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)

COMPLETION OF THE DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF ALL ISSUED SHARES IN CHARTER JOY LIMITED

Reference is made to the announcement of Far East Consortium International Limited dated 3 July 2026 (the "**Announcement**") in relation to, inter alia, the Transaction. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement. The Company would like to provide the following further information on the Transaction.

Information relating to the Subject Asset to be disposed

As disclosed in the Announcement, as at the date of the Announcement, the Target Company is principally engaged in property holding and holds the Property, which refers to ALL THOSE pieces or parcels of grounds registered in the Land Registry as KOWLOON INLAND LOTS NOS.7429, 9701, 9705, 9727, 9769 and 9944 (the "**Land**") and the building erected on such Land. The total gross floor of the Property is approximately 65,285 square feet.

For the years ended 31 March 2025 and 31 March 2026, the Target Company recorded profit, prior to deducting the net interest expenses of the existing loans and the depreciation expenses of property, plant and equipment, of approximately HK$5.5 million and HK$13.2 million, respectively. The audited net book value of the Target Company as at 31 March 2026 amounted to approximately HK$289.4 million.

* *for identification purposes only*

Purchase Price

The Initial Purchase Price represents the aggregate of (i) an agreed value of the Property of HK$750.0 million, which represents a premium over the audited net book value of the Property as at 31 March 2026 being HK$265.9 million. Such carrying amount of the Property is measured at cost less accumulated depreciation in accordance with Hong Kong Accounting Standard 16, based on the historical cost incurred by the Target Company in respect of the Property; and (ii) the estimated adjusted net asset value of the Target Company that is based on adjustment for working capital-related items at Completion determined in accordance with the terms and conditions of the SPA, which is estimated to be not exceeding HK$5.0 million in aggregate. It is therefore estimated that the total Purchase Price shall be no more than HK$755 million.

As disclosed in the Announcement, the Vendor has taken into account the following factors in determining the Purchase Price: (i) the prevailing market price of similar properties in comparable locations which the Company has considered a number of Recent Transactions involving disposals of properties in Hong Kong engaged in similar business operations and of comparable tier to the Property; (ii) the prevailing commercial and business conditions in Hong Kong; and (iii) the opportunity for the Group to realise the value of its assets and generate a gain from the Transaction, as compared with the Property's audited net book value as at 31 March 2026, which is consistent with the Group's strategy of unlocking asset enhancement value from its portfolio.

In particular, the Company identified and referenced the estimated range of price per square feet of 6 recent transactions of property disposals in Hong Kong (which included properties located in Kowloon, where the Property is located) since the second half of 2025 which engaged in similar business operation and are considered to be comparable with the Property for which the Company was able to obtain relevant information for comparison (i.e. the Recent Transactions). The Company considered that it has reviewed and assessed a representative number of relevant and comparable recent transactions in formulating its view on the Purchase Price. Having considered, amongst others, relevant information obtained by the Company on the Recent Transactions including an assessment on their estimated transaction price per square feet under the circumstances which the Company considers to be in line and within an acceptable range as the per square feet transaction price of the Transaction (even in a scenario where the Guaranteed Income might not be recovered by the Manager during the three-year term), the Directors consider that the Purchase Price (including the agreed value of the Property) is fair and reasonable and the entering into the Transaction to be in the interest of the Company and its shareholders as a whole.

Management Agreement and Guaranteed Income

As disclosed in the Announcement, upon Completion. the Vendor and the Purchaser shall enter into, or procure the entry into, all documents required to be delivered at Completion pursuant to the terms and conditions of the SPA, including the Management Agreement.

On 17 July 2026, the Manager (as manager) and the Target Company (as owner) entered into the Management Agreement, pursuant to which the Manager shall continue to manage and operate the Property as student accommodation for a term of three years following Completion and the Target Company shall be entitled to the Guaranteed Income during each year of the three-year term.

As disclosed in the Announcement, the Guaranteed Income represents a fixed pre-payment amount to be paid in cash and in advance for each calendar month, regardless of the actual income derived from the operation of the Property as student accommodation. Subject as aforesaid, the Manager shall be entitled to all revenue and income (i.e. revenue minus operating expenses) derived from the operation of the Property as student accommodation and bear all operating expenses in respect of the Property during the three-year term.

In view of the fact that (i) the Target Company had been in a profit position for the two years ended 31 March 2026, excluding the interest expense of an existing bank loan (which will cease following Completion) and the depreciation expense of the Property (which would not be part of the operating expense of the Manager following Completion); and (ii) the Manager is responsible for the management and operation of the Property (and accordingly the business and financial performance) during the three-year term under the Management Agreement, the Company considers that its management and operation of the Property is expected to remain in a profit position following Completion and the maximum aggregate exposure of the Group under the transactions contemplated by the Management Agreement (including the Guaranteed Income) is limited to HK$135 million (i.e. HK$45 million per annum for the three-year term).

Completion

The Board is pleased to announce that the Transaction was completed on 17 July 2026.

Listing Rules Implication

As disclosed in the Announcement, considering that all applicable Percentage Ratios other than the consideration ratio are well below 25%, the Company believes that the current market capitalisation does not reflect the true value of the Company or the materiality of the Transaction to the Company, the Company has applied to the Stock Exchange, and the Stock Exchange has granted a consent, pursuant to Rule 14.20 of the Listing Rules for the adoption of an alternative size test in respect of the Transaction based on the total equity of the Company as at 31 March 2026.

Accordingly, as one or more applicable Percentage Ratios in respect of the Transaction exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Transaction would constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement requirement but is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In respect of the Management Agreement, the Company is confirming the accounting treatment with its external auditors. Subject to confirmation with the auditors, if the transaction contemplated under the Management Agreement is recognised as an operating lease, the Guaranteed Income will be recorded as a right-of-use asset with a corresponding lease liability to be amortised over the three-year term, with the initial book value estimated to be amounting to not more than approximately HKD135.0 million. The entering into the of Management Agreement would then be regarded as an acquisition of a right-of-use asset by the Group under the Listing Rules. In such case, as one or more applicable Percentage Ratios exceeds 5% but is below 25%, the entering into of the Management Agreement would constitute a discloseable transaction under Chapter 14 of the Listing Rules and is subject to announcement requirement but is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

For details disclosed in respect to the Management Agreement in accordance with the Listing Rules, please refer to the Announcement and this announcement, including the section headed "Management Agreement and Guaranteed Income", "Information on the Target Company" and "Reasons and benefits of the Transaction" under the Announcement.

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

Hong Kong, 17 July 2026

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.