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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

遠東發展有限公司*

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 35)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE PROPERTY AT 21 ANDERSON ROAD IN SINGAPORE

THE ACQUISITION

The Board is pleased to announce that, after the trading hours of the Stock Exchange on 5 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing 100% of the issued and paid-up shares of the Target, and the Shareholder Loan, at the Consideration of approximately S\$93,000,000 (equivalent to approximately HK\$548,700,000), subject to the NAV Adjustments.

The Target through its subsidiaries owns 34 residential units at 21 Anderson Road in Singapore. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that, after the trading hours of the Stock Exchange on 5 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing 100% of the issued and paid-up shares of the Target, and the Shareholder Loan, at the Consideration of approximately S\$93,000,000 (equivalent to approximately HK\$548,700,000), subject to the NAV Adjustments.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

5 June 2018

Parties

Seller: Amber Investment Holding (Cayman) Limited

Purchaser: Advance Delight Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Consideration

The Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Sale Shares, representing 100% of the issued and paid-up shares of the Target, and the Shareholder Loan, free from all encumbrances (other than the occupation agreements and other than those created pursuant to the Bank Facilities) and together with all rights, dividends, entitlements and advantages attaching thereto as of and including the date of Closing.

The Consideration shall be payable by the Purchaser to the Seller in cash in the following manner:

- (a) S\$19,500,000 (equivalent to approximately HK\$115,050,000) is payable as a deposit to the Escrow Agent within 1 Business Day of the date of the Sale and Purchase Agreement; and
- (b) The difference between the Consideration and the Deposit is payable on the date of Closing.

The Consideration shall be subject to adjustments (the “NAV Adjustments”) in the manner as stipulated below.

The Seller shall, no later than 5 Business Days prior to Closing, provide the Purchaser with a pro-forma consolidated balance sheet of the Target Group drawn up in the manner described in the Sale and Purchase Agreement (the “Estimated Closing Accounts”) on the Business Day immediately prior to the date of Closing. The estimated net asset value (the “Estimated NAV”) of the Target Group will be determined based on the Estimated Closing Accounts.

If the Estimated NAV is positive, the Consideration shall be increased by the amount of the Estimated NAV. If the Estimated NAV is negative, the Consideration shall be reduced by the absolute amount of the Estimated NAV.

The Seller shall, no later than 20 Business Days after Closing, provide the Purchaser with the consolidated balance sheet of the Target Group drawn up on a basis consistent with the Estimated Closing Accounts (the “Final Closing Accounts”). The Consideration will be further decreased or increased, as applicable after Closing, based on the final net asset value (the “Final NAV”) of the Target Group derived from the Final Closing Accounts.

If the Final NAV exceeds the Estimated NAV, then, within 5 Business Days of the Final Closing Accounts becoming final and binding, the Purchaser shall pay to the Seller an amount equal to such excess. If the Final NAV is less than the Estimated NAV, then within 5 Business Days of the Final Closing Accounts becoming final and binding, the Seller shall pay to the Purchaser an amount equal to such deficiency.

The carrying values of the Property, Bank Loan Amount, Shareholder Loan, certain agreed items and any assets which will not result in a future benefit to the Purchaser (including the unamortised facility fee on the Bank Facilities), and any receivables from the Management Corporation Strata Title Plan No. 3497, are excluded in the calculation of the Estimated NAV and Final NAV.

The Consideration was arrived at after arm’s length negotiations between the Seller and the Purchaser on normal commercial terms principally with reference to the (i) consolidated net asset value of the Target Group as at 31 December 2017 and (ii) business potential of the Target Group.

The Consideration will be funded by a combination of the Group’s internal resources and external financing.

Termination

The Sale and Purchase Agreement can be terminated by the Purchaser on or before Closing if:

- (a) any of the warranties given by the Seller is materially untrue or inaccurate, and where that breach is capable of remedy, is not remedied to the Purchaser’s reasonable satisfaction within 14 days of the Seller receiving a written notice from the Purchaser to do so or within 3 Business Days prior to Closing (whichever is earlier); or

- (b) the Seller is in material breach of any obligation on its part under the Sale and Purchase Agreement, and where that breach is capable of remedy, is not remedied to the Purchaser's reasonable satisfaction within 14 days of the Seller receiving a written notice from the Purchaser to do so or within 3 Business Days prior to Closing (whichever is earlier); or
- (c) the Lending Bank Consent is refused or not obtained; or
- (d) a notice of compulsory acquisition or any notice of intended compulsory acquisition affecting the whole or a material part of the Property is issued; or
- (e) material damage to the Property has occurred; or
- (f) an unsatisfactory legal requisition is received by the Purchaser.

The Sale and Purchase Agreement can be terminated by the Seller on or before Closing if:

- (a) any of the warranties given by the Purchaser is untrue or inaccurate; or
- (b) the Purchaser is in material breach of any obligation on its part under the Sale and Purchase Agreement and where that breach is capable of remedy, is not remedied to the Seller's reasonable satisfaction within 14 days of the Purchaser receiving written notice from the Seller to do so or within 3 Business Days prior to Closing (whichever is earlier); or
- (c) the Lending Bank Consent is refused or not obtained.

Closing

Closing shall take place on the date falling 6 weeks from the date of the Sale and Purchase Agreement or on such other date as the Seller and the Purchaser may agree in writing. Upon Closing, the Target will become a wholly-owned subsidiary of the Purchaser.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is an indirect wholly-owned subsidiary of the Company and is an investment holding company. The Company is an investment holding company and the principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, and securities and financial product investments.

INFORMATION ON THE SELLER

The Seller is principally engaged in investment holding. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Seller and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

INFORMATION ON THE TARGET AND THE PROPERTY

The Target is a company incorporated in the British Virgin Islands and an investment holding company which indirectly holds 100% of the issued and paid-up shares of the Singapore Subsidiaries. The Singapore Subsidiaries are the owners of the Property located at 21 Anderson Road in Singapore, currently known as “21 Anderson Royal Oak Residence”.

The Property is a freehold condominium development situated in District 10 in Singapore. It enjoys an unparalleled location close to Orchard Road and Raffles Girls’ School (secondary). It currently comprises of 34 residential units with total GFA of 87,000 square feet and is currently undergoing renovation work.

The Target has the following wholly-owned direct and indirect subsidiaries:

- (a) Anderson Raffles Limited, a company incorporated in Mauritius and wholly-owned by the Target (the “Mauritius Subsidiary”);
- (b) Singapore Subsidiary 1, a company incorporated in Singapore and wholly-owned by the Mauritius Subsidiary; and
- (c) Singapore Subsidiary 2, a company incorporated in Singapore and wholly-owned by the Mauritius Subsidiary.

The Target and the Mauritius Subsidiary are holding companies and do not have any substantive operations.

FINANCIAL INFORMATION OF THE TARGET GROUP

As at 31 December 2017, the unaudited consolidated total assets and net liabilities of the Target Group, prepared in accordance with IFRS, was approximately S\$181 million and S\$55 million respectively.

The following are the unaudited consolidated financial information of the Target Group for the financial years ended 31 December 2016 and 31 December 2017, respectively, which were prepared in accordance with IFRS:

	For the year	
	ended 31 December	
	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)	(unaudited)
Loss before tax	1,191	1,582
Loss after tax	1,191	1,870

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition is consistent with the Company's regionalisation strategy. In particular, the Property is located in a prime residential location in Singapore and offers great redevelopment or resale opportunity. The Acquisition also allows the Group to replenish its development pipeline following the successful launch of Artra in 2017.

The Board are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares and Shareholder Loan by the Purchaser from the Seller pursuant to terms and conditions of the Sale and Purchase Agreement
“Bank Facilities”	the banking facilities of an initial aggregate principal amount of S\$103,000,000 (equivalent to approximately HK\$607,700,000) granted by a bank to the Target Group
“Bank Loan Amount”	the outstanding amount as at the date of Closing for full repayment of all bank borrowings and all monies owing under the Bank Facilities (including interest but excluding prepayment fees, cancellation fees and penalties) which have not been discharged or repaid prior to the date of Closing

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open in Singapore and Hong Kong for normal business
“Closing”	completion of the sale and purchase of the Sale Shares and Shareholder Loan in accordance with the Sale and Purchase Agreement
“Company”	Far East Consortium International Limited (遠東發展有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35)
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Consideration”	S\$195,000,000 (equivalent to approximately HK\$1,150,500,000), less the Bank Loan Amount, and as adjusted by the NAV Adjustments
“Deposit”	the amount of S\$19,500,000 (equivalent to approximately HK\$115,050,000) to be paid to the Escrow Agent on the date of the Sale and Purchase Agreement and pursuant to the Escrow Agreement, and which is to be released to the Seller or the Purchaser in accordance with the Escrow Agreement
“Director(s)”	the directors of the Company
“Escrow Agent”	Intertrust Escrow (Asia) Limited, a company incorporated in Hong Kong with limited liability
“Escrow Agreement”	an escrow agreement in agreed form to be entered into between the parties and the Escrow Agent on the date of the Sale and Purchase Agreement, pursuant to which the Escrow Agent shall hold the Deposit (and any accrued interest thereon) in escrow and release it (together with the accrued interest thereon) in accordance with its terms and subject to the provisions of the Sale and Purchase Agreement and the provisions thereof
“GFA”	gross floor area
“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 People’s Republic of China

“IFRS”	International Financial Reporting Standards
“Lending Bank Consent”	the waivers and consents from the lending bank of the Bank Facilities in respect of the change of shareholding in the Target
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	a material adverse change to the affairs, results of operations, business or financial condition of the Target Group
“Mauritius”	the Republic of Mauritius
“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules
“Property”	the whole of Lot 1519T of Town Subdivision at 21 Anderson Road Singapore 259984 together with the strata titled condominium development comprising 34 residential units currently known as “21 Anderson Royal Oak Residence” situated thereon
“Purchaser”	Advance Delight Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 June 2018 and entered into between the Purchaser and the Seller
“Sale Shares”	the entire issued and paid-up shares in the share capital of the Target
“Seller”	Amber Investment Holding (Cayman) Limited, a company incorporated under the laws of the Cayman Islands
“Shareholder Loan”	the existing loan extended by the Seller to the Target
“S\$”	Singapore dollars, the lawful currency of Singapore
“Singapore”	the Republic of Singapore
“Singapore Subsidiary 1”	Anderson International Properties Pte. Ltd., a private limited company incorporated in Singapore
“Singapore Subsidiary 2”	Raffles Legend Properties Pte. Ltd., a private limited company incorporated in Singapore

“Singapore Subsidiaries”	Singapore Subsidiary 1 and Singapore Subsidiary 2
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Highest Reach Investments Limited, a company incorporated in the British Virgin Islands
“Target Group”	the Target and its subsidiaries
“%”	per cent

Unless otherwise specified, amounts in this announcement denominated in S\$ was translated for the purpose of illustration only into HK\$ at the rates of S\$1.00: HK\$5.9. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

By Order of the Board
Far East Consortium International Limited
Ka Pong CHAN
Company Secretary

Hong Kong, 6 June 2018

As at the date of this announcement, the Board comprises four executive directors namely, Tan Sri Dato’ David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU and Mr. Craig Grenfell WILLIAMS; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM.