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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)**

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE FOR ACQUISITION OF PROPERTY IN KAI TAK**

#### **THE ACQUISITION**

The Board is pleased to announce that on 24 November 2021, the JV Company as the purchaser, the Vendor, the Purchaser Guarantors and the Vendor Guarantor have entered into the SPA. Under the SPA, the Vendor will sell the Sale Shares and procure the assignment of the Sale Loan, and the JV Company will (i) acquire all of the Sale Shares at the consideration of HK\$7,948,000,000 minus HK\$3,052,000,000, being the total outstanding principal amount under the Facility Agreement (2020) as at Completion and minus the Sale Loan Consideration and (ii) accept the assignment of the Sale Loan at the consideration of HK\$1,231,759,145. Upon Completion, the Target Company will be wholly owned by the JV Company.

#### **FORMATION OF JOINT VENTURE**

The JV Company was formed between the Company (through FECL), and NWD (through Modern Culture), pursuant to an MOA dated 24 November 2021 for the purpose of the Acquisition.

\* *For identification purposes only*

## **ASSUMPTION OF LIABILITIES AND PROVISION OF POSSIBLE GUARANTEES UNDER FACILITY AGREEMENT (2021) AND FACILITY AGREEMENT (2020)**

As a Condition to Completion, the JV Company will assume the Vendor's liabilities under the Facility Agreement (2021) by entering into an assignment and amendment agreement to the Facility Agreement (2021). It is expected that the JV Company will seek to vary the terms of the Facility Agreement (2021) to be assumed (including the lowering of interest rate).

It is expected that (i) a guarantee in respect of the Facility Agreement (2021) will be entered into by the Company and NWD, pursuant to which the Company and NWD will each guarantee 50% of the Vendor's liabilities to be assumed by the JV Company on a several basis; and (ii) a guarantee in respect of the Facility Agreement (2020) will be entered into by the Company and NWD, pursuant to which the Company and NWD will each guarantee 50% of the Target Company's liabilities under the Facility Agreement (2020) on a several basis.

## **LISTING RULES IMPLICATIONS**

### **Major transaction**

It is expected that the Group's total commitment for the formation of the Joint Venture for the Acquisition will be 50% of the aggregate of (i) the Consideration (after deducting HK\$3,000,000,000 being the amount assumed by the JV Company under the Facility Agreement (2021)) and (ii) the provision of Possible Guarantees (which together amounts to 50% of HK\$7,948,000,000, or HK\$3,974,000,000). As one or more of the applicable Percentage Ratios in respect of the Group's total capital commitment in the JV Company (including the provision of the Possible Guarantees) exceed 25% but all of the applicable Percentage Ratios are less than 100%, the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) is expected to constitute a major transaction for the Company under Chapter 14 of Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. The Company has obtained written approval for the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders, namely, Mr. Chiu, Mrs. Chiu, Sumptuous Assets Limited and Modest Secretarial Services Limited (being companies controlled by Mr. Chiu), who hold 23,023,223 Shares, 585,322 Shares, 1,183,360,003 Shares and 17,022 Shares, respectively, and altogether hold 1,206,985,570 Shares, representing approximately 50.02% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees). As such, no Shareholder is required to abstain from voting if the Company is to convene a general meeting for the approval of the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees). Accordingly, no general meeting of the Company will be convened for the purpose of approving the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees).

### **Connected transaction**

As at the date of this announcement, a subsidiary of NWD is a substantial shareholder of a non-wholly-owned subsidiary of the Company. Accordingly, NWD is a connected person of the Company at its subsidiary level (as defined under the Listing Rules). The formation of the Joint Venture for the Acquisition therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees); and (ii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees), including the total capital commitment of the Group in the Joint Venture, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the formation of Joint Venture for the Acquisition (including the provision of the Possible Guarantees) and as such no Directors have abstained from voting on the resolutions of the Board approving the formation of Joint Venture for the Acquisition (including the provision of the Possible Guarantees).

### **Despatch of circular**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, (i) details of the formation of the JV Company and the Acquisition and (ii) financial information of the Group is required to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this announcement, which shall be on or before 15 December 2021. To allow for more time to prepare the information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and will publish further announcement(s) in compliance with the requirement under the Listing Rules as and when appropriate. Subject to the Stock Exchange granting the waiver, the circular is expected to be despatched on or before 28 January 2022.

## **INTRODUCTION**

The Board is pleased to announce that on 24 November 2021, the JV Company as the purchaser, the Vendor, the Purchaser Guarantors and the Vendor Guarantor have entered into the SPA. Under the SPA, the Vendor will sell the Sale Shares and procure the assignment of the Sale Loan, and the JV Company will (i) acquire all of the Sale Shares at the consideration of HK\$7,948,000,000 minus HK\$3,052,000,000, being the total outstanding principal amount under the Facility Agreement (2020) as at Completion and minus the Sale Loan Consideration and (ii) accept the assignment of the Sale Loan at the consideration of HK\$1,231,759,145. Upon Completion, the Target Company will be wholly owned by the JV Company.

As at the date of this announcement, the JV Company is held as to 50% by the Company (through FECL) and 50% by NWD (through Modern Culture). The principal business of the JV Company is investment holding.

## **THE ACQUISITION**

### **Principal terms of the SPA**

Summarised below are the principal terms of the SPA:

- Date** : 24 November 2021
- Parties** : (1) the Vendor  
(2) the Vendor Guarantor  
(3) the JV Company as the purchaser  
(4) the Company as purchaser guarantor 1  
(5) NWD as purchaser guarantor 2

To the best knowledge, information and belief of the Directors after making all reasonable enquiry, the Vendor, the Vendor Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **Subject matter**

On the terms and subject to the conditions of the SPA, the Vendor shall sell, and the JV Company shall purchase the Sale Shares free from all encumbrances (other than the Permitted Encumbrances) with full title guarantee and with all rights attached thereto as at Completion. On the terms and subject to the conditions of the SPA, the Vendor shall assign and procure the assignment of, and the JV Company shall take the assignment of, all benefits and interests of and in the Sale Loan free from all encumbrances (other than the Permitted Encumbrances) and with all rights attached thereto as at Completion. The JV Company shall not be obliged to purchase the Sale Shares, or take assignment of the Sale Loan, unless each of the foregoing occurs concurrently at Completion in accordance with the terms of the SPA. The Target Company is a special purpose vehicle holding the Property. Upon Completion, the Target Company will become a wholly-owned subsidiary of the JV Company, which is held as to 50% by the Company (through FECL).

## **Consideration and payment terms**

The consideration for the sale and purchase of the Sale Shares and the assignment of the Sale Loan shall be as follows:

- (a) the Sale Shares Consideration; and
- (b) the Sale Loan Consideration.

Upon the execution of the SPA, the JV Company shall deliver to the Vendor's solicitors (acting on behalf of the Vendor) cashier's orders in the total sum of the Deposit (the "**Cashier Orders**") and subject to and in accordance with the terms of the SPA and the Side Letter, the Vendor's solicitors shall be authorised to release the Cashier Orders to the Vendor at Completion. If the Vendor's solicitors do not receive a copy of wire transfer instruction pursuant to the terms of the SPA and the Side Letter on or before 3 December 2021, the Vendor's solicitors shall return the Cashier Orders to the JV Company.

The Sale Shares Consideration shall be satisfied at Completion as follows:

- (a) as to HK\$3,000,000,000 shall be satisfied by the assumption of liabilities of the Vendor under the Facility Agreement (2021) and the release and discharge of all of the obligations of the obligors under the Facility Agreement (2021); and
- (b) the Sale Shares Cash Consideration shall be satisfied in cash pursuant to the terms of the SPA.

The Sale Loan Consideration shall be satisfied at Completion in cash pursuant to the terms of the SPA.

Within 90 days after Completion, the JV Company at its cost shall procure that the auditor of the Target Company for the time being to determine the Completion Debt. Upon such determination by the auditor, the JV Company shall notify the Vendor the amount of Completion Debt, and the Vendor shall within 5 Business Days of such notification pay to the JV Company an amount equal to the Completion Debt (excluding contingent liabilities), to an account nominated by the JV Company.

Where any Completion Debt determined is a contingent liability, upon such liability becoming actual the Vendor shall immediately pay such amounts to the JV Company on demand.

### **Conditions**

Completion shall be subject to satisfaction of the following conditions (the “**Conditions**”):

- (1) copies of the following being made available to the JV Company:
  - (a) a statement issued by the lenders (or the agent) stating the amount of the loans, accrued interest and all other amounts accrued or outstanding under the Facility Agreement (2020) as at the Completion Date; and
  - (b) a statement issued by the lenders (or the agent) stating the amount of the loans, accrued interest and all other amounts accrued or outstanding under the Facility Agreement (2021) as at the Completion Date;
- (2) agreeing the form of an assignment and amendment agreement with the lenders under the Facility Agreement (2021) in respect of, among other things, the assumption by the JV Company of the liabilities of the Vendor thereunder and relevant amendments to the Facility Agreement (2021) in form and substance satisfactory to the JV Company, and evidence that such agreement will become effective by no later than the Completion Date;
- (3) agreeing the form of an amendment agreement with the lenders under the Facility Agreement (2020) in respect of, among other things, relevant amendments to the Facility Agreement (2020) in form and substance satisfactory to the JV Company, and evidence that such agreement will become effective by no later than the Completion Date;
- (4) the release and discharge of all of the obligations of the obligors under the Facility Agreement (2020) (other than the Target Company) to the satisfaction of the Vendor by no later than the Completion Date;
- (5) the release and discharge of all of the obligations of the obligors under the Facility Agreement (2021) to the satisfaction of the Vendor by no later than the Completion Date; and
- (6) obtaining consent for change of control from the counterparties under material contracts (if any).

The Conditions set out in paragraphs (1), (2), (3) and (6) above may only be waived jointly by the Vendor and the JV Company. The Conditions set out in paragraphs (4) and (5) may only be waived by the Vendor.

If any of the Conditions is not fulfilled or waived in accordance with the SPA on the Long Stop Date, the SPA shall be capable of termination by either the Vendor or the JV Company on written notice to the other.

### **Completion**

Subject to the Conditions being satisfied or waived and the occurrence of certain events set out in the SPA, Completion shall take place on the Completion Date.

### **Purchaser Guarantors' obligations**

The Purchaser Guarantors, in consideration of the Vendor entering into the SPA, severally guarantees in equal (50:50) shares the due and punctual observance and performance by the JV Company of its obligation pursuant to the terms of the SPA.

### **Vendor Guarantor's obligations**

The Vendor Guarantor, in consideration of the JV Company entering into the SPA, guarantees the due and punctual observance and performance by the Vendor of all its agreements, obligations, commitments and undertakings pursuant to the terms of the SPA. Pursuant to the terms of the SPA, the aggregate liability of the Vendor shall not exceed the sum of HK\$7,950,000,000.

### **Termination right and payment**

If the Vendor fails to complete the SPA, pursuant to the terms of the SPA, the JV Company may elect to terminate the SPA by giving written notice to the Vendor.

If the JV Company fails to complete the SPA, pursuant to the terms of the SPA, the Vendor may elect to terminate the SPA by giving written notice to the JV Company.

Upon the termination of the SPA, all rights and obligations of the parties to the SPA shall cease to have effect and no party shall be liable to any other party whatsoever, provided however that all payments made by one party to another party under the SPA must be returned, the Cashier Orders must be returned to the JV Company and all documents and items delivered under the SPA must be returned.

### **ASSUMPTION OF LIABILITIES AND PROVISION OF POSSIBLE GUARANTEES UNDER FACILITY AGREEMENT (2021) AND FACILITY AGREEMENT (2020)**

As a Condition to Completion, the JV Company will assume the Vendor's liabilities under the Facility Agreement (2021) by entering into an assignment and amendment agreement to the Facility Agreement (2021). It is expected that the JV Company will seek to vary the terms of the Facility Agreement (2021) to be assumed (including the lowering of interest rate).

It is expected that (i) a guarantee in respect of the Facility Agreement (2021) will be entered into by the Company and NWD, pursuant to which the Company and NWD will each guarantee 50% of the Vendor's liabilities to be assumed by the JV Company on a several basis; and (ii) a guarantee in respect of the Facility Agreement (2020) will be entered into by the Company and NWD, pursuant to which the Company and NWD will each guarantee 50% of the Target Company's liabilities under the Facility Agreement (2020) on a several basis (the "Possible Guarantees").

### **Summary of the Facility Agreement (2020)**

Pursuant to the terms of the Facility Agreement (2020), the Target Company obtained facilities for up to HK\$5,000,000,000 from the lenders under the Facility Agreement (2020) on 24 November 2020.

### **Amendment finance documents in connection with the Facility Agreement (2020)**

Upon or before Completion, it is expected that the following amendment finance documents in connection with the Facility Agreement (2020) will be entered into by the Company and NWD on a several basis:

- (1) a guarantee with the agent under the Facility Agreement (2020), pursuant to which the Company and NWD will each guarantee 50% of the liabilities of the Target Company under the Facility Agreement (2020);
- (2) a funding agreement with the security agent under the Facility Agreement (2021), pursuant to which the Company and NWD will undertake that they would (i) ensure and procure the Target Company to complete the development of the Property and (ii) ensure that sufficient funds will be made available to meet any cost overrun and pre-completion expenses to prevent delay to the completion of the development of Property.

### **Summary of the Facility Agreement (2021)**

Pursuant to the terms of the Facility Agreement (2021), the Vendor obtained facilities for up to HK\$3,000,000,000 from the lenders under the Facility Agreement (2021) on 21 January 2021.

### **Amendment finance documents in connection with the Facility Agreement (2021)**

Upon or before Completion, it is expected that the following amendment finance documents in connection with the Facility Agreement (2021) will be entered into by the Company and NWD on a several basis:

- (1) a guarantee with the agent under the Facility Agreement (2021) as agent, pursuant to which the Company and NWD will each guarantee 50% of the liabilities of the JV Company under the assignment and amendment agreement to the Facility Agreement (2021);

- (2) a share charge with the security agent under the Facility Agreement (2021), pursuant to which each of the Company and NWD's 50% interest in the JV Company held through FECL and Modern Culture respectively will be charged as security for the payment obligations of the JV Company under the assignment and amendment agreement to the Facility Agreement (2021).
- (3) an assignment of shareholder loans to the security agent under the Facility Agreement (2021), pursuant to which shareholder loans owed by the JV Company to FECL and Modern Culture will be assigned as security for the payment obligations of the JV Company under the assignment and amendment agreement to the Facility Agreement (2021).

## FORMATION OF THE JOINT VENTURE

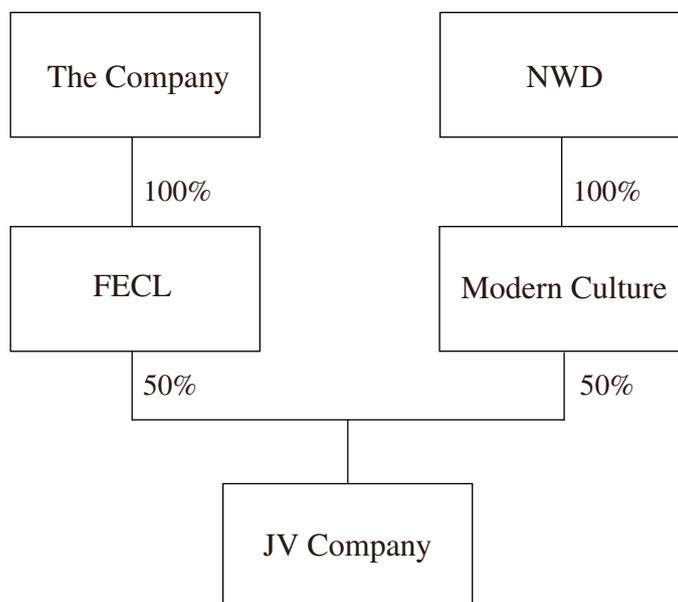
### Principal terms of the MOA

Summarised below are the principal terms of the MOA:

**Date** : 24 November 2021

**Parties** : (1) the Company  
(2) NWD

### Ownership of the JV Company



The board of directors of the JV Company will comprise 6 directors, 3 of whom are nominated by the Company and 3 of whom are nominated by NWD.

## **Capital commitment of the Group**

It is expected that NWD and the Company will provide shareholder loan to the JV Company to finance the Acquisition. It is expected that the Group's total commitment for the formation of the Joint Venture for the Acquisition will be 50% of the aggregate of (i) the Consideration (after deducting HK\$3,000,000,000 being the amount assumed by the JV Company under the Facility Agreement (2021)) and (ii) the provision of Possible Guarantees (which together amounts to 50% of HK\$7,948,000,000, or HK\$3,974,000,000). The Group intends to fund its capital commitment from the Group's internal resources and the provision of its proportionate share of the Possible Guarantees.

The Board considers that the total capital commitment of the Group for the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) are fair and reasonable, having taken into account, amongst others, the location of the Property, prevailing market conditions, and comparable price of similar properties in the vicinity of the Property.

## **Financial Effect**

Upon establishment of the JV Company, the JV Company will not be a subsidiary of the Company and the financial results of the JV Company will not be consolidated into the financial statements of the Group. The profits/losses after taxation in respect of JV Company shall be shared by the JV Partners in proportion to their respective equity interests in the JV Company.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE FOR THE ACQUISITION**

The Property is located at a prime location in Kai Tak which is a new development area of Hong Kong. The Property will serve as a replenishment of the Group's land bank in Hong Kong. The Group intends to develop the Property into a residential development through the Joint Venture.

The formation of the Joint Venture for the Acquisition will provide the Group with an opportunity to have a foothold in residential development in a prime area of the Kai Tak district which is undergoing transformational changes and will be developed into a vibrant business district. The Joint Venture not only allows the Group to continue diversifying its property development portfolio as well as add to the residential development pipeline, but also serves as a platform for the Group to be able to work with other reputable developer in Hong Kong.

The Directors (including the independent non-executive Directors) have confirmed that the terms of the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees), including the total capital commitment of the Group in the Joint Venture, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE TARGET COMPANY AND THE PROPERTY**

The Target Company is a company incorporated in Hong Kong with limited liability. The Target Company is principally engaged as an investment holding company which is the legal and beneficial owner of the Property. As at the date of this announcement, the Property is under development. The Property has a site area of about 9,708 sq. m. and is designated for private residential purposes. The minimum gross floor area and the maximum gross floor area are 32,037 sq. m. and 53,394 sq. m. respectively. Based on the audited financial statement of the Target Company, the audited value of the Property under development as at 30 June 2021 is approximately HK\$9,786,066,362.

Immediately prior to the Completion, the Target Company is a directly wholly-owned subsidiary of the Vendor.

Set out below is the audited financial information of the Target Company for the years ended 30 June 2021 and 30 June 2020:

	<b>For the year ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation and extraordinary items	13,128,466	2,279,701
Loss after taxation and extraordinary items	13,128,466	2,279,701

Based on the audited financial statement of the Target Company, the audited net asset value of the Target Company as at 30 June 2021 is approximately HK\$5,675,225,426.

The audited total asset of the Target Company as at 30 June 2021 is approximately HK\$9,807,937,262.

## **INFORMATION ON THE PARTIES**

### **Information on the Vendor**

The Vendor is a company incorporated in BVI, a joint venture company held as to 50% indirectly by the Vendor Guarantor and 50% indirectly by Mr. Chen Zhuang Rong. The Vendor is principally engaged as an investment holding company which holds the entire issued share capital of the Target Company. Based on the announcement previously published on the Stock Exchange in relation to the acquisition of the Target Company by the Vendor, Mr. Chen Zhuang Rong is a businessman engaging in investment activities.

## **Information on the Vendor Guarantor**

The Vendor Guarantor is an investment holding company and the Vendor Guarantor and its subsidiaries are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and health care operations in the People's Republic of China.

## **Information of Modern Culture and NWD**

Modern Culture is a direct wholly-owned subsidiary of the NWD and is principally engaged in investment holding.

NWD and its subsidiaries are principally engaged in property development, property investment and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses.

## **Information of FECL and the Company**

FECL is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding and property investment.

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.

## **LISTING RULES IMPLICATIONS**

### **Major transaction**

It is expected that the Group's total commitment for the formation of the Joint Venture for the Acquisition will be 50% of the aggregate of (i) the Consideration (after deducting HK\$3,000,000,000 being the amount assumed by the JV Company under the Facility Agreement (2021)) and (ii) the provision of Possible Guarantees (which together amounts to 50% of HK\$7,948,000,000, or HK\$3,974,000,000). As one or more of the applicable Percentage Ratios in respect of the Group's total capital commitment in the JV Company (including the provision of the Possible Guarantees) exceed 25% but all of the applicable Percentage Ratios are less than 100%, the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) is expected to constitute a major transaction for the Company under Chapter 14 of Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. The Company has obtained written approval for the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders, namely, Mr. Chiu, Mrs. Chiu, Sumptuous Assets Limited and Modest Secretarial Services Limited (being companies controlled by Mr. Chiu), who hold 23,023,223 Shares, 585,322 Shares, 1,183,360,003 Shares and 17,022 Shares, respectively, and altogether hold 1,206,985,570 Shares, representing approximately 50.02% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees). As such, no Shareholder is required to abstain from voting if the Company is to convene a general meeting for the approval of the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees). Accordingly, no general meeting of the Company will be convened for the purpose of approving the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees).

### **Connected transaction**

As at the date of this announcement, a subsidiary of NWD is a substantial shareholder of a non-wholly-owned subsidiary of the Company. Accordingly, NWD is a connected person of the Company at its subsidiary level (as defined under the Listing Rules). The formation of the Joint Venture for the Acquisition therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees); and (ii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees), including the total capital commitment of the Group in the Joint Venture, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the formation of the Joint Venture for the Acquisition (including the provision of the Possible Guarantees) is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the formation of Joint Venture for the Acquisition (including the provision of the Possible Guarantees) and as such no Directors have abstained from voting on the resolutions of the Board approving the formation of Joint Venture for the Acquisition (including the provision of the Possible Guarantees).

## Despatch of circular

Pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, (i) details of the formation of the JV Company and the Acquisition and (ii) financial information of the Group is required to be despatched to the Shareholders within 15 business days (as defined under the Listing Rules) after the publication of this announcement, which shall be on or before 15 December 2021. To allow for more time to prepare the information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, and will publish further announcement(s) in compliance with the requirement under the Listing Rules as and when appropriate. Subject to the Stock Exchange granting the waiver, the circular is expected to be despatched on or before 28 January 2022.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares and the assignment of the Sale Loan pursuant to the SPA
“Board”	board of Directors
“Business Day”	a day on which commercial banks are open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.)
“BVI”	the British Virgin Islands
“Cashier Orders”	has the meaning given to it under the paragraph headed “The Acquisition – Consideration and payment terms” in this announcement
“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)
“Completion”	completion of the Acquisition in accordance with the terms of the SPA
“Completion Date”	means the Business Day after the Conditions have been satisfied or waived, or such date as designated under the terms of the SPA, or such other date as may be agreed between the JV Company and the Vendor in writing and in each case, the date shall not be later than 3 December 2021

“Completion Debt”	<p>the liabilities (whether actual or contingent) of the Target Company as at the Completion Date, excluding (a) an amount of up to HK\$168,000,000 (such HK\$168,000,000 cap to be reduced by any amounts paid by the Vendor, Vendor Guarantor, or any of their affiliates or connected persons (excluding the Target Company) under the terms of the SPA) of liabilities of the Target Company to the relevant contractors under the Target Company’s construction contracts as certified by the quantity surveyor and to consultants and/or professional advisers for their actual costs with respect to the construction of the new building on the Property provided always that in respect of any of the Vendor, the Vendor Guarantor, any of their affiliates or connected persons (including without limitation the relevant registered contractor pursuant to the terms of the SPA), any such amounts of obligations, liabilities and/or costs shall include only the direct costs (including insurance, waste disposal fees, government levies, on-site staff salaries) actually incurred by such Vendor, Vendor Guarantor, any of their affiliate or connected person in connection with the construction of new building on the Property (provided always that the benefit of such costs remains with the Target Company after Completion), and exclude any and all profit, charge, surcharge, mark-up, fee or item of similar effect of, due to, incurred or charged (and for the avoidance of doubt excludes any costs which the benefit does not remain with the Target Company after Completion, (b) the interest accrued under the Facility Agreement (2020) from the last interest payment date to the Completion Date to the relevant lenders, being an amount of HK\$24,701,968.24 as at 30 November 2021, (c) any liabilities of the Target Company under the Profit Sharing Agreement, and (d) liabilities in relation to the legal fees of the lenders in relation to the amendments to the Facility Agreement (2020) and Facility Agreement (2021) contemplated under the SPA, which shall be borne equally by the JV Company and the Vendor</p>
“Condition(s)”	<p>has the meaning given to it under the paragraph headed “The Acquisition – Conditions” in this announcement</p>
“Consideration”	<p>the Sale Shares Consideration and the Sale Loan Consideration</p>
“Deposit”	<p>HK\$500,000,000</p>
“Director(s)”	<p>the director(s) of the Company</p>

“Facility Agreement (2020)”	the facility agreement dated 24 November 2020 entered into between, among others, the Target Company (as borrower) and the relevant commercial bank (as mandated lead arranger and bookrunner, agent and security agent)
“Facility Agreement (2021)”	the facility agreement dated 21 January 2021 entered into between, among others, the Vendor (as borrower), Vendor Guarantor (as guarantor) and the relevant commercial bank (as agent and security agent)
“FECL”	Far East Consortium Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“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
“Joint Venture”	the joint venture of the JV Partners formed for the Acquisition pursuant to the terms of the MOA
“JV Company”	River Riches Limited, a company incorporated in BVI and held as to 50% by the Company (through FECL) and 50% by NWD (through Modern Culture)
“JV Partners”	the Company and NWD
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2021, or such other date as may be agreed by the Vendor and the JV Company in writing from time to time, in any event not later than 3 December 2021
“MOA”	the memorandum of agreement entered into between the Company and NWD in relation to the formation of the Joint Venture dated 24 November 2021
“Modern Culture”	Modern Culture Limited, a company incorporated in BVI with limited liability, a direct wholly-owned subsidiary of NWD
“Mr. Chiu”	Tan Sri Dato’ David Chiu, the chairman of the Board, an executive director and the chief executive officer of the Company

“Mrs. Chiu”	Ms. Nancy Chiu Ng, the spouse of Mr. Chiu
“NWD”	New World Development Company Limited (新世界發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0017)
“Percentage Ratios”	has the meaning ascribed to such term in Rule 14.07 of the Listing Rules
“Permitted Encumbrances”	the encumbrances created under the Share Charge and the Subordination Agreement
“Possible Guarantees”	has the meaning given to it under the paragraph headed “Assumption of Liabilities and Provision of Possible Guarantees under Facility Agreement (2021) and Facility Agreement (2020)” in this announcement
“Profit Sharing Agreement”	the profit sharing agreement dated 27 July 2020 between Gold Flair Holdings Limited, the Vendor and the Target Company
“Property”	all the piece or parcel of ground registered in the Land Registry of Hong Kong as New Kowloon Inland Lot No. 6591 with messuages erections and buildings thereon
“Purchaser Guarantors”	the Company and NWD
“Reimbursable Amount”	payments of up to HK\$30,000,000 to be made by the JV Company to the Vendor and not financed by the drawdown of the Facility Agreement (2020) for (a) an aggregate amount of up to HK\$168,000,000 of obligations and liabilities of the Target Company to the relevant contractors under the Target Company’s construction contracts as certified by the quantity surveyor and to consultants and/or professional advisers for their actual costs with respect to the construction of the new building on the Property from 31 October 2021 up to the Completion Date provided always that in respect of the Vendor, the Vendor’s Guarantor, any of their affiliates or connected persons (including without limitation the relevant registered contractor pursuant to the terms of the SPA), any such amounts of obligations, liabilities and/or costs shall include only the costs actually incurred by such persons and exclude any and all profit, charge, surcharge, mark-up, fee or item of similar effect of, due to, incurred or charged; and (b) an amount of obligations and liabilities to the interest accrued but not paid to the lenders (or the agent) under the Facility Agreement (2020) and Facility Agreement (2021) actually incurred up to the Completion Date, such amount being HK\$55,326,968.23 if the Completion Date is 30 November 2021

“Sale Loan”	all outstanding loans and interest due to the Vendor or its affiliates by the Target Company as at the date of the SPA (other than the Reimbursable Amount)
“Sale Loan Consideration”	HK\$1,231,759,145
“Sale Shares”	100% of all the issued ordinary shares of the Target Company
“Sale Shares Cash Consideration”	HK\$664,240,855, being the sum to be satisfied in cash at Completion pursuant to the terms of the SPA
“Sale Shares Consideration”	HK\$7,948,000,000 minus HK\$3,052,000,000, being the total outstanding principal amount under the Facility Agreement (2020) as at Completion minus the Sale Loan Consideration
“Shares”	ordinary shares of the Company
“Share Charge”	the share charge dated 26 November 2020 over all the ordinary share(s) of the Target Company executed by the Vendor, in favour of the relevant commercial bank
“Shareholder(s)”	shareholders of the Company
“Side Letter”	the side letter dated on or about the date of the SPA entered into between the Vendor’s solicitors and the JV Company in respect of the Cashier Orders
“SPA”	the share purchase agreement entered into between the Vendor, the JV Company, the Purchaser Guarantors and the Vendor Guarantor in relation to the sale and purchase of the Sale Shares and the assignment of the Sale Loan dated 24 November 2021
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordination Agreement”	the subordination agreement (incorporating assignment of loan) dated 26 November 2020 executed by the Target Company and the Vendor in favour of the relevant commercial bank
“Target Company”	Rich Fast International Limited, a company incorporated under the laws of the Hong Kong with limited liability
“Vendor”	Yan You Limited, a company incorporated under the laws of the BVI with limited liability

“Vendor Guarantor” Kaisa Group Holdings Limited (佳兆業集團控股有限公司\*), a company incorporated in the Cayman Islands with limited liability as an exempted company and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1638)

“%” per cent.

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

Hong Kong, 24 November 2021

*As at the date of this announcement, the Board comprises five executive directors namely, Tan Sri Dato’ David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Ms. Wing Kwan Winnie CHIU; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK.*