associated company of the Company and the results and assets and liabilities of Chinasoft will not be incorporated into the Group’s accounts.

REASONS AND BENEFITS FOR THE DISPOSAL

The Company acquired the Sale Shares in 2003. The consideration for the Disposal of the Sale Shares represents a premium of approximately HK\$22.04 million over the carrying value of the Sale Shares as recorded in the audited consolidated accounts of the Company for the year ended 31 December 2005. The Directors consider that it is in the best interest of the Group to take this opportunity to realize its investment in Chinasoft through the Disposal.

The net proceeds from the Disposal of approximately HK\$23.86 million will be used as general working capital of the Group.

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

LETTER FROM THE BOARD

GENERAL

Based on the “five-tests” calculation set out in rule 14.07 of the Listing Rules, the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%. The Disposal constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I – General Information to this circular.

Yours faithfully
By order of the Board
Duncan Chiu
Managing Director and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(1) DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) *Long positions of Directors' interests in shares of the Company*

Name of director	Number of ordinary shares of the Company held				Total interests	Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests		
Deacon Te Ken Chiu, J.P.	10,424,332	2,087,580 ⁽¹⁾	1,612,683	2,341,733 ⁽⁵⁾	16,466,328	15.04%
Tan Sri Dato' David Chiu	1,870,000	-	6,168,800 ⁽²⁾	-	8,038,800	7.34%
Ms. Margaret Chiu	1,100,000	-	-	-	1,100,000	1.01%
Mr. Dennis Chiu	3,520,044	-	2,200,000 ⁽³⁾	1,170,866 ⁽⁵⁾	6,890,910	6.30%
Mr. Daniel Tat Jung Chiu	2,420,000	-	11,440,044 ⁽⁴⁾	-	13,860,044	12.66%
Mr. Derek Chiu	44,220	-	-	-	44,220	0.04%
Mr. Desmond Chiu	1,100,000	-	-	-	1,100,000	1.01%
Mr. Duncan Chiu	23,341,658	-	-	7,706,773 ⁽⁵⁾	31,048,431	28.37%

Notes:

- (1) These shares are held by Madam Ching Lan Ju Chiu, wife of Deacon Te Ken Chiu, *J.P.*.
- (2) These shares are held by Rocket High Investments Limited, a company wholly-owned by Tan Sri Dato' David Chiu.
- (3) These shares are held by Cape York Investments Limited ("Cape York"), a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu equally.
- (4) Of the 11,440,044 shares, 2,200,000 shares are held by Cape York, and the remaining 9,240,044 shares are held by Gorich Holdings Limited, a company wholly-owned by Mr. Daniel Tat Jung Chiu.
- (5) Details of the interests of directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them are stated in the "Directors' interests in share options of the Company" section.

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors by the Company are set out in the paragraph headed "Directors' interests in share options of the Company" below.

(ii) Directors' interests in share options of the Company

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors pursuant to the Company's share option scheme were as follows:

Name of Grantee	Number of Shares Options				Exercise price HK\$	Grant date	Exercisable period
	Outstanding as at 1/1/2006	Granted during the period	Adjustment for Bonus Issue	Outstanding as at the Latest Practicable Date			
Deacon Te Ken Chiu, <i>J.P.</i>	2,128,848	-	212,885	2,341,733	1.153 ⁽¹⁾	21/7/2005	21/7/2005-20/7/2015
Mr. Dennis Chiu	1,064,424	-	106,442	1,170,866	1.153 ⁽¹⁾	21/7/2005	21/7/2005-20/7/2015
Mr. Duncan Chiu	3,406,158	-	340,615	3,746,773	1.153 ⁽¹⁾	21/7/2005	21/7/2005-20/7/2015
	-	1,800,000	180,000	1,980,000	1.2182 ⁽²⁾	21/4/2006	23/5/2006-22/5/2016
	-	1,800,000	180,000	1,980,000	1.2182 ⁽²⁾	21/4/2006	23/5/2007-22/5/2017
Aggregate for directors	6,599,430	3,600,000	1,019,942	11,219,372			
Aggregate for employees	425,770	-	42,578	468,348	1.153 ⁽¹⁾	21/7/2005	21/7/2005-20/7/2015
	-	750,000	75,000	825,000	1.2182 ⁽²⁾	21/4/2006	23/5/2006-22/5/2016
	-	750,000	75,000	825,000	1.2182 ⁽²⁾	21/4/2006	23/5/2007-22/5/2017
	<u>7,025,200</u>	<u>5,100,000</u>	<u>1,212,520</u>	<u>13,337,720</u>			

Notes:

- (1) At the 2005 Annual General Meeting of the Company held on 23 May 2005, a share option scheme (the "Option Scheme") of the Company was adopted by the shareholders of the Company. As at Latest Practicable Date, there are options relating to 13,337,720 Shares granted by the Company pursuant to the Option Scheme which are valid and outstanding.
- (2) At the annual general meeting of the Company held on 23 May 2006, a bonus issue of one new Share for every ten Shares ("Bonus Issue") held as of that date was approved by the shareholders. On 28 November 2006, the Company's auditors confirmed to the directors in writing that the adjustments were complied with the requirements under rule 17.03(13) of Listing Rules. Therefore, all the share options of 12,125,200 shares which were granted and remained outstanding as of 28 November 2006 were officially adjusted with the Bonus Issue and accordingly, the number of share options increased by one Share for every ten Shares in the share options, and the exercise price per Share was adjusted from (i) HK\$1.2683 to HK\$1.153; and (ii) HK\$1.34 to HK\$1.2182 respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(iii) Service contracts

None of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company as at the Latest Practicable Date.

(iv) Competing interest

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

(2) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

SUBSTANTIAL SHAREHOLDERS

At Latest Practical Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors under the section headed "Directors' Interests", the following shareholders had notified the Company of any interest, directly or indirectly, in 5% or more of the issued share capital of the Company:

Name of Substantial Shareholder	Number of ordinary shares of the Company held	Percentage of issued share capital of the Company
Gorich Holdings Limited ("Gorich") ⁽¹⁾	9,240,044	8.44%
Max Point Holdings Limited ("Max Point") ⁽²⁾	7,764,240	7.09%
Rocket High Investments Limited ("Rocket") ⁽³⁾	6,168,800	5.64%
Virtual Dragon International Limited ("Virtual Dragon") ⁽⁴⁾	5,611,760	5.13%

Notes:

- (1) Gorich is wholly-owned by Mr. Daniel Tat Jung Chiu. The interests of Mr. Daniel Tat Jung Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (2) The entire share capital of Max Point is beneficially owned by Mr. Chan Wai Ki.
- (3) Rocket is wholly-owned by Tan Sri Dato' David Chiu. The interests of Tan Sri Dato' David Chiu in the Company is stated under the section headed "Directors' Interests" above.
- (4) These shares are held by Peace View Company Limited ("Peace View"), a wholly-owned subsidiary of Far East Consortium Limited ("FEC"). On 28 March 2001, FEC had entered into a Sale of Shares Agreement with Virtual Dragon to dispose of its entire equity interests in Peace View to Virtual Dragon.
- (5) All interests disclosed above represent long positions in the ordinary shares of the Company.

Save as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital at the Latest Practical Date.

3. LITIGATION

Neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

4. GENERAL

- (a) The registered office of the Company is at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong and the head office and the principal place of business of the Company in Hong Kong is at Room 1802-04, 18/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- (b) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company as well as the qualified accountant of the Company is Mr. Hung Kwong Lui, who is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.