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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)

COMPLETION OF THE REPURCHASE OF THE TARGET COMPANY BY THE SELLER PURSUANT TO THE SPA

BACKGROUND

Reference is made to the announcements issued by Far East Consortium International Limited (i) dated 14 March 2022 relating to the Acquisition pursuant to a sale and purchase agreement dated 14 March 2022 as amended by an amendment agreement dated 4 April 2022 and the Second Amendment Agreement (as defined below), entered into between the Seller (as seller), the Buyer (as buyer), R&F Prop HK (as warrantor) and Mr. Li (as warrantor), as may be amended or supplemented from time to time (the “SPA”); and (ii) dated 2 September 2022 relating to the exercise of the Option to Repurchase by the Seller (collectively, the “Announcements”), respectively. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

ENTERING INTO OF THE SECOND AMENDMENT AGREEMENT

The Board announces that on 5 October 2022, the parties to the SPA entered into the second amendment agreement to the SPA (the “**Second Amendment Agreement**”), pursuant to which, *inter alia*, (1) the outstanding amount of the Bank Loan (the “**Bank Loan Amount at Option Completion**”) as at completion of the sale and repurchase (the “**Option Completion**”) shall be deducted from the Option Consideration (the “**Amended Option Consideration**”); and (2) at Option Completion, the Seller shall, *inter alia*, (i) pay or procure the payment of the Amended Option Consideration to the Buyer; and (ii) procure the repayment of the Bank Loan Amount at Option Completion in full, and discharge the guarantee provided by the Company in respect of the Bank Loan.

* *For identification purposes only*

The terms of the Second Amendment Agreement (including the Amended Option Consideration) were determined after arm's length negotiations to facilitate the completion of the sale and repurchase. The Directors are of the view that the terms of the SPA (including the Second Amendment Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

COMPLETION OF THE SALE AND REPURCHASE

The Board further announces that the Option Completion took place on 5 October 2022 pursuant to the SPA in the manner set out above.

FINANCIAL EFFECT OF THE SALE AND REPURCHASE AND USE OF PROCEEDS

Upon the Option Completion, the Target Company has ceased to be a subsidiary of the Company and its financial results will no longer be consolidated with the results of the Group. The Bank Loan has been repaid to the lending bank, and the Company has been released from the guarantee in respect of the Bank Loan.

Despite the change in the Option Consideration, the value of the economic benefit received by the Group at the Option Completion effectively remained unchanged as that disclosed in the Announcements. The Directors are of the view that the basis for determining the Option Consideration and reasons for and benefits of entering into the SPA as set out in the Announcements remain valid.

The Group expects to accrue a net gain of approximately £10.9 million being the Amended Option Consideration (less such costs, liabilities and expenses as referred to in the definition of the Amended Option Consideration) plus the Bank Loan Amount at Option Completion less the Consideration. The Group intends to use the net sale proceeds of the sale and repurchase for its general working capital.

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

Hong Kong, 5 October 2022

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. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK.