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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)

(Debt Stock Code: 5781 (U.S.\$360,000,000 Senior Guaranteed Perpetual Capital Notes))

INSIDE INFORMATION

ENTERING INTO HEADS OF AGREEMENT WITH THE STAR

Australian Financial Adviser to the JV Partners (defined below):

FLAGSTAFF

This announcement is made by Far East Consortium International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that on 7 March 2025, the Company entered into a heads of agreement (the “**HOA**”) with, among others, Chow Tai Fook Enterprises Limited (and its subsidiaries, “**CTFE**”) and The Star Entertainment Group Limited (ASX: SGR) (and its subsidiaries, “**The Star**”) in relation to their joint developments at Queen’s Wharf Brisbane, Brisbane, Queensland, Australia (the “**QWB Project**”) and Broadbeach Island, Gold Coast, Queensland, Australia (the “**Gold Coast Project**”), and certain hotel and car park assets currently owned either outright by The Star, or in partnership with the Company, in Brisbane, Queensland, Australia (the “**Strategic Assets**”).

* *For identification purposes only*

Summarised below are the principal terms of the HOA:

Subject matter

The Company and CTFE (collectively, the “**JV Partners**”) will undertake an asset swap with The Star as follows:

- The Star will dispose of its 50% stapled equity interest in the QWB Project either by way of buy-back or capital reduction (for nominal consideration) or such other means as agreed between The Star and the JV Partners so that, at completion, the JV Partners will jointly own 100% of the QWB Project. With effect from 31 March 2025, the JV Partners will assume all the equity funding obligations in relation to the QWB Project. The Star has also agreed to terminate the casino management agreement in relation to the QWB Project (the “**CMA**”), but will continue to provide the management services required under the CMA through 31 March 2026 (unless extended by the JV Partners) for a fixed monthly fee of A\$5 million (equivalent to approximately HK\$24.55 million) through to 30 June 2026, and thereafter A\$6 million (equivalent to approximately HK\$29.46 million) per month, with an orderly transition through this period. The QWB Project is a world-class entertainment and leisure precinct in the heart of Brisbane’s central business district, one of Australia’s fastest growing cities and the host of the 2032 Olympic and Paralympic Games;
- the JV Partners will acquire the Strategic Assets from The Star, namely The Star’s 100% interest in the Treasury Hotel, 100% interest in the Treasury Car Park, and 50% interest in the Festival Car Park, all of which are located in close proximity to the QWB Project in Brisbane, Queensland, Australia, and have strategic importance to the QWB Project;
- The Star will acquire the Company’s and CTFE’s 66.67% stapled equity interest in aggregate in the Gold Coast Project, consisting of two hotel towers in Broadbeach Island, Gold Coast, Queensland Australia, being Tower 1 (Dorsett) and Tower 2 (Andaz), with the JV Partners retaining certain rights to participate in the next development tower; and
- the JV Partners will pay The Star A\$53 million (equivalent to approximately HK\$260.23 million) in cash (altogether, the “**Balancing Payment**”), payable in several tranches, with the first tranche of A\$35 million (equivalent to approximately HK\$171.85 million) due by no later than 7 March 2025. The payment by the JV Partners of the third tranche of the Balancing Payment, amounting to A\$8 million (equivalent to approximately HK\$39.28 million), is subject to certain conditions and the finalisation of the structure of the Proposed Transaction to be outlined in the definitive agreement, and is expected to be effectively offset by certain reimbursement mechanisms as agreed in the HOA, subject to certain conditions. If the third tranche payment is offset by such reimbursement mechanisms in whole, the effective amount of the Balancing Payment will be A\$45 million (equivalent to approximately HK\$220.95 million).

together, the “**Proposed Transaction**”.

Unconditional transfer

With effect from the date of the HOA (regardless of whether or not the HOA is subsequently terminated or the Proposed Transaction is completed), the JV Partners will unconditionally transfer to The Star the Balancing Payment in accordance with the agreed transfer schedule, and The Star will unconditionally transfer to the JV Partners all of The Star's economic exposure to the Tower 2 (Apartments), i.e., The Star's share of the estimated net proceeds from the sale of apartments after accounting for financing, certain completion costs and proceeds released from a debt recapitalisation, provided that if the HOA is terminated these amounts will be capped at A\$35 million in aggregate (equivalent to approximately HK\$171.85 million).

The second and third tranches of the Balancing Payment being up to A\$18 million (equivalent to approximately HK\$88.38 million), may be refundable to the JV Partners in certain circumstances, including if the HOA is terminated (as outlined in the section "Transfer upon termination" below).

In addition to the Balancing Payment, The Star may receive an earn out payment prior to 31 December 2030, subject to certain financial performance thresholds of the QWB Project being met.

Conditional transfer

With effect from the date of the HOA but subject to completion of the Proposed Transaction occurring:

- The Star will terminate the CMA and transfer to the JV Partners the QWB Project and Strategic Assets, and the JV Partners will transfer to The Star the Gold Coast Project;
- Dorsett Hospitality International will remain the hotel operator of Tower 1 (Dorsett) Gold Coast for a period of up to five years;
- The Star will reaffirm the JV Partners' rights to participate in the development of the next tower in Broadbeach Island, Gold Coast, Brisbane, Australia, subject to the Star being issued with an option to buy-out this development's participation right from the JV Partners for A\$17 million (equivalent to approximately HK\$83.47 million);
- The Star will assume all responsibility for any construction cost overruns in respect of completing the Tower 2 (Andaz) over and above the relevant amount estimated by The Star, including construction of the pedestrian footbridge, and will assume any and all variations or claims brought by the contractor in respect of the entire Tower 2 (Andaz and Apartments); and
- the JV Partners will assume all responsibility for any remaining construction cost in respect of completing the Tower 2 (Apartments) (excluding variations).

Conditions precedent

Completion of the Proposed Transaction is subject to, among others, satisfaction of the following conditions precedent:

- **Regulatory approvals:** The Star and/or the JV Partners receiving all approvals, consents and accommodations from the Queensland Government for the Proposed Transaction and any required no objection notification under the Foreign Acquisitions and Takeovers Act 1975 (Cth) for the Proposed Transaction;
- **Lender approvals:** all necessary consents and approvals of the lenders to The Star and to the Gold Coast and QWB Project lenders being obtained on terms and conditions acceptable to The Star and the JV Partners;
- **Hong Kong Approvals:** if required, all necessary shareholder approvals to effect the Proposed Transaction. The Company's major shareholder, Tan Sri Dato' David CHIU, has agreed to vote all of his shares in the Company in favour of the Proposed Transaction (if so required);
- **Others:** This includes all required amendments to the financing facilities for the QWB Project being agreed upon by the JV Partners and the relevant lenders, obtaining any other necessary other third-party consents or approvals by The Star and the JV Partners, and The Star and its related entities receiving acceptable releases from all liability associated with The Star's parent company guarantees for the QWB Project, effective from completion, without requiring the JV Partners to provide replacement guarantees.

Each party must cooperate with the other and take all reasonable steps to satisfy or ensure the satisfaction of the conditions precedent and complete the Proposed Transaction in accordance with applicable legal and regulatory requirements. The target completion date is 30 June 2025, with a final deadline of 30 November 2025, unless otherwise agreed in writing by The Star and the JV Partners.

Transfer upon termination

Except as expressly provided otherwise, if the HOA is terminated, The Star must transfer to the JV Partners up to A\$18 million (equivalent to approximately HK\$88.38 million) in cash (the "**Refund on Termination**"). If The Star does not provide the Refund on Termination at the later of 30 days after termination and 1 May 2025, then The Star will be required to transfer its 33.3% interest in Tower 1 (Dorsett), such that the JV Partners will own 100% (in aggregate) of Tower 1 (Dorsett). If The Star terminates the HOA as a consequence of a condition precedent for its benefit not being satisfied (with certain carveouts), and The Star is unwilling to waive that condition precedent, the JV Partners will acquire The Star's 33.3% interest in Tower 1 (Dorsett) for net A\$5 million (equivalent to approximately HK\$24.55 million) in cash if the third tranche of the Balancing Payment is not made, or nominal consideration if the third tranche of the Balancing Payment is made.

The Company wishes to emphasize that, as of the date of this announcement, no definitive agreement has been reached regarding the structure of the Proposed Transaction. Consequently, the transaction structure and specific terms of the Proposed Transaction remain unclear. Nevertheless, it is anticipated that the Proposed Transaction will, at a minimum, constitute a discloseable transaction for the Company. The Company will make further announcement(s) in relation to the Proposed Transaction in accordance with the Listing Rules if and when appropriate.

The Proposed Transaction is subject to, amongst others, the entering into of a definitive agreement and regulatory approvals. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

For the purpose of this announcement and for illustration purpose only, conversion of A\$ to HK\$ is based on the exchange rate of A\$ to HK\$4.91. No representation is made that any amounts in A\$ have been or could be converted at the above rate or any other rates.

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

Hong Kong, 7 March 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.