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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

Reference is made to the announcement issued by Far East Consortium International Limited dated 6 December 2021 relating to the disposal in Kai Tak (“**Previous Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcement.

INTRODUCTION

The Board announces that on 12 December 2023, the parties to the SPA entered into the Supplemental Agreement, pursuant to which, amongst others, the parties agreed to (i) with effect from the date of the Supplemental Agreement, amend certain terms and conditions in the SPA having regard to the latest amendments to the Approved GBP as approved by the Building Authority; and (ii) subject to the Due Diligence Condition, further amend certain terms and conditions in the SPA to facilitate earlier Completion.

THE SUPPLEMENTAL AGREEMENT

Pursuant to the terms and conditions of the Supplemental Agreement, with effect from the date of the Supplemental Agreement, the SPA shall be and shall stand amended and restated to reflect, amongst others, certain consequential amendments made to the terms and conditions of the SPA having regard to the amendments to the Approved GBP as approved by the Building Authority. The principal terms of the SPA as summarised in the Previous Announcement shall remain applicable.

* *For identification purposes only*

Subject to fulfilment of the Due Diligence Condition, the SPA shall be and shall stand further amended and restated so as to, amongst other ancillary changes, remove the obtaining of the Certificate of Compliance in respect of the Development as a Condition and include the obtaining of Certificate of Compliance as a condition subsequent which can be fulfilled after Completion (“**Amended SPA**”). In the event that the Due Diligence Condition cannot be fulfilled, the Amended SPA will not take effect and the principal terms of the SPA as summarised in the Previous Announcement shall remain applicable.

AMENDED SPA

The Amended SPA reflects, amongst other ancillary changes, the removal of the obtaining of the Certificate of Compliance in respect of the Development as a Condition and the addition of the obtaining of Certificate of Compliance as a condition subsequent which can be fulfilled after Completion. Under the Amended SPA, it is expected that Completion can take place earlier than expected.

Changes in relation to the Conditions under the Amended SPA include:

- (a) removing the obtaining of the Certificate of Compliance in respect of the Development as a Condition;
- (b) adding the following Conditions to be procured by the Seller before Completion:
 - (i) the satisfaction of all the conditions as may be imposed by the Director of Lands for the grant of the requisite approval(s) in relation to, amongst others, the transfer of the Hotel Portion so as to facilitate the assignment of the Hotel Portion by the Target Company to the Hotel Portion Owner (being one of the Conditions set out in the Previous Announcement);
 - (ii) the issuance of the certificate of substantial completion issued by the architect to the main contractor in relation to the Non-Industrial Portion;
 - (iii) the novation of certain main building contract, professional consultant agreements, specialist contracts and works contracts to the Seller and/or the Hotel Portion Owner so as to facilitate the release and discharge of the existing lending and security documents by the Target Company’s existing lenders (being one of the Conditions set out in the Previous Announcement); and
 - (iv) the agreement by the parties of the Add-on Design Costs and the Flow-on Costs.

Changes in relation to the Condition Subsequent under Amended SPA include:

- (a) addition of the Condition Subsequent which can be fulfilled after Completion;
- (b) if the Condition Subsequent shall not have been satisfied on Completion, the Purchaser shall be entitled to withhold the Withheld Consideration Amount from the balance of Consideration to be paid at Completion and effect payment of the Withheld Consideration Amount to the Seller within five (5) Business Days after receipt of the notification from the Seller to the Purchaser of satisfaction of the Condition Subsequent; and
- (c) in the event that Completion shall have taken place prior to satisfaction of the Condition Subsequent, the Seller shall procure the satisfaction of the Condition Subsequent by the Long Stop Date. If the Condition Subsequent is not satisfied by the Long Stop Date, subject to the terms of the Amended SPA, the Withheld Consideration Amount and the Withheld Adjustment Amounts shall no longer be payable by the Purchaser to the Seller and the Purchaser may claim against the Seller for the relevant losses and damages suffered.

Other ancillary changes under Amended SPA include:

- (a) the Long Stop Date shall be 31 December 2025 or the date falling 12 months after the date on which an acknowledgement letter is received from the Building Authority in relation to the completion of certain works on the Non-Industrial Portion (whichever shall be later), or such extended date if so agreed by the parties;
- (b) Add-on Design Costs and Flow-on Costs shall be removed from the Post-Completion Adjustment, and instead, the Purchaser shall pay the Seller the Net Amount of Add-on Design/Flow-on Costs on Completion; and
- (c) if the Purchaser is required to pay the Seller any adjustment to Consideration post-Completion after the agreement or determination of the Stage One Completion Accounts or Stage Two Completion Accounts (as the case may be) and the Condition Subsequent has still not been satisfied on the payment date, the Purchaser shall be entitled to withhold the Withheld Adjustment Amounts and effect payment of the Withheld Adjustment Amounts within five (5) Business Days after receipt of the notification from the Seller to the Purchaser of satisfaction of the Condition Subsequent.

REASONS AND BENEFIT FOR THE SUPPLEMENTAL AGREEMENT

The Board considers that the consequential amendments made to the terms and conditions of the SPA having regard to the amendments to the Approved GBP as approved by the Building Authority are necessary to reflect the current status of the Development. The Board further considers that the changes under the Amended SPA will allow Completion to take place earlier than expected and allow the Group to receive the proceeds from the Disposal earlier.

The terms of the Agreements were determined after arm's length negotiations and the Directors are of the view that the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Agreements”	the Supplemental Agreement and the Amended SPA
“Condition Subsequent”	the obtaining of the Certificate of Compliance in respect of the Development
“Due Diligence Condition”	the Purchaser being satisfied by its due diligence (on or before 31 January 2024) that there is no impediment to the issuance of the Certificate of Compliance in respect of the Development by no later than 31 December 2025
“Net Amount of Add-on Design/Flow-on Costs”	the aggregate of the Add-on Design Costs and Flow-on Costs to be determined and agreed by the Seller and the Purchaser pursuant to the terms of the Amended SPA, and deducting from such aggregate a sum of HK\$50,000,000
“Supplemental Agreement”	the supplemental agreement to the SPA entered into among the Seller, the Company, the Purchaser and the Purchaser Guarantor dated 12 December 2023
“Withheld Adjustment Amounts”	10% of post-Completion payment to be made by the Purchaser to the Seller in accordance to the Amended SPA after the agreement or determination of the Stage One Completion Accounts and/or Stage Two Completion Accounts (as the case may be)
“Withheld Consideration Amount”	HK\$338,000,000

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

Hong Kong, 12 December 2023

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.