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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)

DISCLOSEABLE TRANSACTION INVOLVING HOTEL AND TOWN HALL IN THE UNITED KINGDOM

THE TRANSACTION

The Board wishes to announce that on 25 February 2025, the Hotel Seller and the Purchaser, among others, entered into the Hotel SPA, whereby the Hotel Seller has agreed to sell, and the Purchaser has agreed to purchase, the Hotel PropCo Share for the Hotel Consideration, being £22,656,000 (equivalent to approximately HK\$221,576,000) plus the net asset value of the Hotel Target Group (excluding the value of the Hotel Property). The Board further wishes to announce that on 25 February 2025, the Town Hall Seller and the Purchaser, among others, entered into the Town Hall SPA, whereby the Town Hall Seller has agreed to sell, and the Purchaser has agreed to purchase, the Town Hall PropCo Share for the Town Hall Consideration, being £24,544,000 (equivalent to approximately HK\$240,040,000) plus the net asset value of the Town Hall Target Group (excluding the value of the Town Hall Property).

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios for the Transaction exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification purposes only*

INTRODUCTION

The Board wishes to announce that on 25 February 2025, the Hotel Seller and the Purchaser, among others, entered into the Hotel SPA, whereby the Hotel Seller has agreed to sell, and the Purchaser has agreed to purchase, the Hotel PropCo Share for the Hotel Consideration, being £22,656,000 (equivalent to approximately HK\$221,576,000) plus the net asset value of the Hotel Target Group (excluding the value of the Hotel Property). The Board further wishes to announce that on 25 February 2025, the Town Hall Seller and the Purchaser, among others, entered into the Town Hall SPA, whereby the Town Hall Seller has agreed to sell, and the Purchaser has agreed to purchase, the Town Hall PropCo Share for the Town Hall Consideration, being £24,544,000 (equivalent to approximately HK\$240,040,000) plus the net asset value of the Town Hall Target Group (excluding the value of the Town Hall Property).

THE HOTEL SPA

The principal terms of the Hotel SPA are set out as follows:

Date

25 February 2025

Parties

- (1) the Hotel Seller
- (2) the Covenantors
- (3) the Purchaser

Subject matters

Subject to the terms of the Hotel SPA, the Hotel Seller shall sell, and the Purchaser shall purchase, the Hotel PropCo Share free from encumbrances and with all rights, benefits or advantages attached to the Hotel PropCo Share, including the right to receive all dividends and distributions declared, paid or made on or after the date of Hotel Completion.

Hotel Consideration

The consideration for the Hotel Transaction shall be the Hotel Consideration payable by the Purchaser to the Hotel Seller in the following manner:

- (a) the Hotel Deposit has been paid to the Hotel Seller's lawyers as agents on the date of the Hotel SPA;
- (b) the payment of the remaining Hotel Estimated Consideration (less the Hotel Deposit) shall be made to the Hotel Seller on Hotel Completion; and
- (c) if the Hotel Balancing Amount is a positive number, the Purchaser shall pay the Hotel Seller the Hotel Balancing Amount within 15 Business Days of Hotel Completion Statement, and if the Hotel Balancing Amount is a negative number, the Hotel Seller shall pay the Purchaser the Hotel Balancing Amount within 15 Business Days of Hotel Completion Statement.

On Hotel Completion, the Purchaser shall procure the repayment by Hotel PropCo and/or Hotel OpCo (as the case may be) of the Hotel Intra-Group Loan.

The Hotel Consideration was determined after arm's length negotiations with reference to, among other things, the location of the Hotel Property and prevailing commercial and business conditions.

Conditions to Hotel Completion

Hotel Completion is conditional upon, among others, the following conditions:

- (a) issue of the Certificate of Practical Completion in relation to the Hotel Property;
- (b) no material construction works are going on at the Town Hall Property (other than fit out works at the Town Hall Property to implement the business plan for the Town Hall Property), such that no nuisances or disturbances are caused to hotel guests; and
- (c) the grant (in favour of Hotel PropCo) of certain collateral warranties from, among others, the employer's agent, main contractors, material consultants and subcontractors who were involved in the design and construction of the Hotel Property.

Hotel Completion

Hotel Completion shall take place on the date being 15 Business Days following the later of (i) the Hotel Completion Date and (ii) provided that all of the conditions to Hotel Completion have been satisfied or waived, the date that the Hotel Seller serves written notice on the Purchaser together with reasonable and proper evidence of the satisfaction or waiver of the last condition. Upon Hotel Completion, the Hotel Target Group will cease to be subsidiaries of the Company.

THE TOWN HALL SPA

The principal terms of the Town Hall SPA are set out as follows:

Date

25 February 2025

Parties

- (1) the Town Hall Seller
- (2) the Covenantors
- (3) the Purchaser

Subject matters

Subject to the terms of the Town Hall SPA, the Town Hall Seller shall sell, and the Purchaser shall purchase, the Town Hall PropCo Share free from encumbrances and with all rights, benefits or advantages attached to the Town Hall PropCo Share, including the right to receive all dividends and distributions declared, paid or made on or after the date of Town Hall Completion.

Town Hall Consideration

The consideration for the Town Hall Transaction shall be the Town Hall Consideration payable by the Purchaser to the Town Hall Seller in the following manner:

- (a) the Town Hall Deposit has been paid to the Town Hall Seller's lawyers as agents on the date of the Town Hall SPA;
- (b) the payment of the remaining Town Hall Estimated Consideration (less the Town Hall Deposit) shall be made to the Town Hall Seller on Town Hall Completion; and
- (c) if the Town Hall Balancing Amount is a positive number, the Purchaser shall pay the Town Hall Seller the Town Hall Balancing Amount within 15 Business Days of Town Hall Completion Statement, and if the Town Hall Balancing Amount is a negative number, the Town Hall Seller shall pay the Purchaser the Town Hall Balancing Amount within 15 Business Days of Town Hall Completion Statement.

On Town Hall Completion, the Purchaser shall procure the repayment by the Town Hall PropCo or Town Hall OpCo (as the case may be) of the Town Hall Intra-Group Loan.

The Town Hall Consideration was determined after arm's length negotiations with reference to, among other things, the location of the Town Hall Property and prevailing commercial and business conditions.

Conditions to Town Hall Completion

Town Hall Completion is conditional upon, among others, the following conditions:

- (a) the Hotel Completion has occurred or will occur simultaneously with Town Hall Completion;
- (b) issue of the Certificate of Practical Completion in relation to the Town Hall Property;
- (c) either (i) the head lease in relation to the Town Hall Property has been assigned to Town Hall PropCo or (ii) the underlease of the Town Hall Property has been granted to Town Hall PropCo, in either case following obtaining local authority's consent;
- (d) the underlease of the Town Hall Property to the Town Hall OpCo being granted, following obtaining local authority's consent; and
- (e) the grant (in favour of Town Hall PropCo) of certain collateral warranties from the employer's agent, main contractors, material consultants and subcontractors who were involved in the design and construction of the Town Hall Property.

Town Hall Completion

Town Hall Completion shall take place on the date being 15 Business Days following the later of (i) the Town Hall Completion Date and (ii) provided that all of the conditions to Town Hall Completion have been satisfied or waived, the date that the Town Hall Seller serves written notice on the Purchaser together with reasonable and proper evidence of the satisfaction or waiver of the last condition. Upon Town Hall Completion, the Town Hall Target Group will cease to be subsidiaries of the Company.

FINANCIAL INFORMATION OF THE HOTEL TARGET GROUP

The following are the financial information of Hotel PropCo as at and for the financial year ended 31 March 2024, and are extracted from the unaudited management accounts of Hotel PropCo:

	For the year ended 31 March 2024 <i>approximate</i> £ (<i>unaudited</i>)
Net profit before taxation	–
Net profit after taxation	–
	As at 31 March 2024 <i>approximate</i> £ (<i>unaudited</i>)
Net assets	1
Total assets	1

As the Hotel PropCo was incorporated on 4 August 2023, the Hotel PropCo does not have any financial information as of and for the financial year ended 31 March 2023.

The following are the financial information of Hotel OpCo as at and for the two financial years ended 31 March 2024 and 31 March 2023, and are extracted from the unaudited management accounts of Hotel OpCo:

	For the year ended 31 March 2024 <i>approximate</i> £ (<i>unaudited</i>)	For the year ended 31 March 2023 <i>approximate</i> £ (<i>unaudited</i>)
Net loss before taxation	(330,090)	(70,592)
Net loss after taxation	(330,090)	(70,592)
	As at 31 March 2024 <i>approximate</i> £ (<i>unaudited</i>)	As at 31 March 2023 <i>approximate</i> £ (<i>unaudited</i>)
Net liabilities	(402,808)	(70,591)
Total assets	686,461	615,793

Based on the unaudited management accounts of the Group, the book value of the Hotel Property as at 30 September 2024 is £13,920,798.

FINANCIAL INFORMATION OF TOWN HALL TARGET GROUP

As the Town Hall Target Group are newly incorporated companies that were incorporated on 13 November 2024, the Town Hall Target Group do not have any financial information as of and for the two financial years ended 31 March 2024 and 31 March 2023.

Based on the unaudited management accounts of the Group, the book value of the Town Hall Property as at 30 September 2024 is £13,497,250.

FINANCIAL EFFECT OF THE TRANSACTION

The Directors estimate that upon Hotel Completion, the Group is expected to record a gain from the Hotel Transaction of approximately £6,320,000 (equivalent to approximately HK\$61,810,000), being the Hotel Consideration less the aggregate of the estimated book carrying value of the Hotel Target Group attributable to the Group at Hotel Completion and the estimated expenses in relation to the Hotel Transaction.

The Directors further estimate that upon Town Hall Completion, the Group is expected to record a gain from the Town Hall Transaction of approximately £8,442,000 (equivalent to approximately HK\$82,563,000), being the Town Hall Consideration less the aggregate of the estimated book carrying value of the Town Hall Target Group attributable to the Group at Town Hall Completion and the estimated expenses in relation to the Town Hall Transaction.

Upon Hotel Completion, the Hotel Target Group will cease to be subsidiaries of the Company and their financial statements will no longer be consolidated into the Group's financial statements. Upon Town Hall Completion, the Town Hall Target Group will cease to be subsidiaries of the Company and their 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 Transaction will be used for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

One of the core businesses of the Group is the development, ownership and operation of hotels. The Hotel Target Group represent the ownership of companies operating and having property ownership of the Hotel Property, a hotel developed by the Group. The Town Hall Target Group represent the ownership of companies operating and having property ownership of the Town Hall Property, which was developed by the Group and is a non-core asset of the Group.

The Directors consider that the Transaction will, amongst others, (i) realise the value of the Hotel Property and the Town Hall Property, (ii) allow the gain from the Transaction 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 Transaction is consistent with the Group's strategy of unlocking development profits from its hotel portfolio, as well as divesting non-core assets.

The Directors are of the view that the terms of the Hotel SPA and the Town Hall SPA are fair and reasonable, and the Transaction is in the interests of the Company and its Shareholders as a whole.

Following the completion of the Transaction, it is expected that the Hotel Property will be managed by the Dorsett group of the Company and the Group will work with the local authority and the Purchaser to ensure that the Hotel Property and the Town Hall Property will continue to provide a high standard of service to the local community.

INFORMATION ON THE HOTEL TARGET GROUP AND TOWN HALL TARGET GROUP

Hotel PropCo is an indirect wholly-owned subsidiary of the Company and is a property holding company. It is the current title holder of the Hotel Property.

Hotel OpCo is a wholly-owned subsidiary of the Hotel PropCo and carries on the business of hotel operations. Hotel OpCo is expected to operate the Hotel Property when the Hotel Property is ready for business operation.

Town Hall PropCo is an indirect wholly-owned subsidiary of the Company and is a property holding company. It will be the title holder of the Town Hall Property on or prior to Town Hall Completion.

Town Hall OpCo is a wholly-owned subsidiary of the Town Hall PropCo and carries on the business of townhall operations. Town Hall OpCo is expected to operate the Town Hall Property when the Town Hall Property is ready for business operation.

INFORMATION ON THE HOTEL SELLER, TOWN HALL SELLER, COVENANTORS AND THE GROUP

Hotel Seller is an indirect wholly-owned subsidiary of the Company and engaged in investment holding. It is the owner of Hotel PropCo.

Town Hall Seller is an indirect wholly-owned subsidiary of the Company and engaged in investment holding. It is the owner of Town Hall PropCo.

Head Lease Owner is an indirect wholly-owned subsidiary of the Company and is the owner of the head lease of the Hotel Property and the Town Hall Property.

CEL is an indirect wholly-owned subsidiary of the Company and is the developer of other parts of the wider town hall estate.

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 THE PURCHASER

AMTD IDEA Group (NYSE: AMTD; SGX: HKB) is a dual-New York and Singapore listed company. AMTD IDEA Group is a conglomerate with core business portfolio spanning across global media and entertainment, digital investment and innovations, premium assets and hospitality areas.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner(s) of the Purchaser are independent third parties independent of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios for the Transaction exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“Business Day”	any day that is not a Saturday, Sunday or public or bank holiday in England, the British Virgin Islands, Cayman and/or Hong Kong
“CEL”	Crouch End (FEC) Limited, a company incorporated in England and Wales with limited liability and is an indirect wholly-owned subsidiary of the Company
“Certificate of Practical Completion”	a certificate of practical completion issued by the employer’s agent in respect of the works carried out under the construction contract in relation to the Hotel Property and/or the Town Hall Property (as the case may be)
“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)
“Covenantors”	collectively, the Head Lease Owner and CEL
“Director(s)”	the directors of the Company

“Group”	the Company and its subsidiaries
“Head Lease Owner”	Hornsey TH (FEC) Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“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 Balancing Amount”	the Hotel Consideration minus the Hotel Estimated Consideration
“Hotel Completion”	completion of the Hotel Transaction
“Hotel Completion Date”	the date which is 12 calendar months from the date of the Hotel SPA (or such other date which may be agreed in writing by the parties), provided that the Purchaser shall be entitled, in its sole discretion, to extend such date by a period of six calendar months provided notice of such extension is delivered in writing to the Hotel Seller at least twenty (20) Business Days prior to the date which is 12 months from the date of the Hotel SPA
“Hotel Completion Statement”	the final completion statement in relation to the Hotel Target Group prepared in accordance with the terms of the Hotel SPA, showing the consolidated net asset value of the Hotel Target Group immediately prior to Hotel Completion, whereby, among others, the Hotel Intra-Group Loan shall be recorded as a liability
“Hotel Consideration”	the net asset value of the Hotel Target Group as set out in the Hotel Completion Statement and as agreed or determined in accordance with the terms of the Hotel SPA
“Hotel Deposit”	£2,000,000 (equivalent to approximately HK\$19,560,000)
“Hotel Estimated Completion Statement”	the estimated completion statement showing the consolidated estimated net asset value of the Hotel Target Group immediately prior to Hotel Completion, prepared in accordance with the terms of Hotel SPA
“Hotel Estimated Consideration”	the Hotel Seller’s good faith best estimate of the consolidated net asset value of the Hotel Target Group immediately prior to Hotel Completion as set out in the Hotel Estimated Completion Statement

“Hotel Intra-Group Loan”	any intra-group loan(s) between the Head Lease Owner (and/or any member of the Hotel Seller’s group but excluding Hotel PropCo, Hotel OpCo, Town Hall PropCo and Town Hall OpCo) and the Hotel PropCo and/or the Hotel OpCo
“Hotel OpCo”	Green Boutique Hotel Limited, a company incorporated in England and Wales with limited liability and is a wholly-owned subsidiary of Hotel PropCo
“Hotel PropCo”	Quality Hornsey Propco Limited, a company incorporated in England and Wales with limited liability and is a wholly-owned subsidiary of Hotel Seller
“Hotel PropCo Share”	one ordinary share, representing the entire issued share capital of Hotel PropCo
“Hotel Property”	All those premises demised in the underlease of Part Lower Ground, Ground, First and Second Floor premises at Hornsey Town Hall, The Broadway, London N8 dated 15 November 2024 made between (1) the Head Lease Owner (2) PropCo and (3) Crouch End Management Limited
“Hotel Seller”	Quality Drive Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Hotel SPA”	the sale and purchase agreement entered into between the Hotel Seller, the Covenantors and the Purchaser in respect of the Hotel Transaction
“Hotel Target Group”	Hotel PropCo and Hotel OpCo
“Hotel Transaction”	the sale of the Hotel PropCo Share by the Hotel Seller to the Purchaser pursuant to the Hotel SPA
“independent third party(ies)”	person(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	have the meaning ascribed to such term in Rule 14.07 of the Listing Rules

“Purchaser”	AMTD IDEA Group, a company incorporated in the Cayman Islands, the shares of which are dually listed on the New York Stock Exchange (NYSE: AMTD) and Singapore Exchange (SGX: HKB)
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Hall Balancing Amount”	Town Hall Consideration minus the Town Hall Estimated Consideration
“Town Hall Completion”	completion of the Town Hall Transaction
“Town Hall Completion Date”	the date which is 12 calendar months from the date of the Town Hall SPA (or such other date which may be agreed in writing by the parties), provided that the Purchaser shall be entitled, in its sole discretion, to extend such date by a period of six calendar months provided notice of such extension is delivered in writing to the Town Hall Seller at least twenty (20) Business Days prior to the date which is 12 months from the date of the Town Hall SPA
“Town Hall Completion Statement”	the final completion statement in relation to the Town Hall Target Group prepared in accordance with the terms of the Town Hall SPA, showing the consolidated net asset value of the Town Hall Target Group immediately prior to Town Hall Completion, whereby, among others, the Town Hall Intra-Group Loan shall be recorded as a liability
“Town Hall Consideration”	the net asset value of the Town Hall Target Group as set out in the Town Hall Completion Statement and as agreed or determined in accordance with the terms of the Town Hall SPA
“Town Hall Deposit”	£2,000,000 (equivalent to approximately HK\$19,560,000)
“Town Hall Estimated Completion Statement”	the estimated completion statement showing the consolidated estimated net asset value of the Town Hall Target Group immediately prior to Town Hall Completion, prepared in accordance with the terms of Town Hall SPA
“Town Hall Estimated Consideration”	the Town Hall Seller’s good faith best estimate of the consolidated net asset value of the Town Hall Target Group immediately prior to Town Hall Completion as set out in the Town Hall Estimated Completion Statement

“Town Hall Intra-Group Loan”	any intra-group loan(s) between the Head Lease Owner (and/or any member of the Town Hall Seller’s group but excluding Hotel PropCo, Hotel OpCo, Town Hall PropCo and Town Hall OpCo) and Town Hall PropCo and/or Town Hall OpCo
“Town Hall OpCo”	Hornsey TH OpCo Limited, a company incorporated in England and Wales with limited liability and is a wholly-owned subsidiary of Town Hall PropCo
“Town Hall PropCo”	Hornsey TH PropCo Limited, a company incorporated in England and Wales with limited liability and is a wholly-owned subsidiary of Town Hall Seller
“Town Hall PropCo Share”	one ordinary share, representing the entire issued share capital of Town Hall PropCo
“Town Hall Property”	each and every part of the premises demised by the head lease dated 2 May 2018 of the land and buildings known as Hornsey Town Hall Square and Annexe, The Broadway between the Head Lease Owner, the Company and the local authority, excluding the Hotel Property and the area covered by the food and beverage unit lease
“Town Hall Seller”	Hornsey TH Holdco Limited, a company incorporated in England and Wales with limited liability and is an indirect wholly-owned subsidiary of the Company
“Town Hall SPA”	the sale and purchase agreement entered into between the Town Hall Seller, the Covenantors and the Purchaser in respect of the Town Hall Transaction
“Town Hall Target Group”	Town Hall PropCo and Town Hall OpCo
“Town Hall Transaction”	the sale of the Town Hall PropCo Share by the Town Hall Seller to the Purchaser pursuant to the Town Hall SPA
“Transaction”	the Hotel Transaction and the Town Hall Transaction
“%”	per cent.
“£”	Great British Pound, the lawful currency of the United Kingdom

For the purpose of this announcement and for illustration purpose only, conversion of £ to HK\$ is based on the exchange rate of £ to HK\$9.78. No representation is made that any amounts in £ have been or could be converted at the above rate or any other rates.

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

Hong Kong, 25 February 2025

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.