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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 THE DISPOSAL IN KAI TAK**

#### **THE DISPOSAL**

The Board is pleased to announce that on 6 December 2021, the Seller (an indirect wholly-owned subsidiary of the Company), the Company (as the Seller's guarantor), the Purchaser, and the Purchaser Guarantor entered into the SPA, pursuant to which the Seller agreed to sell to the Purchaser the Sale Share, and assign and transfer to the Purchaser the benefit of the Sale Loan free from all encumbrances, and the Purchaser agreed to purchase the Sale Share together with all rights attaching thereto as at Completion and take an assignment of the benefit of the Sale Loan free from all encumbrances, with effect from Completion, at a consideration of HK\$3,380,000,000 subject to the Post-Completion Adjustment.

The Disposal involves the sale of the Target Company which currently owns the Land and the Development situated in Kai Tak. The Development will be divided into, amongst others, the Hotel Portion and the Non-Industrial Portion (including the Office Portion). Pursuant to the Approved GBP, the gross floor area as approved by the Building Authority shall be 16,192.35 sq. m. for the Office Portion and 15,378.098 sq. m. for the Hotel Portion. Pursuant to the SPA, the Target Company will assign the Hotel Portion to another subsidiary of the Company (i.e. the Hotel Portion Owner) prior to Completion under the Hotel Portion Assignment, such that the Purchaser will be purchasing the Target Company (holding only the Non-Industrial Portion (including the Office Portion)) at Completion. The Consideration reflects, amongst others, the value of the Office Portion at Completion on a debt free basis. The Coordination Agreement was entered into on 6 December 2021 to facilitate the construction and development of the Office Portion, as directed by the Purchaser. Additional Costs in respect of the Add-on Designs and variations to the Existing Office Portion Design to implement the Add-on Designs as required by the Purchaser, will be added to the Consideration to be paid by the Purchaser, as part of the Post-Completion Adjustment.

\* For identification purposes only

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable Percentage Ratios of the Disposal exceeds 25% but all of the applicable Percentage Ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting if a general meeting were to convene for the approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. As at the date of this announcement, Tan Sri Dato' David CHIU, Ms. Nancy CHIU NG (spouse of Tan Sri Dato' David CHIU), Sumptuous Assets Limited and Modest Secretarial Services Limited (both are companies controlled by Tan Sri Dato' David CHIU) held 23,023,223 Shares, 585,322 Shares, 1,183,360,003 Shares and 17,022 Shares, respectively. Written shareholders' approval for the Disposal and the transactions contemplated thereunder has been obtained from Tan Sri Dato' David CHIU, Ms. Nancy CHIU NG, Sumptuous Assets Limited and Modest Secretarial Services Limited (being a closely allied group of Shareholders holding 1,206,985,570 Shares in aggregate representing approximately 50.02% of the issued share capital of the Company as at the date of this announcement). Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal and the transactions contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, (i) details of the Disposal, and (ii) financial information of the Group, is required to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this announcement, which shall be on or before 28 December 2021. To allow for more time to prepare the information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and will publish further announcement(s) in compliance with the requirement under the Listing Rules as and when appropriate. Subject to the Stock Exchange granting the waiver, the circular is expected to be despatched to the Shareholders on or before 28 January 2022.

## INTRODUCTION

The Board is pleased to announce that on 6 December 2021, the Seller (an indirect wholly-owned subsidiary of the Company), the Company (as the Seller's guarantor), the Purchaser, and the Purchaser Guarantor entered into the SPA, pursuant to which the Seller agreed to sell to the Purchaser the Sale Share, and assign and transfer to the Purchaser the benefit of the Sale Loan free from all encumbrances, and the Purchaser agreed to purchase the Sale Share together with all rights attaching thereto as at Completion and take an assignment of the benefit of the Sale Loan free from all encumbrances, with effect from Completion, at a consideration of HK\$3,380,000,000 subject to the Post-Completion Adjustment.

The Disposal involves the sale of the Target Company which currently owns the Land and the Development situated in Kai Tak. The Development will be divided into, amongst others, the Hotel Portion and the Non-Industrial Portion (including the Office Portion). Pursuant to the Approved GBP, the gross floor area as approved by the Building Authority shall be 16,192.35 sq. m. for the Office Portion and 15,378.098 sq. m. for the Hotel Portion. Pursuant to the SPA, the Target Company will assign the Hotel Portion to another subsidiary of the Company (i.e. the Hotel Portion Owner) prior to Completion under the Hotel Portion Assignment, such that the Purchaser will be purchasing the Target Company (holding only the Non-Industrial Portion (including the Office Portion)) at Completion. The Consideration reflects, amongst others, the value of the Office Portion at Completion on a debt free basis. The Coordination Agreement was entered into on 6 December 2021 to facilitate the construction and development of the Office Portion, as directed by the Purchaser. Additional Costs in respect of the Add-on Designs and variations to the Existing Office Portion Design to implement the Add-on Designs as required by the Purchaser, will be added to the Consideration to be paid by the Purchaser, as part of the Post-Completion Adjustment.

## THE DISPOSAL

### Principal terms of the SPA

Summarised below are the principal terms of the SPA:

- Date** : 6 December 2021
- Parties** : (1) the Seller  
(2) the Company (as the Seller's guarantor)  
(3) the Purchaser  
(4) the Purchaser Guarantor

To the best knowledge, information and belief of the Directors after making all reasonable enquiry, the Purchaser, the Purchaser Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **Subject matter**

On and subject to the terms and conditions of the SPA:

- (a) the Seller shall (i) sell to the Purchaser the Sale Share as beneficial owner free from all encumbrances and with all rights to be attached to the Sale Share including the right to receive all dividends and other distributions declared, made or paid on or after the Completion Date; and (ii) assign and transfer to the Purchaser the benefit of the Sale Loan free from all encumbrances; and
- (b) the Purchaser shall (i) purchase the Sale Share together with all rights attaching thereto as at Completion; and (ii) take assignment of the benefit of the Sale Loan free from all encumbrances, with effect from Completion.

None of the Seller or the Purchaser shall be obliged to complete the sale and purchase of the Sale Share or the assignment of the Sale Loan unless the sale and purchase of the Sale Share and the assignment of the Sale Loan are completed simultaneously.

## **Consideration and payment terms**

Subject to the Post-Completion Adjustment, the Consideration of HK\$3,380,000,000 shall be payable in the following manner:

- (a) an amount of HK\$338,000,000 as deposit (the “**Deposit**”) as to:
  - (i) HK\$169,000,000, being 50% of the Deposit, has been paid by the Purchaser to the Seller upon execution of the SPA;
  - (ii) HK\$169,000,000, being the balance of the Deposit, has been paid by the Purchaser to the Seller upon signing of the Coordination Agreement;
- (b) HK\$338,000,000 to be paid by the Purchaser to the Seller as part payment of the Consideration on the earlier of 30 June 2022 and within 5 Business Days after the date on which the last approval from the Building Authority shall have been obtained in relation to the Add-on Designs;
- (c) HK\$338,000,000 to be paid by the Purchaser to the Seller as further part payment of the Consideration within 5 Business Days after the issuance of the Occupation Permit for Non-Industrial Portion; and
- (d) the balance of HK\$2,366,000,000 to be paid by the Purchaser to the Seller upon Completion provided that the Purchaser shall be entitled to split such payment so that a sum equivalent to an amount of the outstanding loan facility owing to certain existing lenders of the Target Company shall be paid directly to such existing lenders for the purpose of releasing and discharging the existing lending and security documents to the intent that on Completion, the Target Company and its assets, rights and business shall be free from the existing lending and security documents and any other encumbrances.

## **Post-Completion Adjustment**

The Consideration shall be subject to the following adjustments (the “**Post-Completion Adjustment**”):

- (a) there shall be added to the Consideration the following:
  - (i) the amount (if any) by which the Net Asset Value is more than zero;
  - (ii) the amount of any Add-on Design Costs as shall have been paid by the Target Company as at Completion;
  - (iii) the amount of any Flow-on Costs whether or not they have been paid by the Target Company as at Completion; and
- (b) there shall be deducted from the Consideration the amount (if any) by which the Net Asset Value is less than zero.

The Additional Costs (comprising the Add-on Design Costs and the Flow-on Costs) shall be subject to a downward adjustment in order to take into account the cost savings relating to the Other Additional Costs.

It is the present estimate of the Seller and the Purchaser that the amount of any net addition to the Consideration after such adjustment shall not exceed HK\$350,000,000.

In order to determine whether any Post-Completion Adjustment is applicable, the Seller shall prepare a set of completion accounts as at the Completion Date pursuant to the SPA, which shall be reviewed and audited by the auditor to be appointed by the Purchaser (the “**Stage One Completion Accounts**”). As the final accounts under the Main Contract will not have been finalised at the Completion Date and the Stage One Completion Accounts will not have reflected all the construction costs, including the Add-on Design Costs and Flow-on Costs, which are payable by the Target Company in accordance with the Main Contract and the Coordination Agreement, any provision for unpaid construction costs which is made in the Stage One Completion Accounts will be on a provisional basis only.

In order that all construction costs payable by the Target Company shall be fully taken into account in the Post-Completion Adjustment, it is agreed that the Seller shall, at the end of 12 months after the Completion Date or 30 days after the date of agreement or determination of the final accounts in accordance with the terms of the Main Contract and the Coordination Agreement (whichever shall be the later), prepare a set of updated completion accounts as at such date, which shall be reviewed and audited by the auditor to be appointed by the Purchaser (the “**Stage Two Completion Accounts**”) to capture all unpaid construction costs which have not been fully reflected in the Stage One Completion Accounts or for which any provision made is inadequate.

## **Payment on account of Post-Completion Adjustment**

Pending the preparation of the Stage One Completion Accounts and agreement or determination of such accounts in accordance with the SPA, the Purchaser shall on Completion pay to the Seller, in addition to the balance of the Consideration payable, an amount which is equal to the aggregate amount of all Additional Costs as set out in all the Additional Costs monthly statements provided by the Seller to the Purchaser, up to 5 Business Days prior to the Completion Date in respect of Additional Costs incurred (as approved by the development committee and/or determined in accordance with the adjudication procedures under the Coordination Agreement) and which have been paid by the Target Company. Such amount payable by the Purchaser to the Seller shall be made by the Purchaser to the Seller as payment on account of any addition to the Consideration and credit shall be given to such payment on account when computing the post-Completion payment to be made by either the Purchaser to the Seller or (as the case may be) by the Seller to the Purchaser pursuant to the SPA.

### **Post-Completion payments**

Within 5 Business Days after agreement or determination of the Stage One Completion Accounts:

- (i) if the Consideration is increased pursuant to the Post-Completion Adjustment, the Purchaser shall pay to the Seller the amount of the increase; and
- (ii) if the Consideration is reduced pursuant to the Post-Completion Adjustment, the Seller shall repay to the Purchaser the amount of such deduction.

The Consideration so as increased, or (as the case may be) reduced pursuant to the above Post-Completion Adjustment shall be the “**Adjusted Consideration**”.

Within 5 Business Days after agreement or determination of the Stage Two Completion Accounts:

- (i) if on the basis of the Stage Two Completion Accounts, the Adjusted Consideration should be increased by any amount pursuant to the Post-Completion Adjustment, then the Purchaser shall pay to the Seller the amount of the increase; and
- (ii) if on the basis of the Stage Two Completion Accounts, the Adjusted Consideration should be reduced by any amount pursuant to the Post-Completion Adjustment, then the Seller shall repay to the Purchaser the amount of the reduction.

The Consideration (including the Post-Completion Adjustment) was determined after arm’s length negotiations with reference to, among other things, the property value of the Office Portion based on the Existing Office Portion Design, the value of the Office Portion on a debt free basis at Completion, the location of the Development, prevailing market conditions, and comparable price of similar properties in the vicinity of the Development.

## Conditions

Completion is conditional upon the following conditions being satisfied or waived by the Purchaser in accordance with the SPA (the “**Conditions**”):

- (a) the delineation of the Hotel Portion and of the Non-Industrial Portion in accordance with the Government Grant having been completed and approved by the Director of Lands pursuant to the terms of the Government Grant;
- (b) there being no material breach of the key warranties under the SPA;
- (c) the obtaining of the occupation permit to be issued by the Building Authority for the Development, and the Certificate of Compliance in respect of the Development, with the assistance by the Purchaser, if so required by the Seller;
- (d) the Seller procuring, amongst others, the following:
  - (i) the obtaining of the Occupation Permit for Hotel Portion;
  - (ii) the assignment of the Hotel Portion by the Target Company to the Hotel Portion Owner and execution and completion of the Hotel Portion Assignment by the Target Company and the Hotel Portion Owner in accordance with the SPA; and
  - (iii) the existing lending and security documents being released or discharged by the Target Company’s existing lenders (it being acknowledged that part of the balance of the Consideration payable as shall be equal to the amount of the outstanding loan facility owing to certain existing lenders shall be paid to the existing lenders for the purpose of releasing and discharging the existing lending and security documents).

For the purposes of obtaining a release and discharge of the existing lending and security documents, if the aggregate of (i) the balance of the Consideration payable by the Purchaser to the Seller upon Completion and (ii) the payment on account to be made by the Purchaser to the Seller in accordance with the SPA (as referred to in the paragraph headed “The Disposal – Payment on account of Post-Completion Adjustment” in this announcement) shall be insufficient for repayment of the amount required by the existing lenders to be paid for such purpose as at Completion, then any such shortfall shall be funded by the Seller.

If, through no fault of any party to the SPA, any of the Conditions is not satisfied by the Long Stop Date and such Condition has not been waived by the parties, then, unless the parties shall have agreed on an extension of the Long Stop Date, the Purchaser or (as the case may be) the Seller may by notice to the other terminate the SPA.

## **Termination**

The SPA may be terminated by the Purchaser or (as the case may be) the Seller (i) due to non-satisfaction of any of the Conditions through no fault of any of the parties to the SPA by the Long Stop Date; or (ii) if at any time prior to Completion, the enjoyment of the Land and the Development is adversely affected by any resumption-related notices/orders relating to the resumption of the Land or the Development, and upon such termination the Seller shall return to the Purchaser the Deposit and the part payments of the Consideration (if so paid by the Purchaser) without interest and compensation of whatsoever nature and none of the parties shall have any further claim against the other parties.

The SPA may be terminated by the Purchaser if, amongst others, (i) there shall be material breach of any of the key warranties under the SPA, or (ii) the Non-Industrial Portion is substantially damaged or destroyed for whatever cause. Upon such termination, all rights and obligations of the parties will cease immediately and the Seller shall forthwith return to the Purchaser the Deposit and the part payments of the Consideration (if so paid by the Purchaser) without interest (if the return is made within 7 days of the receipt by the Seller of the relevant termination notice) or together with interest (if the return is made after 7 days of such termination).

The SPA may be terminated by the Seller if, amongst others, (i) the Purchaser is unable or unwilling to comply with its obligations to complete the SPA in accordance with the SPA, or (ii) the Purchaser shall have failed to comply with its payment obligations and the Purchaser shall have failed to cure or rectify such failure within 14 Business Days from the date of receipt of a written request from the Seller, then the Deposit shall be forfeited to the Seller, and the Seller shall be entitled to retain the part payment of the Consideration (if so paid by the Purchaser) as security for damages in excess of the Deposit forfeited as a result of the Purchaser's breach.

## **Transfer of the Hotel Portion to the Hotel Portion Owner**

As disclosed in this announcement, Completion is conditional upon the completion of the Hotel Portion Assignment as it is the intention of the parties to the SPA that the Hotel Portion shall not form part of the subject matter of the Disposal.

The Hotel Portion will be transferred by the Target Company to the Hotel Portion Owner by way of asset disposal and the consideration therefor shall be (i) an amount equal to the carrying amount in the books thereof; and (ii) the assumption by the Hotel Portion Owner of all liabilities (including accounts payable, accruals and inter-company balances) of the Target Company relating to, amongst others, the Hotel Portion and all Flow-on Costs payable.

## Completion

Subject to the satisfaction of the Conditions in accordance with the SPA, Completion will take place within 10 Business Days after the day on which a written notification issued by the Seller to the Purchaser that all the Conditions (save for those which have been waived by the Purchaser or the Seller in accordance with the SPA) is received or deemed to have been received by the Purchaser, or such other date as the Seller and the Purchaser may agree in writing.

## Guarantee by the Company

In consideration of the Purchaser entering into the SPA, the Company guarantees to the Purchaser (i) the due and punctual performance and observance by the Seller of all its obligations, commitments, undertakings, warranties and the indemnities under and in accordance with or in connection with the SPA; and (ii) to pay, promptly on demand, any sum which the Seller fails to pay to the Purchaser in accordance with or in connection with the SPA.

## Guarantee by the Purchaser Guarantor

In consideration of the Seller entering into the SPA, the Purchaser Guarantor guarantees to the Seller (i) the due and punctual performance and observance by the Purchaser of all its obligations, commitments, undertakings, warranties and indemnities under and in accordance with or in connection with the SPA; and (ii) to pay, promptly on demand, any sum which the Purchaser fails to pay to the Seller in accordance with or in connection with the SPA.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the audited financial information of the Target Company as at and for the two financial years ended 31 March 2020 and 31 March 2021:

	<b>For the year ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net profit/(loss) before taxation	(6,796)	1,212
Net profit/(loss) after taxation	(6,796)	1,212
	<b>As at</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net (liabilities)/assets	(5,645)	1,151
Total assets	2,738,118	2,516,694

Based on the unaudited financial information of the Target Company, the book value of the Non-Industrial Portion, being the subject of the Disposal, is HK\$1,923,000,000 as at 30 September 2021.

## **FINANCIAL EFFECT OF THE DISPOSAL**

As the Non-Industrial Portion of the Development was accounted for as an investment property in the financial statements of the Target Company, the book value in relation to the Non-Industrial Portion was marked to market as at 30 September 2021. A fair value gain of approximately HK\$438 million was recognised in the unaudited financial statements of the Target Company as at 30 September 2021. It is expected that further fair value gains of approximately HK\$500 million will be recognised before and/or upon Completion.

Upon Completion, the Target Company 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 construction of the Development and the general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal involves the sale of the Target Company which currently owns the Land and the Development situated in Kai Tak. The Land is adjacent to the Kai Tak Sports Park. The Development will be divided into, amongst others, the Hotel Portion and the Non-Industrial Portion (including the Office Portion). Pursuant to the Approved GBP, the gross floor area as approved by the Building Authority shall be 16,192.35 sq. m. for the Office Portion and 15,378.098 sq. m. for the Hotel Portion.

Pursuant to the SPA, the Target Company will assign the Hotel Portion to another subsidiary of the Company (i.e. the Hotel Portion Owner) prior to Completion under the Hotel Portion Assignment, such that the Purchaser will be purchasing the Target Company (holding only the Non-Industrial Portion (including the Office Portion)) at Completion. As such, the Consideration reflects, amongst others, the value of the Office Portion at Completion on a debt free basis.

The Coordination Agreement was entered into on 6 December 2021 to facilitate the construction and development of the Office Portion, as directed by the Purchaser. Additional Costs in respect of the Add-on Designs and variations to the Existing Office Portion Design to implement the Add-on Designs as required by the Purchaser, will be added to the Consideration to be paid by the Purchaser, as part of the Post-Completion Adjustment.

The Directors consider that the Disposal will, amongst others, (i) realise the value of the Land and the Development, (ii) allow the gain from the Disposal to be crystallised 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 OF THE TARGET COMPANY AND THE DEVELOPMENT**

The Target Company is an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in property development and investment, and is the legal and beneficial owner of the Land and the Development. The Land is located at Shing Kai Road adjoining Kai Tak Sports Park, Kai Tak, Kowloon, Hong Kong. The Development will be divided into, amongst others, the Hotel Portion and the Non-Industrial Portion (including the Office Portion). Pursuant to the Approved GBP, the gross floor area as approved by the Building Authority shall be as follows:

Development:	31,999.986 sq.m.
Non-Industrial Portion (including the Office Portion):	16,621.888 sq.m. (out of which the gross floor area for the Office Portion shall be 16,192.35 sq. m.)
Hotel Portion:	15,378.098 sq.m.

As at the date of this announcement, the Land is under development and is undergoing construction.

## **INFORMATION ON THE PURCHASER AND THE PURCHASER GUARANTOR**

The Purchaser is a direct wholly owned subsidiary of the Purchaser Guarantor and is principally engaged in investment holding. The Purchaser Guarantor is the holding company of its subsidiaries (including the Purchaser). The Purchaser Guarantor is the holding company of the CLP Group which is one of the largest investor-owned power businesses in Asia Pacific with investments spanning across Hong Kong, Mainland China, Australia, India, Southeast Asia and Taiwan.

## **INFORMATION ON THE SELLER AND THE COMPANY**

The Seller 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.

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To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting if a general meeting were to convene for the approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. As at the date of this announcement, Tan Sri Dato' David CHIU, Ms. Nancy CHIU NG (spouse of Tan Sri Dato' David CHIU), Sumptuous Assets Limited and Modest Secretarial Services Limited (both are companies controlled by Tan Sri Dato' David CHIU) held 23,023,223 Shares, 585,322 Shares, 1,183,360,003 Shares and 17,022 Shares, respectively. Written shareholders' approval for the Disposal and the transactions contemplated thereunder has been obtained from Tan Sri Dato' David CHIU, Ms. Nancy CHIU NG, Sumptuous Assets Limited and Modest Secretarial Services Limited (being a closely allied group of Shareholders holding 1,206,985,570 Shares in aggregate representing approximately 50.02% of the issued share capital of the Company as at the date of this announcement). Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal and the transactions contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, (i) details of the Disposal, and (ii) financial information of the Group, is required to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this announcement, which shall be on or before 28 December 2021. To allow for more time to prepare the information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and will publish further announcement(s) in compliance with the requirement under the Listing Rules as and when appropriate. Subject to the Stock Exchange granting the waiver, the circular is expected to be despatched to the Shareholders on or before 28 January 2022.

## **DEFINITIONS**

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

“Add-on Designs”                      the revisions and design changes to the Existing Office Portion Design as may from time to time be required by the Purchaser in its absolute discretion per the Coordination Agreement and, subject to the approval (where required) of all relevant Government authorities, implemented in accordance with the SPA and to such extent as the Purchaser may, in its absolute discretion per the Coordination Agreement, deem fit

“Add-on Design Costs”	the additional costs to each of the work contractors and professional consultants of Add-on Designs to be assessed by the quantity surveyor or by the Target Company, as the case may be, under the Main Contract or under any specialist contract and/or professional consultant agreement as agreed and adjudicated under the Coordination Agreement and including, among other things, any fees and costs relating to design changes, additional consultancy services, additional BEAM Plus registration and assessment, WELLS registration and assessment, any variation or extension of time relating thereto and all the constructions costs and related costs relating to the Add-on Designs, together with such Other Additional Costs relating to, incidental to or ancillary thereto
“Additional Costs”	the Add-on Design Costs and the Flow-on Costs
“Adjusted Consideration”	has the meaning given to it under the paragraph headed “The Disposal – Post-Completion payments” in this announcement
“Approved GBP”	the general building plans of the Development as approved by the Building Authority on 9 July 2021
“Board”	board of Directors
“Business Day”	a day other than (a) a day on which typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.; and (b) a Saturday or Sunday or public holiday, on which The Hongkong and Shanghai Banking Corporation Limited is open for general banking business in Hong Kong
“Certificate of Compliance”	the certificate issued or to be issued by or on behalf of the Director of Lands to the effect that all the positive obligations of the Target Company (as purchaser) under the Government Grant have been complied with
“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 in accordance with the terms of the SPA
“Completion Date”	the date on which Completion shall take place
“Condition(s)”	has the meaning given to it under the paragraph headed “The Disposal – Conditions” in this announcement

“Consideration”	HK\$3,380,000,000, subject to Post-Completion Adjustment
“Coordination Agreement”	the agreement entered into on 6 December 2021 among the Seller, the Target Company, the Purchaser, the Main Contractor, the architect and the geotechnical and structural engineer as appointed by the Target Company in relation to the construction and development of, amongst others, the Office Portion
“Deposit”	has the meaning given to it under the paragraph headed “The Disposal – Consideration and payment terms” in the announcement
“Development”	the composite development comprising a hotel block, an office block and a basement carport to be erected on the Land in accordance with the SPA in the run-up to Completion, such development to be divided into, amongst others, the Hotel Portion and the Non-Industrial Portion
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Share and assignment of the Sale Loan by the Seller to the Purchaser pursuant to the SPA
“Existing Office Portion Design”	the existing design of the Office Portion pursuant to the Main Contract and tender designs or such revised design as proposed by contractors and accepted by the Target Company as at 8 October 2021
“Flow-on Costs”	<p>the additional time and costs actually incurred under any works contract or professional consultant agreement in respect of any variations to the Existing Office Portion Design to implement the Add-on Designs, as instructed by the Purchaser, that specifically and unavoidably impact:</p> <p>(I) other part or parts of the Development; or</p> <p>(II) the discharge of obligations on the part of the Target Company (as purchaser) under the Government Grant,</p> <p>and which cannot otherwise have been mitigated provided that such additional time and costs (which may include those relating specifically to the Hotel Portion) shall be properly justified and substantiated to the satisfaction of the development committee after taking into consideration the matters referred to in the Coordination Agreement and shall not have been caused by (or shall be reduced to the extent it was contributed to by) any act or omission of a work contractor or professional consultant, together with such Other Additional Costs relating to, incidental to or ancillary thereto</p>

“Government”	Government of Hong Kong
“Government Grant”	the Conditions of Sale in respect of the Land deposited and registered in the Land Registry as Conditions of Sale No. 20352
“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
“Hotel Portion”	has the meaning ascribed to such term under the Government Grant, which includes the Hotel Portion Spaces (as defined under the Government Grant)
“Hotel Portion Assignment”	the assignment to be entered into by the Target Company (as assignor/vendor) and the Hotel Portion Owner (as assignee/purchaser) in relation to the assignment of the Hotel Portion
“Hotel Portion Owner”	a wholly-owned subsidiary of the Seller and the assignee/purchaser of the Hotel Portion under the Hotel Portion Assignment
“Land”	the land situated at Shing Kai Road adjoining Kai Tak Sports Park, Kai Tak, Kowloon, Hong Kong, known and registered in the Land Registry as New Kowloon Inland Lot No. 6607
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2025 or such extended date if so agreed by the parties pursuant to the SPA
“Main Contract”	the letter of award dated 20 July 2021 from the Target Company to the Main Contractor and the main building contract (as may be amended by variation orders or instructions from time to time of the architect) to be entered into by the Target Company and the Main Contractor relating to the construction of the Development
“Main Contractor”	the main contractor for the construction of the Development as appointed under the Main Contract and includes any other main contractor for the time being appointed by the Target Company in its place
“Net Asset Value”	the adjusted net asset value of the Target Company as at the close of business on the Completion Date as shown in the completion accounts prepared in accordance with the terms of the SPA

“Non-Industrial Portion”	has the meaning ascribed to such term under the Government Grant, which comprises the Office Portion, a small retail area and the Non-Industrial Portion Spaces (as defined under the Government Grant)
“Occupation Permit for Hotel Portion”	occupation permit or temporary occupation permit to be issued by the Building Authority for the Hotel Portion
“Occupation Permit for Non-Industrial Portion”	occupation permit or temporary occupation permit to be issued by the Building Authority for the Non-Industrial Portion and the Non-Industrial Portion Spaces (as defined under the Government Grant)
“Office Portion”	such part of the Non-Industrial Portion excluding a small retail area but including the Non-Industrial Portion Spaces (as defined under the Government Grant)
“Other Additional Costs”	any other fees and costs relating to, incidental to or ancillary to the Add-on Design Costs and the Flow-on Costs, whether such Add-on Designs were implemented or not, as are required to be incurred and reasonably incurred including but not limited to all costs and expenses (I) for providing higher standards of Add-on Designs and (II) which are incurred specifically as a result of any variation to the Existing Office Portion Design at the request of the Purchaser, subject to the ‘net’ cost effects of such matters being calculated to include due credit for any cost saving associated with the substitution, subtraction or deletion of any works or materials included in the Existing Office Portion Design or other portion of the works and any other cost savings occasioned by such instructions
“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules
“Post-Completion Adjustment”	has the meaning given to it under the paragraph headed “The Disposal – Post-Completion Adjustment” in this announcement
“Purchaser”	CLP Properties Limited, a company incorporated in Hong Kong with limited liability, a direct wholly owned subsidiary of the Purchaser Guarantor
“Purchaser Guarantor”	CLP Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00002)
“Sale Loan”	the entire loan which will be owing by the Target Company to the Seller as at Completion, the amount of which shall not exceed HK\$3,379,999,999

“Sale Share”	one ordinary share of HK\$1.00 in the Target Company, which represents the entire issued share capital of the Target Company
“Seller”	Far East Consortium Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholders of the Company
“SPA”	the sale and purchase agreement entered into among the Seller, the Company, the Purchaser and the Purchaser Guarantor in relation to the sale and purchase of the Sale Share and the assignment of the Sale Loan dated 6 December 2021
“Stage One Completion Accounts”	has the meaning given to it under the paragraph headed “The Disposal – Post-Completion Adjustment” in this announcement
“Stage Two Completion Accounts”	has the meaning given to it under the paragraph headed “The Disposal – Post-Completion Adjustment” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq. m.”	square metre
“Target Company”	Sanon Limited, 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**  
**Wai Hung Boswell CHEUNG**  
*Company Secretary*

Hong Kong, 6 December 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.*