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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))**

### **SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS WITH THE STAR GROUP**

References are made to the announcements of Far East Consortium International Limited (the “**Company**”) dated 12 August 2025 (the “**Announcement**”) and 22 August 2025 in relation to the transactions with The Star Group. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement. The announcement is to provide further information on the Transactions.

#### **FURTHER DETAILS OF THE TRANSACTIONS**

##### **DGCC Transfer**

After the Gold Coast and Treasury Completion, DGCC will be owned as to 100% by The Star GC and the Company will cease to have any equity interests in DGCC. The interest in DGCC was accounted as a joint venture of the Group before the disposal.

##### **Transfer of Charlotte Street Car Park**

After the Gold Coast and Treasury Completion, each of Charlotte Street CP and Crossroad shall hold 50% of the Charlotte Street JV. The interest in Charlotte Street JV will remain as a joint venture of the Group after completion of its acquisition.

\* *for identification purposes only*

## **Receipt of The Star's Tower 2 Distribution Proceeds**

Despite the Joint Venture Partners' proposed disposal of the DGCC Securities as contemplated under the Implementation Deed, the Joint Venture Partners granted a loan of A\$35 million to DGCC Development Hold Co (as trustee for the DGCC Development Trust) which in turn prepaid such sum to The Star GC in the form of prepayment of proceeds from the sale of apartments in Tower 2 (Andaz). Such loan was granted by the Joint Venture Partners as result of the negotiations between the parties as further elaborated below, and was critical in supporting The Star's liquidity position at that time.

At the time when the HOA was entered into between The Star and the Joint Venture Partners, The Star has been facing depressed trading conditions and advised the Joint Venture Partners that it required an immediate injection of funds. Accordingly, it was agreed under the HOA on a high-level basis that the Joint Venture Partners would provide funding in the amount of A\$53 million to The Star in order to provide The Star sufficient liquidity, and in return the Joint Venture Partners would, amongst others, receive The Star's DGCC apartment net sale proceeds as a form of security for the funding.

As the parties further negotiated after the signing of the HOA, the parties agreed in terms of structure that the A\$35 million payment (among the A\$53 million) shall take the form of an interest free loan without a fixed duration or specific repayment terms to DGCC Development Hold Co (as trustee for the DGCC Development Trust) (instead of a direct payment to The Star) and in turn DGCC Development Hold Co (as trustee for the DGCC Development Trust) would prepay to The Star GC A\$35 million in the form of a prepayment of the future distribution proceeds from DGCC Development Trust. Repayment of such loan shall be contingent (i) upon completion of the apartment sales of Tower 2 (Andaz), the pre-sale of which has already been launched and distribution of which will be made upon completion of the apartment sales, and (ii) the drawdown of a hotel operating loan. It is anticipated that the sale proceeds of Tower 2 (Andaz) and the hotel operating loan will not be less than A\$35 million providing sufficient funds for full repayment of the loan.

Each of The Star GC, FEC GC and CTFE GC will share one-third of the sale proceeds of Tower 2 (Andaz) upon completion of the apartment sales. The Star GC's full share of the sale proceeds of Tower 2 (Andaz) will be used to partially settle the loan. The entitlement to receive The Star's full share of the distributions in respect of Tower 2 (Andaz) will be treated as asset of the Group and will be recognized to profit or loss as income upon the receipt of the distributions.

The loan is provided to DGCC Development Hold Co (as trustee for the DGCC Development Trust) as part of the Transactions. Although a specific repayment schedule has not yet been fixed, repayment of the loan is contingent upon the completion of the apartment sales and drawdown of the operating loan. The Company will be able to monitor the progress of these conditions. The Board has determined that this loan arrangement is fair and reasonable to the Company for the following reasons: (i) The Star has been facing depressed trading conditions and the loan repayment is secured by the proceeds from the sale of apartments in Tower 2 (Andaz) of The Star GC; (ii) FEC GC and CTFE GC shall preserve the entitlement to their share of the distribution from the Tower 2 (Andaz) sale proceeds; and (iii) terms are consistent with and supportive of the overall asset swap structure contemplated by the Implementation Deed and the Transactions.

## **FURTHER DETAILS OF THE CONSIDERATION**

### **Joint Venture Partners Payment Amount**

As disclosed in the Announcement, the Joint Venture Partners shall pay The Star (i) the Cash Payment of A\$18 million; and (ii) the Earn Out Payment which will be determined with reference to the financials of DBC for FY30.

As mentioned in the paragraph headed “Further details of the Transactions – Receipt of The Star’s Tower 2 Distribution Proceeds” above, the Joint Venture Partner initially provided The Star an amount of A\$53 million. Out of the A\$53 million, it was agreed that A\$35 million was made as part of loan to DGCC Development Hold Co (as trustee for the DGCC Development Trust) and the remaining A\$18 million was agreed to be the Cash Payment. The Cash Payment is to be paid by the Joint Venture Partners in equal shares, noting (i) A\$10 million has been paid by the Joint Venture Partners pursuant to the terms of the Implementation Deed; and (ii) A\$8 million is due on the Final Payment Date (being the JV Partner Final Payment Amount), at which time the JV Partner Final Payment Amount will be fully offset by an equal amount owing from The Star to the Joint Venture Partners of A\$8 million (being The Star Final Payment Amount) representing the reimbursement of the guarantees relating to the Gold Coast Pedestrian Footbridge.

The mechanism for determining the Earn Out Payment and the Maximum Earn Out Payment are based on arm-length’s negotiation between the Joint Venture Partners and The Star. As the Casino only commenced operations on 29 August 2024, and The Star will continue to operate it until a new operator is engaged, the parties recognize that the true value of the DBC-related assets may not yet be fully reflected at this stage. It is anticipated that it may require at least five years for the operations of the Casino to ramp up and demonstrate their full value. Consequently, the Joint Venture Partners have agreed to pay an earn-out to The Star, the amount of which will be contingent upon the future financial performance of DBC.

The Earn Out Payment is the lesser of (i) the amount of DBC Equity Value determined based on:  $\text{DBC EBITDA} \times 9$  less DBC Net Debt; and (ii) the Maximum Earn Out Amount. In determining the Earn Out Payment, the parties will take into account the DBC EBITDA (i.e. the audited consolidated earnings (or loss) before interests, tax, depreciation and amortization of DBC for FY30) and the DBC Net Debt (including current net debt balance plus current estimates of the remaining capital expenditures to complete the development as at 7 March 2025). The Maximum Earn Out Payment Amount was commercially negotiated between the Joint Venture Partners and the Star so as to cap the Joint Venture Partners’ financial obligations under the Earn Out Payment mechanism. The Board has determined that this Earn Out Payment is fair and reasonable to the Company for, among others, the following reasons: (i) EBITDA is a common metric for determining performance-based payments; and (ii) the Earn Out Payment calculation will be adjusted for the current net debt balance and expected remaining capital expenditures to fully complete the development, ensuring the final value reflects all financial obligations and investments.

## The Star Final Payment Amount

As disclosed in the Announcement, The Star must pay to the Joint Venture Partners The Star Final Payment Amount of A\$8 million on the Final Payment Date.

DGCC is obligated to construct the Gold Coast Pedestrian Footbridge. The total construction cost had been estimated at A\$40 million. The funding arrangements for Tower 2 (Andaz) require that A\$32 million of the apartment proceeds are directed to provide a bank guarantee to the performance of the construction of the Gold Coast Pedestrian Footbridge, of which each of The Star, FEC FC and CTFE FC will be responsible for one-third of such funding. As The Star (via DGCC) has agreed to be wholly responsible for the construction of the Gold Coast Pedestrian Footbridge, the Star will reimburse the bank guarantee to the Joint Venture Partners prior to the completion of construction and in this regard, the Joint Venture Partners and the Star have commercially agreed that The Star is required to repay A\$20 million to the Joint Venture Partners. The A\$20 million will be paid in two tranches of (i) A\$8 million on the Final Payment Date; and (ii) A\$12 million on the first anniversary of the Final Payment Date.

The consideration for the Transactions was determined based on arms-length negotiations between the Joint Venture Partners and The Star. The Board is of the view that the consideration of the Transactions (including the Cash Payment, the Earn Out Payment and the asset swap between the parties) is fair and reasonable, having taken into account, amongst others, (i) the depressed trading conditions of The Star; (ii) the strategic realignment aimed at enhancing the Group's long-term value creation; (iii) the transfer of DGCC to The Star allows the Group to streamline its portfolio; (iv) the book value of various assets; and (v) current market conditions. As a result of the Transactions, the Group is positioned to fully realise the growth potential of the Queen's Wharf Brisbane Project while also strengthening its presence in Australia's premium integrated resort and hospitality sectors.

The net asset value of each of the assets under the Transactions as at 31 March 2025 (save for the Treasury Assets which are as at 31 December 2024) is set out below:

*HK\$'000*

### **Assets subject to Disposal**

33.3% interest in DGCC	206,304
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### **Assets subject to Acquisition**

25% interest in DBC	1,580,445
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25% interest in Charlotte Street JV	38,009
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50% interest in Treasury Assets	168,886
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## LEGAL OPINION AND REGULATORY ENVIRONMENT

As disclosed in the Announcement, the Casino has to maintain a system of internal controls for the Casino in a form approved by the chief executive for the purposes of the Casino Control Act (an approved control system). Pursuant to the Casino Control Act, a 'casino operator' must not operate a casino unless the operator has an approved control system for the casino. In accordance with the Casino Control Act, an approved control system for a casino is required to include (i) the following to be adopted in connection with the operation of the casino,

namely accounting systems and procedures, administrative systems and procedures, and computer software; (ii) the general procedures to be followed in connection with the operation of the casino; (iii) the procedures and standards for the maintenance, security, storage and transportation of gaming equipment to be used in connection with the operation of the casino; (iv) the procedures for making bets and paying winning bets; and (v) the procedures for using and maintaining security facilities. The Australian lawyer has confirmed that the conduct of gambling activities in the Casino complies with the Applicable Casino Legislation (i.e. the Casino Control Act (which set out the requirements on internal control of a casino) and QWB Act).

## **RISK RELATING TO GAMBLING OPERATIONS**

The Queen's Wharf Brisbane development includes the Casino. The Casino offers gambling activities generally offered by a casino, including slot machines, electronic table games and table games such as baccarat, roulette and card games.

### **The operations of the Casino are subject to regulations and licence**

The gaming operations of DBC are subject to the Applicable Casino Legislation. Furthermore, the operations of the Casino are contingent upon maintaining all necessary regulatory licences, permits, approvals, registrations, findings of suitability, orders and authorisations, and the laws, regulations and ordinances requiring these licences, permits and other approvals generally relate to the operations of the Casino. DBC Op Co in its capacity as trustee for the DBC Operating Trust holds the Casino Licence that has been granted in accordance with the Applicable Casino Legislation that authorises the conduct of the gambling activities of the Casino.

There can be no assurance that DBC will be able to obtain new licences or approval or renew any of its existing licences or approval, or if such licences or approval are obtained, such licences or approval will not be conditioned, suspended or revoked; and the loss, denial or non-renewal of any of our licences or approval could have a material adverse effect on its business, financial condition, results of operations and cash flows.

### **The operation of the Casino is dependent of the Casino Agreement, the termination of which could have a material adverse effect on the business of the Casino**

The Casino Agreement was entered into between, among others, the State and DBC Op Co in its capacity as trustee for the DBC Operating Trust in accordance with the Casino Control Act as a condition precedent to the grant of a casino licence to DBC Op Co in its capacity as trustee for the DBC Operating Trust for the Casino under the Casino Control Act.

If there is material breach of the Casino Agreement, it may lead to termination of the same, the Casino License will be revoked and the operations of the Casino will be ceased. As such, the termination of the Casino Agreement could have a material adverse effect on the business of the Casino. As at the date of the Announcement, the Casino Agreement remains valid and in effect, and no written notice of termination has been received by DBC Op Co in its capacity as trustee for the DBC Operating Trust from the State in accordance with the Casino Agreement.

**The business and financial performance of the Casino may be adversely affected by competition from other forms of entertainment**

The gaming industry faces competition from other forms of entertainment and gaming activities such as pokies at pubs and clubs, video lottery terminals, sports betting, and other forms of legalised gaming in Australia. If current or potential players choose to participate in these activities rather than visiting the Casino, its operations and revenue would be negatively impacted. There is no assurance that the Casino will be able to uphold its competitive strengths. If the Casino cannot effectively compete with its current and potential competitors from other forms of entertainment, its business, results of operations, financial conditions and prospects may be materially and adversely affected.

**The Casino is subject to anti-money laundering laws or regulations, violations of which could adversely affect its business**

The operation of the Casino is subject to various reporting and anti-money laundering laws and regulations. The internal controls and procedures and employee training and compliance programs that the Casino has implemented to prevent prohibited practices may not be effective in deterring its directors, employees, contractors or agents from violating or circumventing its policies and the law. If the Casino or its directors, employees or agents fail to comply with applicable laws or company policies governing its operations, the Casino and its operator may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect the Casino's business, performance, prospects, value, financial condition, and results of operations.

**Win rates of slot machines and table games for casino operations depend on a variety of factors, some of which are beyond its control**

The gaming industry is characterised by an element of chance. In addition to the element of chance, win rates of slot machines and table games are also affected by other factors, including the financial resources of players, the volume of bets placed by players and the amount of time players spend on gambling. The gaming business's actual win rates may therefore differ greatly over short time periods and could cause volatility in DBC's results. These factors, alone or in combination, have the potential to negatively impact the gaming business's win rates, and its business, financial condition and results of operations could be materially and adversely affected.

**The winning of the players could exceed the gaming business's winnings**

Revenue of the gaming business is mainly derived from the difference between the gaming business's winnings and the winnings of its players. Since there is an inherent element of chance in the gaming industry, the gaming business does not have full control over the gaming business' winnings or the winnings of its players. If the gaming business' winnings are less than the winnings of its players, it may record a loss from its gaming operations, and its business, financial condition and results of operations could be materially and adversely affected.

**The gaming business is sensitive to downturns in the economy, economic uncertainty and other factors affecting discretionary consumer spending**

Demand for the type of gaming services that the gaming business offer is sensitive to downturns and uncertainty in the global and regional economy and corresponding decreases in discretionary consumer spending on leisure activities. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, energy, fuel and other commodity costs, the cost of travel, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth, and consumer confidence in the economy. These and other factors may reduce consumer demand for the gaming services and therefore materially and adversely affect our business, financial condition and results of operations.

**Risk of suspension and cancellation of listing**

The Company would use its best endeavours to procure that the DBC Op Co in its capacity as trustee for the DBC Operating Trust and the operator of the Casino must (i) comply with the applicable laws in Australia; and/or (ii) not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

Pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange relating to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers”, should the operation of such gambling activities (i) fail to comply with the applicable laws in Australia; and/or (ii) contravene the Gambling Ordinance, there is a risk that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. Depending on the circumstances of the case, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Company’s securities pursuant to Rule 6.01 of the Listing Rules.

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

Hong Kong, 17 November 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.*