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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)

CONTINUING CONNECTED TRANSACTION RENEWAL OF HOTEL MANAGEMENT CONTRACT

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 26 November 2013 in relation to the continuing connected transactions with, amongst others, Mayland Universal, to manage hotels in Malaysia.

RENEWAL OF THE MAYLAND UNIVERSAL CONTRACT

The Board is pleased to announce that, on 8 August 2024, Subang Jaya, a wholly-owned subsidiary of the Company, had agreed to renew the continuing connected transaction under the Mayland Universal Contract. The Mayland Universal Contract will be renewed for a term of three years commencing from 8 August 2024 and ending on 7 August 2027. All the terms and conditions of the Mayland Universal Contract will remain unchanged upon renewal.

LISTING RULES IMPLICATIONS

Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an associate of Tan Sri Dato' David CHIU, who is an executive Director and the controlling shareholder of the Company. Hence, each of these entities is deemed to be a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Management Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

* *For identification purposes only*

Pursuant to Rule 14A.25 of the Listing Rules, for the purpose of calculating the applicable Percentage Ratios, the Management Contracts are aggregated as they are of similar nature and are entered into with parties connected or associated with one another. Given that one or more of the applicable Percentage Ratio(s) calculated with reference to the Annual Cap is more than 0.1% but less than 5%, the transactions contemplated under the Management Contracts are subject to reporting, announcement and annual review requirements but are exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 26 November 2013 in relation to the continuing connected transactions with, amongst others, Mayland Universal, to manage the hotels in Malaysia.

RENEWAL OF THE MAYLAND UNIVERSAL CONTRACT

The Board is pleased to announce that, on 8 August 2024, Subang Jaya, an indirect wholly-owned subsidiary of the Company, had agreed to renew the continuing connected transaction under the Mayland Universal Contract. The Mayland Universal Contract was last renewed on 2 August 2021. All the terms and conditions of the Mayland Universal Contract will remain unchanged upon renewal. Further, Subang Jaya had on 15 December 2021 renewed the Mayland Avenue Contract and on 28 April 2023 renewed the Mayland Century Contract.

Details of the Mayland Universal Contract are as follows:

Latest Renewal Date: 8 August 2024

Parties: (i) Subang Jaya
(ii) Mayland Universal

Renewed Term: Three years commencing on 8 August 2024 and expiring on 7 August 2027. Subang Jaya has the right to renew the Mayland Universal Contract for another consecutive three years provided that the entire term of the Mayland Universal Contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the Mayland Universal Contract is renewed.

Hotel Address: Lot 48624, Sri Hartamas, Mukim Kuala Lumpur, Bandaraya Kuala Lumpur, Wilayah Persekutuan, Malaysia

The Mayland Universal Contract was entered into for Subang Jaya to manage Dorsett Hartamas hotel, a 290 rooms hotel owned by Mayland Universal and located at Lot 48624, Sri Hartamas, Mukim Kuala Lumpur, Bandaraya Kuala Lumpur, Wilayah Persekutuan, Malaysia.

Details of the Mayland Century Contract are as follows:

Latest Renewal Date: 28 April 2023

Parties: (i) Subang Jaya
(ii) Mayland Century

Renewal Term: Three years commencing 1 May 2023 and expiring on 30 April 2026. Subang Jaya has the right to renew the Mayland Century Contract for another consecutive three years provided that the entire term of the Mayland Century Contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the Mayland Century Contract is renewed.

Hotel Address: Lot 38023, Batu 6, Jalan Cheras, Mukim Petaling Jaya, Kuala Lumpur, Malaysia

The Mayland Century Contract was entered into for Subang Jaya to manage Silka Cheras hotel, Kuala Lumpur, a 284 rooms hotel owned by Mayland Century and located at Lot 38023, Batu 6, Jalan Cheras, Mukim Petaling Jaya, Kuala Lumpur, Malaysia.

Details of the Mayland Avenue Contract are as follows:

Latest Renewal Date: 15 December 2021

Parties: (i) Subang Jaya
(ii) Mayland Avenue

Renewal Term: Three years commencing on 17 January 2022 and expiring on 16 January 2025. Subang Jaya has the right to renew the Mayland Avenue Contract for another consecutive three years provided that the entire term of the Mayland Avenue Contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the Mayland Avenue Contract is renewed.

Hotel Address: No. 1 Jalan Tun Abdul Razak, Presint 3, 62100 Putrajaya, Malaysia

The Mayland Avenue Contract was entered into for Subang Jaya to manage Dorsett Putrajaya hotel, a 218 rooms hotel owned by Mayland Avenue and located at No. 1 Jalan Tun Abdul Razak, Presint 3, 62100 Putrajaya, Malaysia.

Fees

The annual Fees receivable by Subang Jaya pursuant to the terms and conditions of the Management Contracts comprise of:

Base management fees	1.5% on the annual adjusted gross revenues of the hotels
Incentive fees	6% on the annual gross operating profit of the hotels

The Directors (including all the independent non-executive Directors) consider that the Fees are on normal commercial terms by reference to comparable fees under the hotel management agreements of other hotels operated under the brand “Dorsett” or “Silka”.

ANNUAL CAPS OF THE MANAGEMENT CONTRACTS

After taking into account, amongst other factors, market conditions, the Fees for April 2024 to June 2024, expected occupancy, reasonable allowance for unexpected increase in occupancy and/or room rate, possible inflation and reasonable buffer (including foreign currency fluctuation), the Board expects the annual aggregate Fees for the Management Contracts for each of the following financial years will not exceed the following respective Annual Caps:

Financial year ending

	Mayland Century (HK\$)	Mayland Avenue (HK\$)	Mayland Universal (HK\$)	Annual Cap (HK\$)
31 March 2025	600,000	2,400,000	1,500,000	4,500,000
31 March 2026	700,000	2,600,000	1,700,000	5,000,000
31 March 2027	800,000	2,900,000	1,900,000	5,600,000

If further revisions are proposed to the Annual Caps, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

INFORMATION ON SUBANG JAYA, THE COMPANY AND THE GROUP

Subang Jaya is an indirect wholly-owned subsidiary of the Company and the principal activities of Subang Jaya are the provision of hotel management and consultancy services.

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 MAYLAND CENTURY, MAYLAND AVENUE AND MAYLAND UNIVERSAL

Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an associate of Tan Sri Dato' David CHIU with principal activities in property development and investment.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE MANAGEMENT CONTRACTS

In line with the Group's strategy to maintain and expand the management model of its hotel management business operation, the renewal of the Management Contracts is beneficial to and in the ordinary and usual course of business of the Group. The Directors (including all the independent non-executive Directors) consider that the Management Contracts are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an associate of Tan Sri Dato' David CHIU, who is an executive Director and the controlling shareholder of the Company. Hence, each of these entities is deemed to be a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Management Contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules, for the purpose of calculating the applicable Percentage Ratios, the Management Contracts are aggregated as they are of similar nature and are entered into with parties connected or associated with one another. Given that one or more of the applicable Percentage Ratio(s) calculated with reference to the Annual Cap is more than 0.1% but less than 5%, the transactions contemplated under the Management Contracts are subject to reporting, announcement and annual review requirements but are exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Tan Sri Dato' David CHIU is an executive Director. Accordingly, Tan Sri Dato' David CHIU, Mr. Dennis CHIU (being the brother of Tan Sri Dato' David CHIU), Ms. Wing Kwan Winnie CHIU (being the daughter of Tan Sri Dato' David CHIU) and Ms. Jennifer Wendy CHIU (being the daughter of Tan Sri Dato' David CHIU) had abstained from voting on the board resolutions to approve the renewal of the Mayland Universal Contract.

DEFINITIONS

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

“Annual Cap(s)”	the expected maximum annual aggregate amount(s) of the Fees of the Management Contracts for a specific financial year(s);
“associate(s)”	has the meaning as ascribed under the Listing Rule;
“Board”	the board of Directors;
“Company”	Far East Consortium International Limited (遠東發展有限公司*), a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35);
“connected person(s)”	has the meaning as ascribed under the Listing Rules;
“Directors”	the directors of the Company;
“Fees”	the income receivable by Subang Jaya pursuant to the terms and conditions of the Management Contracts;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Contracts”	collectively, the Mayland Avenue Contract, the Mayland Century Contract and the Mayland Universal Contract;
“Mayland Avenue”	Mayland Avenue Sdn Bhd, a company incorporated in Malaysia and an associate of Tan Sri Dato’ David CHIU;
“Mayland Avenue Contract”	the hotel management contract entered into between Subang Jaya and Mayland Avenue on 26 November 2013, as renewed from time to time;
“Mayland Century”	Mayland Century Sdn Bhd, a company incorporated in Malaysia and an associate of Tan Sri Dato’ David CHIU;
“Mayland Century Contract”	the hotel management contract entered into between Subang Jaya and Mayland Century on 26 November 2013, as renewed from time to time;

“Mayland Universal”	Mayland Universal Sdn Bhd, a company incorporated in Malaysia and an associate of Tan Sri Dato’ David CHIU;
“Mayland Universal Contract”	the hotel management contract entered into between Subang Jaya and Mayland Universal on 26 November 2013, as renewed from time to time;
“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules;
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subang Jaya”	Subang Jaya Hotel Development Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of the Company;
“subsidiary”	has the same meaning ascribed to it in the Listing Rules; and
“%”	per cent.

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

Hong Kong, 8 August 2024

As at the date of this announcement, the Board comprises six executive directors namely, Tan Sri Dato’ David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU and Ms. Jennifer Wendy CHIU; and three independent non-executive directors, namely Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK.