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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION INVOLVING THE SETTLEMENT**

Reference is made to the announcement issued by Far East Consortium International Limited dated 27 July 2021 (the “**Announcement**”) in relation to a discloseable transaction involving the Settlement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement. This announcement is to provide further information in relation to the Settlement.

#### **BACKGROUND OF THE JOINT VENTURE**

Pursuant to the JV Contract, Star Bridge and Guangdong Trust Real Estate agreed, amongst others, to set up the JV Company for the development, erection, sale, lease and management of the building and supporting facilities on certain lands in Huadiwan, Fangcun District (芳村區花地灣). Pursuant to the JV Contract, the JV Company would have a registered capital of US\$5,000,000 (equivalent to approximately HK\$39,000,000), and pursuant to which, Star Bridge and Guangdong Trust Real Estate contributed 85% and 15% respectively to the registered capital of the JV Company. As such, Star Bridge contributed US\$4,250,000 (equivalent to approximately HK\$33,150,000), being its 85% share in the registered capital of the JV Company. The JV Company was subsequently incorporated in the PRC in 2003. As at the date of this announcement, the JV Company has a registered capital of US\$5,000,000 (equivalent to approximately HK\$39,000,000).

\* *For identification purposes only*

## **INFORMATION OF THE LAND USE RIGHTS**

Name: Land parcel numbered Sui Fu Guo Yong [2004] No. 105 (穗府國用[2004]105號)

Location: Land lot at Huadi, Fangcun District (芳村區花地地段)

Area involved in the Land Use Rights: 7,687 square metres

Use: Residential

## **FURTHER DETAILS OF THE LEGAL PROCEEDINGS**

Pursuant to the JV Contract, the land use rights related documents for certain lands in Huadiwan, Fangcun District (芳村區花地灣) were registered under the name of Guangdong Trust Real Estate. As part of its responsibility under the JV Contract, Guangdong Trust Real Estate was responsible to facilitate the transfer of the land use rights to the JV Company. Guangdong Trust Real Estate then applied for subdivision of land with the relevant government authority and the Land Use Rights was granted to Guangdong Trust Real Estate in 2004.

In 2008, Star Bridge applied to the Guangzhou Arbitration Commission seeking, amongst others, the Land Use Rights to be vested in the JV Company. Consequently, the JV Company was granted with the Arbitral Award. In order to enforce the Arbitral Award, Star Bridge pursued the Mandatory Enforcement Action.

The Appeal was made by the JV Company seeking, amongst others, to refrain from encroaching the Land, and to restore the Land to its original state (including demolishing the surrounding wall erected on the west boundary of the Land), and to return the Land and the building erected on the Land to the JV Company.

## **FURTHER DETAILS ON REASONS FOR AND BENEFITS OF THE SETTLEMENT**

The JV Contract was entered in December 2002, and the Arbitral Award was granted in May 2008. Despite the Arbitral Award has been granted for over 13 years, the Land Use Rights are still registered under the name of Guangdong Trust Real Estate as at the date of the Settlement Agreement. Taking into account of the time, costs and effort to continue the Legal Proceedings, the Board considers that the Settlement will allow the Group to be appropriately compensated.

The Directors are of the view that the terms of the Settlement Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **FURTHER INFORMATION OF GUANGDONG TRUST REAL ESTATE**

The following information on Guangdong Trust Real Estate is based on publicly available information, including information published by CV as available on the website of the Stock Exchange.

Pursuant to the announcement issued by CV dated 7 July 2017, an assets transfer agreement was entered into between Wanxi (as purchaser), GV (as guarantor) and the liquidation team of Guangdong International Trust Investment Corporation\* (廣東國際信託投資公司) (as vendor), whereby Wanxi agreed to, amongst others, acquire 100% equity interest in Guangdong Trust Real Estate held by Guangdong International Trust Investment Corporation\* (廣東國際信託投資公司).

Pursuant to the announcement issued by CV dated 29 June 2020, a cooperative agreement was entered into between GV, Wanxi and the Investor, whereby, amongst others, GV will transfer its 50% equity in Wanxi to the Investor, and upon the completion of such transfer, the percentage of shareholding held by CV and its subsidiaries will be reduced from 100% to 50%. As such, Wanxi will be held as to 50% by CV and its subsidiaries, and as to 50% by the Investor upon the completion of such transfer.

CV is a property developer located in the PRC.

## **DEFINITIONS**

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

“Cinda Asset”	China Cinda Asset Management Co., Ltd., a joint stock company established in the PRC, its shares are listed on the Stock Exchange (stock code: 01359, preference share stock code: 04607), its principal businesses are acquisition, entrusted operation of distressed assets of financial institutions and non-financial institutions, management, investment and disposal, etc., of distressed assets, whose de facto controller is the Ministry of Finance of the PRC, and holding 50% of the Trust Scheme
“CITIC Trust”	CITIC Trust Co., Ltd., a limited liability company established in the PRC, is a professional financial institution of operating entrusted business approved and registered through the China Banking and Insurance Regulatory Commission, has the right to commence entrusted business as trustees under the laws, and established the Trust Scheme pursuant to the laws of the PRC. It is mainly engaged in fund trust, chattel trust, real estate trust, negotiable securities trust and other assets or property rights trust and etc.

“CV”	China Vanke Co., Ltd* (萬科企業股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2202) and the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“GV”	Guangzhou Vanke Real Estate Co., Ltd.* (廣州市萬科房地產有限公司), a limited liability company in the PRC, and a wholly-owned subsidiary of CV
“Investor”	CITIC Trust (representing the Trust Scheme)
“JV Contract”	the joint venture contract entered into between Star Bridge and Guangdong Trust Real Estate dated 20 December 2002
“Shanghai Ruitang”	Shanghai Ruitang Enterprise Management Co., Ltd.* (上海瑞塘企業管理有限公司), a limited liability company established in the PRC and holding 7.5% of the Trust Scheme
“Shenzhen Jingyang Investment”	Shenzhen Jingyang Investment Development Co., Ltd.* (深圳市景陽投資發展有限公司), a limited liability company established in the PRC and holding 5% of the Trust Scheme
“Shenzhen Linzhukaiyue”	Shenzhen Linzhukaiyue Investment Development Co., Ltd.* (深圳市琳珠凱粵投資有限公司), a limited liability company established in the PRC and holding 7.5% of the Trust Scheme
“Shenzhen Lvjinghuacheng”	Shenzhen Lvjinghuacheng Industrial Development Co., Ltd.* (深圳市綠景華城實業發展有限公司), a limited liability company established in the PRC and holding 20% of the Trust Scheme
“Shenzhen Qinsheng”	Shenzhen Qinsheng Enterprise Management Co., Ltd.* (深圳勤升企業管理有限公司), a limited liability company established in the PRC and holding 5% of the Trust Scheme
“Shenzhen Xingyuan”	Shenzhen Xingyuan Enterprise Management Co., Ltd.* (深圳市興遠企業管理有限公司), a limited liability company established in the PRC and holding 5% of the Trust Scheme
“Trust Scheme”	CITIC Trust • Guangzhou Wanxi Equity Investment Collective Fund Trust Scheme (中信信託 • 廣州萬溪股權投資集合資金信託計劃), is a trust scheme with CITIC Trust as the main trustee, and the Trust Scheme Investors as the beneficiary

“Trust Scheme Investors” Cinda Asset, Shenzhen Lvjinghuacheng, Shanghai Ruitang, Shenzhen Linzhukaiyue, Shenzhen Jingyang Investment, Shenzhen Xingyuan and Shenzhen Qinsheng

“US\$” United States Dollars, the lawful currency of the United States of America

For the purpose of this announcement and for illustration purpose only, conversion of US\$ to HK\$ is based on the exchange rate of US\$1 to HK\$7.8. No representation is made that any amounts in US\$ have been or could be converted at the above rate or any other rates.

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

Hong Kong, 16 August 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.*

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