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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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF LAND BY PUBLIC TENDER

The Board is pleased to announce that on 12 August 2019, the Tenderer, an indirect wholly owned subsidiary of the Company, received the Letter from the Lands Department confirming that its tender for the Land at the Land Premium of HK\$2,445,644,000 has been accepted.

As one or more of the applicable Percentage Ratios in respect of the Acquisition exceeds 25% but all of the applicable Percentage Ratios are less than 100%, the Acquisition constitutes a major transaction for the Company. As the Group's principal business activities include property development, the Company is regarded as a "Qualified Issuer" and the Acquisition is regarded as a "Qualified Property Acquisition" under Rule 14.04(10B) and Rule 14.04(10C) of the Listing Rules. Accordingly, the Acquisition is subject to reporting and announcement requirements but is exempt from the Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

As more time is needed for the Company to prepare the financial information of the Group as required under Rule 14.66 of the Listing Rules, the circular containing, among other things, (i) details of the Acquisition; and (ii) financial information of the Group, will not be able to be despatched to the Shareholders within 15 business days (as defined in the Listing Rules) from the date of this announcement as is otherwise required under the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 11 October 2019.

INTRODUCTION

The Board is pleased to announce that on 12 August 2019, the Tenderer, an indirect wholly owned subsidiary of the Company, received the Letter from the Lands Department confirming that its tender for the Land at the Land Premium of HK\$2,445,644,000 has been accepted.

* *For identification purposes only*

THE CONDITIONS OF SALE

The parties

- (1) the Government of Hong Kong; and
- (2) the Tenderer as purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Government of Hong Kong is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Information of the Land

Location: New Kowloon Inland Lot No. 6607, located at Shing Kai Road adjoining Kai Tak Sports Park, Kai Tak, Kowloon, Hong Kong

Site area: Approximately 11,276 sq.m.

Total gross floor area: Not less than 24,000 sq.m. and not exceeding 32,000 sq.m., provided that:

- (i) the total gross floor area for hotel purpose shall not be less than 14,400 sq.m. and shall not exceed 16,000 sq.m., out of which the total gross floor area for the purposes of ancillary accommodation shall not exceed 6,400 sq.m.;
- (ii) out of the total gross floor area stipulated in (i) for the purposes of ancillary accommodation, the total gross floor area of retail shops or entertainment facilities or both shall not exceed 1,600 sq.m.; and
- (iii) the total gross floor area for office purpose shall not be less than 9,600 sq.m.

(Ancillary accommodation shall mean retail shops, restaurants, pubs, fast food shops, entertainment facilities, business centres, facilities for fitness, health and sports, function rooms, exhibition facilities, conference and banquet facilities and automatic teller machines.)

Term: 50 years from the date of the Memorandum of Agreement

Permitted use: Non-industrial (excluding residential, godown and petrol filling station but including hotel) purposes

Under the terms of the Conditions of Sale, the Tenderer shall enter into the Memorandum of Agreement with the Government of Hong Kong in respect of the Acquisition within 14 days of the date of the Letter.

Land Premium and the payment terms

The Land Premium is HK\$2,445,644,000. In determining the Land Premium, the Company has taken into account the current conditions and long-term outlook of the Hong Kong commercial property and hotel markets, comparable opportunities and the expected return from the Acquisition.

A deposit of HK\$25,000,000 paid at the time when the tender was submitted has been applied in part payment of the Land Premium, the balance of which shall be paid within 28 days of the date of the Letter.

The Land Premium will be funded from the Group's internal resources and bank borrowings.

Other terms

Under the terms of the Conditions of Sale:

- (i) the Tenderer shall develop the Land into building or buildings which shall be completed and made fit for occupation on or before 31 December 2024; and
- (ii) an annual rent of an amount equal to 3% of the rateable value from time to time of the Land shall be charged for a term of 50 years commencing from the date of the Memorandum of Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Land is located adjacent to the Kai Tak Sports Park, at a prime location of Kai Tak which is a new development area of Hong Kong. The Land will benefit from existing and ongoing infrastructure investments, as well as the large development pipeline in the area. The Group intends to develop the Land into a mixed-used development comprising a hotel, adding further to the Group's hotel portfolio in Hong Kong, and office and commercial areas which will be leased out for recurring income purpose or sold.

The Acquisition will provide the Group an opportunity to have a foothold in a prime area of the Kai Tak district which is undergoing transformational changes and will be developed into a vibrant business district. The Group will be able to benefit from the rental income which will add to the Group's recurring cash flow streams.

The Board considers that the Acquisition is in the Group's ordinary and usual course of business, and that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TENDERER AND THE GROUP

The Tenderer is an indirect wholly owned subsidiary of the Company and is engaged in property development.

The Company is an investment holding company and the principal business activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, securities and financial product investment and gaming operations.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition exceeds 25% but all of the applicable Percentage Ratios are less than 100%, the Acquisition constitutes a major transaction for the Company. As the Group's principal business activities include property development, the Company is regarded as a "Qualified Issuer" and the Acquisition is regarded as a "Qualified Property Acquisition" under Rule 14.04(10B) and (10C) of the Listing Rules. Accordingly, the Acquisition is subject to reporting and announcement requirements but is exempt from the Shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

GENERAL

As more time is needed for the Company to prepare the financial information of the Group as required under Rule 14.66 of the Listing Rules, the circular containing, among other things, (i) details of the Acquisition; and (ii) financial information of the Group, will not be able to be despatched to the Shareholders within 15 business days (as defined in the Listing Rules) from the date of this announcement as is otherwise required under the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 11 October 2019.

DEFINITIONS

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

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|----------------------|---|
| "Acquisition" | the acquisition of the Land under the terms of the Conditions of Sale |
| "Board" | board of Directors |
| "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) |
| "Conditions of Sale" | the agreement and conditions of sale of the Land as set out in the Tender documents |
| "Director(s)" | the director(s) of the Company |
| "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 |

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| “Land” | a piece of land known as New Kowloon Inland Lot No. 6607, located at Shing Kai Road adjoining Kai Tak Sports Park, Kai Tak, Kowloon, Hong Kong |
| “Land Premium” | the land premium of HK\$2,445,644,000, being the bidding price submitted by the Tenderer under the Tender and the consideration of the Acquisition |
| “Lands Department” | the Lands Department of the Government of Hong Kong |
| “Letter” | a letter dated 12 August 2019 notifying the acceptance of the Tender from the Lands Department to the Tenderer |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Memorandum of Agreement” | the memorandum of agreement to be entered into between the Government of Hong Kong and the Tenderer in respect of the Acquisition |
| “Percentage Ratios” | have the meaning ascribed to such term in Rule 14.07 of the Listing Rules |
| “Shareholder(s)” | holder(s) of the ordinary share(s) of the Company |
| “sq.m.” | square metre, unit of area |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tender” | the sale of the Land by the Government of Hong Kong by way of public tender |
| “Tenderer” | Sanon Limited 訊安有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company |
| “%” | per cent |

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

Hong Kong, 12 August 2019

As at the date of this announcement, the Board comprises five executive directors namely, Tan Sri Dato’ David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Ms. Wing Kwan Winnie CHIU; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK.