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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 INVOLVING DISPOSAL OF THE PROPERTY AT 21 ANDERSON ROAD IN SINGAPORE

THE DISPOSAL

The Board wishes to announce that on 17 September 2021, the Vendor, the Guarantor, the Company and the Purchaser entered into the SPA, whereby the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares and the Shareholder's Loan for the aggregate consideration of S\$213,000,000 (equivalent to approximately HK\$1,220,490,000) subject to Estimated Net Asset and Final Net Asset adjustments.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board wishes to announce that on 17 September 2021, the Vendor, the Guarantor, the Company and the Purchaser entered into the SPA, whereby the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares and the Shareholder's Loan for the aggregate consideration of S\$213,000,000 (equivalent to approximately HK\$1,220,490,000) subject to Estimated Net Asset and Final Net Asset adjustments.

* *For identification purposes only*

THE SPA

The principal terms of the SPA are set out as follows:

Date

17 September 2021

Parties

- (1) the Vendor
- (2) the Purchaser
- (3) the Guarantor
- (4) the Company

Subject matter

Subject to the terms and conditions of the SPA, the Vendor agrees to sell the Sale Shares and the Shareholder's Loan to the Purchaser, and the Purchaser agrees to purchase the Sale Shares and the Shareholder's Loan from the Vendor, free from all encumbrances and together with all rights, dividends, entitlements and advantages attaching thereto as at the Completion Date.

Consideration

The Consideration shall be the Purchase Consideration subject to Final Net Asset adjustment.

It is agreed that out of the Purchase Consideration, an amount equal to HK\$816,898,508.80 shall be allocated as the consideration for the sale and purchase of the Shareholder's Loan, and the balance of the Purchase Consideration shall be allocated as consideration for the sale and purchase of the Sale Shares.

The Purchase Consideration shall be payable in the following manner:

- (a) the Initial Deposit has been paid by the Purchaser to the Vendor on 2 August 2021;
- (b) within three Business Days from the date of the SPA, the Further Deposit shall be paid by the Purchaser to the escrow agent as specified in the SPA, which shall be released and paid to the Vendor under the joint direction of the Vendor and the Purchaser by the escrow agent on Completion pursuant to the SPA;
- (c) the balance, being the Purchase Consideration less the Initial Deposit and the Further Deposit, shall be paid by the Purchaser to the Vendor on Completion. The Vendor will procure the full settlement of the Bank Loan as at Completion Date from such balance, failing which the Purchaser will deduct the amount of the Bank Loan as at Completion Date from such balance and use such deducted amount to procure the full settlement of the Bank Loan as at Completion Date.

The Purchase Consideration shall be subject to Final Net Asset adjustment as follows:

- (a) in the event that the Final NAV exceeds the Estimated NAV, or the Final NAD is less than the Estimated NAD, the Purchaser shall pay such excess or deficit (as the case may be) to the Vendor on the Adjustment Date;
- (b) in the event that the Final NAV is less than the Estimated NAV, or the Final NAD exceeds the Estimated NAD, the Vendor shall pay to the Purchaser such deficit or excess (as the case may be) to the Purchaser on the Adjustment Date.

The Consideration was determined after arm's length negotiations with reference to, among other things, the location of the Property, prevailing market conditions, and comparable price of similar properties in the vicinity of the Property.

Conditions Precedent

The Disposal is conditional upon the fulfilment of, amongst others, the following conditions:

- (a) all the representations and warranties on the part of the Vendor being true and accurate in all material respects and not misleading in any material respects as at the Completion Date;
- (b) all the representations and warranties on the part of the Purchaser being true and accurate in all material respects and not misleading in any material respects as at the Completion Date; and
- (c) all covenants and undertakings of the Vendor under the SPA have been complied with in all material respects as at the Completion Date.

Completion

Completion shall take place on the Completion Date. On Completion, the Vendor and the Purchaser shall, amongst others, execute a deed of assignment of the Shareholder's Loan. Upon Completion, each member of the Target Group will cease to be a subsidiary of the Company.

Guarantee and undertaking

The Guarantor guarantees to the Purchaser the due and punctual performance, observance and discharge by the Vendor of all present and future obligations and liabilities of the Vendor under the SPA or arising from any termination of the SPA if and when they become performable or due under the SPA.

The Company agrees and undertakes to the Purchaser that for a period of three years after the Completion Date, (a) the Guarantor shall remain a wholly-owned subsidiary of the Company, and (b) the Company shall ensure that the net asset value of the Guarantor shall not be less than HK\$1,000,000,000.

FINANCIAL INFORMATION OF THE TARGET GROUP

The following are the financial information of the Target Group as at and for the two financial years ended 31 March 2020 and 31 March 2021, and are extracted from the unaudited consolidated management account of the Target Group:

	For the year ended 31 March 2021 <i>HK\$'000</i>	For the year ended 31 March 2020 <i>HK\$'000</i>
Net profit/(loss) before taxation	53,946	(71,524)
Net profit/(loss) after taxation	53,946	(71,529)

	As at 31 March 2021 <i>HK\$'000</i>	As at 31 March 2020 <i>HK\$'000</i>
Net liabilities	251,795	299,048
Total assets	1,160,782	1,081,636

The estimated market value of the Property is estimated to be S\$197,660,000 (equivalent to approximately HK\$1,132,592,000) based on an independent valuation report with its valuation date as at 31 March 2021, adopting the direct comparison method.

FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimate that upon Completion, the Group is expected to record a gain from the Disposal of approximately S\$11,900,000 (equivalent to approximately HK\$68,187,000), being the Consideration less the aggregate of the estimated book carrying value (before deduction of the Shareholder's Loan) of the Target Group attributable to the Group at Completion and the estimated expenses in relation to the Disposal.

Upon Completion, each member of the Target Group will cease to be a subsidiary of the Company and its financial statements will no longer be consolidated into the Group's financial statements.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal will be used for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal will, amongst others, (i) realise the value of the Property, (ii) allow the gain from the Disposal to be crystalised and the capital to be recycled, and (iii) increase liquidity and reduce net gearing.

The Directors are of the view that the terms of the SPA and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

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

- (a) Mauritius Subsidiary, a company incorporated in Mauritius and a direct wholly-owned subsidiary of the Target Company;
- (b) Singapore Subsidiary 1, a company incorporated in Singapore and a direct wholly-owned subsidiary of the Mauritius Subsidiary; and
- (c) Singapore Subsidiary 2, a company incorporated in Singapore and a direct wholly-owned subsidiary of the Mauritius Subsidiary.

The Mauritius Subsidiary is an investment holding company. The Singapore Subsidiaries are the owners of the Property. The Property is a freehold condominium development situated on 21 Anderson Road in Singapore, and comprises 34 residential units with a total gross floor area of 87,000 square feet. The Property is currently known as “21 Anderson”.

INFORMATION ON THE VENDOR, THE GUARANTOR AND THE GROUP

The Vendor is an indirect wholly-owned subsidiary of the Company and engaged in investment holding. It is the legal and beneficial owner of the Sale Shares.

The Guarantor is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding and property investment.

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, gaming and related operations, securities and financial product investments, and provision of mortgage services.

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in investing in foreign unlisted companies. Its ultimate holding company is Wee Investments (Pte) Limited, a company incorporated in Singapore operating as an investment management firm, and is owned by Wee Wei Ling, Wee Cho Yaw, Chuang Yong Eng, Wee Ee Cheong, Wee Ee Chao, Wee Wei Chi and Wee Ee Lim.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios for the Disposal exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the 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:

“Adjustment Date”	the date falling three Business Days after the determination of the Final Completion Accounts in accordance with the SPA
“Bank Loan”	with respect to any date, the aggregate amount outstanding (including outstanding principal and all accrued interest) under the banking facilities granted by a commercial bank as original lender to the Singapore Subsidiaries and the Target Company as borrowers as at such date
“Board”	board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for business in Singapore, Hong Kong, Mauritius and the British Virgin Islands
“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)
“Completion”	completion of the Disposal
“Completion Date”	1 November 2021, or such other date as the parties to the SPA may agree in writing
“Consideration”	the consideration payable by the Purchaser to the Vendor for the purchase of the Sale Shares and the Shareholder’s Loan, being the Purchase Consideration subject to Final Net Asset adjustment
“Director(s)”	the directors of the Company
“Disposal”	the sale of the Sale Shares and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the SPA

“Estimated Completion Accounts”	the estimated completion accounts of the Target Group as at the Completion Date, which will be delivered by the Vendor to the Purchaser prior to the Completion Date pursuant to the SPA
“Estimated Net Asset”	the estimated net asset of the Target Group at Completion based on the Estimated Completion Accounts, which shall be referred to as the “Estimated NAV” if assets exceed liabilities or the “Estimated NAD” if liabilities exceed assets
“Final Completion Accounts”	the completion accounts of the Target Group as at the Completion Date, which will be prepared, agreed and determined after the Completion Date pursuant to the SPA
“Final Net Asset”	the net asset of the Target Group at Completion based on the Final Completion Accounts, which shall be referred to as the “Final NAV” if assets exceed liabilities or the “Final NAD” if liabilities exceed assets
“Further Deposit”	S\$19,170,000 (equivalent to approximately HK\$109,844,100), being an amount equivalent to ten percent of S\$213,000,000 (equivalent to approximately HK\$1,220,490,000) minus the Initial Deposit
“Group”	the Company and its subsidiaries
“Guarantor”	Far East Consortium Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“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
“Initial Deposit”	S\$2,130,000 (equivalent to approximately HK\$12,204,900)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mauritius”	the Republic of Mauritius
“Mauritius Subsidiary”	Anderson Raffles Limited, a company incorporated in Mauritius and an indirect wholly-owned subsidiary of the Company

“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules
“Property”	the strata titled condominium development comprising 34 residential units situated on 21 Anderson Road Singapore 259984
“Purchase Consideration”	S\$213,000,000 (equivalent to approximately HK\$1,220,490,000) plus the Estimated NAV, or S\$213,000,000 (equivalent to approximately HK\$1,220,490,000) minus the Estimated NAD
“Purchaser”	Kheng Leong Company (H.K.) Limited, a company incorporated in Hong Kong with limited liability
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale Shares”	494,808 issued and paid-up ordinary shares in the Target Company, representing 100% of all the issued and paid-up shares of the Target Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Shareholder’s Loan”	with respect to any date, the aggregate amount outstanding (including outstanding principal and all accrued interest) under the shareholder’s loan extended by the Vendor to the Target Company as at such date
“Singapore”	the Republic of Singapore
“Singapore Subsidiaries”	Singapore Subsidiary 1 and Singapore Subsidiary 2
“Singapore Subsidiary 1”	Anderson International Properties Pte. Ltd., a private limited company incorporated in Singapore, and an indirect wholly-owned subsidiary of the Company
“Singapore Subsidiary 2”	Raffles Legend Properties Pte. Ltd., a private limited company incorporated in Singapore, and an indirect wholly-owned subsidiary of the Company
“SPA”	the sale and purchase agreement entered into between the Vendor, the Purchaser, the Guarantor and the Company in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Highest Reach Investments Limited (峰達投資有限公司), a business company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company, the Mauritius Subsidiary and the Singapore Subsidiaries
“Vendor”	Advance Delight Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this announcement and for illustration purpose only, conversion of S\$ to HK\$ is based on the exchange rate of S\$ to HK\$5.73. No representation is made that any amounts in S\$ 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, 17 September 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.