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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)

CONNECTED TRANSACTION IN RELATION TO AN APARTMENT IN ASPEN AT CONSORT PLACE, A HIGH-RISE DEVELOPMENT IN CANARY WHARF, LONDON

The Board is pleased to announce that on 12 April 2021 (after trading hours), the Developer, an indirect wholly owned subsidiary of the Company, entered into the Agreement for Lease with the Acquirer, pursuant to which the Developer agreed to grant the leasehold interest in the Apartment, and the Acquirer will take the leasehold interest in the Apartment, at a consideration of £1,072,290 (equivalent to approximately HK\$11,473,503).

An agreement for lease is generally used as the form of legal documentation for the sale of new-build leasehold properties in the United Kingdom.

Based on the current form of the Lease, the lease term of the Apartment is for 999 years from and including the quarter day before the first completion of an apartment lease on the Development.

The Acquirer, being an executive Director, is a connected person under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable Percentage Ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors, but excluding Tan Sri Dato' David CHIU, the Acquirer and Mr. Dennis CHIU who had abstained from voting on the relevant board resolutions) are of the view that the terms of the Transaction are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that on 12 April 2021 (after trading hours), the Developer, an indirect wholly owned subsidiary of the Company, entered into the Agreement for Lease with the Acquirer, pursuant to which the Developer agreed to grant the leasehold interest in the Apartment, and the Acquirer will take the leasehold interest in the Apartment, at a consideration of £1,072,290 (equivalent to approximately HK\$11,473,503).

An agreement for lease is generally used as the form of legal documentation for the sale of new-build leasehold properties in the United Kingdom.

THE AGREEMENT FOR LEASE

Date

12 April 2021

The parties

- (1) the Developer; and
- (2) the Acquirer.

Information of the Apartment

The Apartment is situated at Aspen, Consort Place, 50 Marsh Wall, London E14, the United Kingdom. The anticipated net sales area of the Apartment is approximately 864 square feet (or any revised anticipated net sales area pursuant to the Agreement for Lease).

Consideration and the payment terms

The consideration for the Transaction is £1,072,290 (equivalent to approximately HK\$11,473,503) which shall be paid by the Acquirer to the Developer in the following manner:

- (a) the first deposit of 5% of the Consideration was paid as at the date of the Agreement for Lease;
- (b) the second deposit of 5% of the Consideration is payable on the first Working Day which falls 6 months after the date of the Agreement for Lease;
- (c) the first staged payment of 5% of the Consideration is payable on the first Working Day which falls 12 months after the date of the Agreement for Lease;
- (d) the second staged payment of 5% of the Consideration is payable on the first Working Day which falls 18 months after the date of the Agreement for Lease; and
- (e) the balance of the Consideration is payable upon completion of the Transaction.

The Consideration of £1,072,290 (equivalent to approximately HK\$11,473,503) was based on the price list for the Development as at the date of the Agreement for Lease, which was determined taking into account, amongst others, the location of the Apartment, prevailing market conditions and comparable price of the apartments of the Development and those in its vicinity. The payment terms are in line with those granted to other acquirers of leasehold interest in other apartments within the Development.

Completion

Completion is expected to take place on the date which is 15 Working Days following service of a completion notice on the Acquirer's solicitors. The completion notice will be served by the Developer or the Developer's solicitors to the Acquirer's solicitors when the date of practical completion has occurred and the Apartment is reasonably fit for occupation and use. The Developer and the Acquirer shall execute the Lease on the completion date. Based on the current form of the Lease, the lease term of the Apartment is for 999 years from and including the quarter day before the first completion of an apartment lease on the Development. The anticipated completion date for the Transaction is 31 December 2023.

FINANCIAL EFFECT OF THE TRANSACTION

The estimated value of the Apartment when completed, is expected to be £1,072,290 (equivalent to approximately HK\$11,473,503), based on the price list for the Development as at the date of the Agreement for Lease, which was determined taking into account, amongst others, the location of the Apartment, prevailing market conditions and comparable price of the apartments of the Development and those in its vicinity. The Directors estimate that upon completion of the Transaction, the Group is expected to record a net gain from the Transaction of approximately £240,000 (equivalent to approximately HK\$2,568,000), being the difference between (i) the Consideration and (ii) the aggregate of the estimated carrying value of the Apartment at completion and the estimated expenses in relation to the Transaction.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Transaction is intended to be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Apartment is situated within the Development, a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 377,000 square feet in saleable floor area consisting of residential units, a hotel and commercial space. The residential component of the Development was launched in late January 2020. The Transaction would generate property sales revenue to the Group's property development, which is a core business of the Group and the Transaction aligns with the property development strategy of the Group.

The Acquirer is an executive Director. Accordingly, the Acquirer and her associate who is also an executive Director (ie. Tan Sri Dato' David CHIU being the father of the Acquirer) had abstained from voting on the board resolutions approving the Transaction. To avoid any perception of conflict of interest, Mr. Dennis CHIU, as the uncle of the Acquirer and an executive Director, had voluntarily abstained from voting on the board resolutions to approve the Transaction.

The Directors (including the independent non-executive Directors, but excluding Tan Sri Dato' David CHIU, the Acquirer and Mr. Dennis CHIU who had abstained from voting on the relevant board resolutions) are of the view that the terms of the Transaction are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE DEVELOPER, THE ACQUIRER AND THE GROUP

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

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

The Acquirer is an executive Director.

LISTING RULES IMPLICATIONS

The Acquirer, being an executive Director, is a connected person under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable Percentage Ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquirer”	Ms. Wing Kwan Winnie CHIU, an executive Director
“Agreement for Lease”	the agreement for lease entered into between the Developer and the Acquirer in respect of the Transaction
“Apartment”	a residential apartment at the Development
“associate(s)”	has the meaning as ascribed under the Listing Rules

“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)
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“connected transaction”	has the meaning as ascribed under the Listing Rules
“Consideration”	an amount of £1,072,290 (equivalent to approximately HK\$11,473,503)
“Developer”	Drakar Limited, a company incorporated in the Isle of Man with limited liability, an indirect wholly owned subsidiary of the Company
“Development”	the development at Aspen, Consort Place, 50 Marsh Wall, London E14, the United Kingdom
“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
“Lease”	the lease of the Apartment to be granted by the Developer to the Acquirer in accordance with the provisions of the Agreement for Lease
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Agreement for Lease (including the granting of the leasehold interest in the Apartment)

“Working Day(s)” any day from Monday to Friday (inclusive) which is not Christmas Day, Good Friday or a statutory bank holiday in the United Kingdom

“%” per cent

“£” Great British Pound, the lawful currency of the United Kingdom

For the purpose of this announcement and for illustration purpose only, conversion of £ to HK\$ is based on the exchange rate of £ to HK\$10.7. No representation is made that any amounts in £ have been or could be converted at the above rate or any other rates.

By Order of the Board
Far East Consortium International Limited
Wai Hung Boswell CHEUNG
Company Secretary

Hong Kong, 12 April 2021

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.