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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 TRANSACTIONS HOTEL MANAGEMENT CONTRACTS AND TRADEMARK LICENSE AGREEMENTS IN RELATION TO HOTELS IN MALAYSIA

INTRODUCTION

The Board is pleased to announce that, on 30 September 2024, DHI Manager, a wholly-owned subsidiary of the Company, amongst others, had entered into the Hotel Management Contracts, pursuant to which DHI Manager will provide hotel management services in relation to the Hotels. The Board is further pleased to announce that on 30 September 2024, Dorsett Hospitality, a wholly-owned subsidiary of the Company, had entered into the Trademark License Agreements pursuant to which Dorsett Hospitality will grant the Hotel Owners a sub-license of the Marks.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.25 of the Listing Rules, for the purpose of calculating the applicable Percentage Ratios, the Transactions 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 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.

* *For identification purposes only*

INTRODUCTION

The Board is pleased to announce that, on 30 September 2024, DHI Manager, a wholly-owned subsidiary of the Company, amongst others, had entered into the Hotel Management Contracts, pursuant to which DHI Manager will provide hotel management services in relation to the Hotels. The Board is further pleased to announce that on 30 September 2024, Dorsett Hospitality, a wholly-owned subsidiary of the Company, had entered into the Trademark License Agreements pursuant to which Dorsett Hospitality will grant the Hotel Owners a sub-license of the Marks.

Details of the Mayland Avenue – Management Contract are as follows:

Date : 30 September 2024

Parties : (i) DHI Manager
(ii) Mayland Avenue
(iii) Subang Jaya
(iv) Dorsett Hospitality

Services : DHI Manager to, amongst others, supervise, direct and control the operation of Dorsett Putrajaya hotel and carry on the hotel's business.

Term : The initial term shall commence on 30 September 2024 and expiring on 31 March 2027. The parties may agree in writing to renew the contract for successive three-year terms.

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

Details of the Mayland Avenue – License Agreement are as follows:

Date : 30 September 2024

Parties : (i) Dorsett Hospitality
(ii) Mayland Avenue

Services : Dorsett Hospitality to provide a license to Mayland Avenue to use the Marks at Dorsett Putrajaya hotel solely for hotel services and other related goods and services provided in connection with the operation (including marketing and promotion) and management of the hotel.

Term : Same as the Mayland Avenue – Management Contract.

Details of the Mayland Century – Management Contract are as follows:

- Date : 30 September 2024
- Parties : (i) DHI Manager
(ii) Mayland Century
(iii) Subang Jaya
(iv) Dorsett Hospitality
- Services : DHI Manager to, amongst others, supervise, direct and control the operation of Silka Cheras hotel, Kuala Lumpur, and carry on the hotel's business.
- Term : The initial term shall commence on 30 September 2024 and expiring on 31 March 2027. The parties may agree in writing to renew the contract for successive three-year terms.
- Hotel Address : Lot 38023, Batu 6, Jalan Cheras, Mukim Petaling Jaya, Kuala Lumpur, Malaysia

Details of the Mayland Century – License Agreement are as follows:

- Date : 30 September 2024
- Parties : (i) Dorsett Hospitality
(ii) Mayland Century
- Services : Dorsett Hospitality to provide a license to Mayland Century to use the Marks at Silka Cheras hotel, Kuala Lumpur solely for hotel services and other related goods and services provided in connection with the operation (including marketing and promotion) and management of the hotel.
- Term : Same as the Mayland Century – Management Contract.

Details of the Mayland Universal – Management Contract are as follows:

- Date : 30 September 2024
- Parties : (i) DHI Manager
(ii) Mayland Universal
(iii) Subang Jaya
(iv) Dorsett Hospitality
- Services : DHI Manager to, amongst others, supervise, direct and control the operation of Dorsett Hartamas hotel and carry on the hotel’s business.
- Term : The initial term shall commence on 30 September 2024 and expiring on 31 March 2027. The parties may agree in writing to renew the contract for successive three-year terms.
- Hotel Address : Lot 48624, Sri Hartamas, Mukim Kuala Lumpur, Bandaraya Kuala Lumpur, Wilayah Persekutuan, Malaysia

Details of the Mayland Universal – License Agreement are as follows:

- Date : 30 September 2024
- Parties : (i) Dorsett Hospitality
(ii) Mayland Universal
- Services : Dorsett Hospitality to provide a license to Mayland Universal to use the Marks at Dorsett Hartamas hotel solely for hotel services and other related goods and services provided in connection with the operation (including marketing and promotion) and management of the hotel.
- Term : Same as the Mayland Universal – Management Contract.

Amendment, novation and termination of the Old Management Contracts

Pursuant to the terms of the Hotel Management Contracts, with effect from 1 April 2024, amongst others, (i) the Old Management Contracts shall be amended such that all the terms of the Old Management Contracts shall be deleted in its entirety and substituted with the terms of the Hotel Management Contracts and Trademark License Agreements (save that the commencement date of the terms of the Hotel Management Contracts and Trademark License Agreements shall be 1 April 2024); (ii) Subang Jaya shall novate all its rights, benefits, obligations and liabilities under the Old Management Contracts to DHI Manager and Dorsett Hospitality; and (iii) the Old Management Contracts shall be terminated as of 30 September 2024. For details of the Old Management Contracts, please refer to the announcement of the Company dated 8 August 2024.

Fees

The annual Management Fees receivable by DHI Manager pursuant to the terms and conditions of the Hotel Management Contracts comprise of:

Base management fees	0.8% on the annual gross revenue of the Hotels
Incentive management fees	6% on the annual gross operating profit of the Hotels

The monthly base management fees and incentive management fees shall be paid no later than the twentieth (20th) day of the month following the month in which they were earned.

The annual License Fees receivable by Dorsett Hospitality pursuant to the terms and conditions of the Trademark License Agreements comprise of:

Trademark license fee	0.7% on the annual gross revenue of the Hotels which shall be paid on the fifteenth (15th) day of the month following the month in which it was earned
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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 contracts and trademark license agreements of other hotels operated under the brand “Dorsett” or “Silka”.

The annual Fees receivable by the Group pursuant to the Hotel Management Contracts and Trademark License Agreements remains the same when compared to the fees receivable by the Group pursuant to the Old Management Contracts.

EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNT OF FEES

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 Transactions for each of the following financial years will not exceed the following respective Annual Caps:

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

As the annual Fees receivable by the Group pursuant to the Hotel Management Contracts and Trademark License Agreements remains the same when compared to the fees receivable by the Group pursuant to the Old Management Contracts, the Annual Cap remains the same as those proposed in the Company's announcement dated 8 August 2024.

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

INFORMATION ON DHI MANAGER, DORSETT HOSPITALITY, SUBANG JAYA, THE COMPANY AND THE GROUP

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

Dorsett Hospitality is an indirect wholly-owned subsidiary of the Company and the principal activity of Dorsett Hospitality is the provision of hotel management services.

Subang Jaya is an indirect wholly-owned subsidiary of the Company and the principal activity of Subang Jaya is to participate in all aspects of hotel business.

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 AVENUE, MAYLAND CENTURY AND MAYLAND UNIVERSAL

Each of (i) Mayland Avenue, (ii) Mayland Century 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 ENTERING INTO THE TRANSACTIONS

The Transactions are in-line with the Group's strategy to maintain and expand the management model of its hotel management business operation, and 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 Transactions 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 Avenue, (ii) Mayland Century 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 Transactions 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 Transactions 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 are subject to reporting, announcement and annual review requirements but 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 entering into of the Transactions.

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 under the Transactions for a specific financial year(s);
“associate(s)”	has the meaning as ascribed under the Listing Rules;
“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;
“controlling shareholder”	has the meaning as ascribed under the Listing Rules;
“DHI Manager”	DHI Manager Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of the Company;

“Director(s)”	the director(s) of the Company;
“Dorsett Hospitality”	Dorsett Hospitality International Services Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Fees”	collectively, the Management Fees and the License Fees;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China;
“Hotel Management Contracts”	collectively, the Mayland Avenue – Management Contract, Mayland Century – Management Contract and Mayland Universal – Management Contract;
“Hotels”	collectively, Dorsett Hartamas hotel, Dorsett Putrajaya hotel and Silka Cheras hotel, Kuala Lumpur;
“Hotel Owners”	collectively, Mayland Avenue, Mayland Century and Mayland Universal;
“License Fees”	the fees receivable by Dorsett Hospitality pursuant to the terms and conditions of the Trademark License Agreements;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Fees”	the fees receivable by DHI Manager pursuant to the terms and conditions of the Hotel Management Contracts;
“Marks”	certain names, marks, trade-marks, service marks, copyrights and logos the proprietor of which is Dorsett Hotels & Resorts International Limited;
“Mayland Avenue”	Mayland Avenue Sdn Bhd, a company incorporated in Malaysia and an associate of Tan Sri Dato’ David CHIU;
“Mayland Avenue – License Agreement”	the trademark license agreement entered into between Dorsett Hospitality and Mayland Avenue on 30 September 2024;
“Mayland Avenue – Management Contract”	the hotel management contract entered into among DHI Manager, Dorsett Hospitality, Subang Jaya and Mayland Avenue on 30 September 2024;

“Mayland Avenue – Old Contract”	the hotel management contract entered into between Subang Jaya and Mayland Avenue on 26 November 2013, as renewed and amended 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 – License Agreement”	the trademark license agreement entered into between Dorsett Hospitality and Mayland Century on 30 September 2024;
“Mayland Century – Management Contract”	the hotel management contract entered into among DHI Manager, Dorsett Hospitality, Subang Jaya and Mayland Century on 30 September 2024;
“Mayland Century – Old Contract”	the hotel management contract entered into between Subang Jaya and Mayland Century on 26 November 2013, as renewed and amended 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 – License Agreement”	the trademark license agreement entered into between Dorsett Hospitality and Mayland Universal on 30 September 2024;
“Mayland Universal – Management Contract”	the hotel management contract entered into among DHI Manager, Dorsett Hospitality, Subang Jaya and Mayland Universal on 30 September 2024;
“Mayland Universal – Old Contract”	the hotel management contract entered into between Subang Jaya and Mayland Universal on 26 November 2013, as renewed and amended from time to time;
“Old Management Contracts”	collectively, the Mayland Avenue – Old Contract, Mayland Century – Old Contract and Mayland Universal – Old Contract;
“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;
“Trademark License Agreements”	collectively, the Mayland Avenue – License Agreement, Mayland Century – License Agreement and Mayland Universal – License Agreement;
“Transactions”	collectively, the transactions contemplated under the Hotel Management Contracts and Trademark License Agreements; and
“%”	per cent.

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

Hong Kong, 30 September 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.