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PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 752)

PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF LOCAL PROJECTS, LLC

This announcement is made by Pico Far East Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to inform the shareholders and potential investors of the Company about the latest updates of the adjustment of the consideration in relation to the acquisition of Local Projects, LLC (“**Local Projects**”).

We refer to the announcements of the Company dated 4 March 2019 in relation to the discloseable transaction of the acquisition of Local Projects (the “**Announcement**”) and the voluntary announcement of the Company dated 1 September 2021 in relation to the updates of the adjustment of the consideration for certain acquisitions. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Update on the Acquisition of Local Projects

Performance

As at the date of this announcement, the EBITDA of Local Projects for the year ended 31 October 2021 calculated based on the audited financial statements of Local Projects was a loss of US\$904,000 which did not meet the lowest threshold of US\$1,750,000 pursuant to the holdback consideration arrangement as set out in the Announcement. In accordance with the Purchase Agreement, the actual EBITDA in respect of the Holdback Consideration (the “**Transaction EBITDA**”) is subject to the final determination and results of the Statement Review Procedure (as defined below).

Holdback Consideration

The formula for the calculation of the Holdback Consideration for the acquisition of Local Projects, up to a maximum of US\$6,000,000 in cash, has been disclosed in the Announcement. The Transaction EBITDA will be determined based on and subject to certain review procedures, which may be invoked by the Seller or the Buyer for the purpose of confirming the Transaction EBITDA and the final amount of the Holdback Consideration (the “**Statement Review Procedure**”).

As at the date of this announcement, the statement of the Holdback Consideration has not yet been delivered by Local Projects to the Buyer and the Seller and the deadline of the Statement Review Procedure has not yet expired. The aforesaid amount of the Transaction EBITDA has not been finalised. Accordingly, whether, and the amount of, the Holdback Consideration has to be paid is still uncertain.

To the best knowledge, information and belief of the directors of the Company, the Company expects that the Transaction EBITDA and the amount of the Holdback Consideration can be finalised before August 2022.

Earn-Out Consideration

As at the date of this announcement, the Earn-Out Consideration for the acquisition of Local Projects has not yet been fixed. Pursuant to the Purchase Agreement, in the event that the Holdback Consideration does not materialise, the Earn-Out Consideration may be increased by up to US\$6,000,000 and given that US\$3,000,000 Holdback Consideration for the year ended 31 October 2020 has been fixed in December 2020, in the event that the remaining Holdback Consideration does not materialise, the remaining Earn-Out Consideration may be increased by up to US\$3,000,000.

Save as disclosed above, there is no other information relating to the acquisition of Local Projects which needs to be disclosed under Rule 14.36B(2) of the Listing Rules.

Further announcement(s) will be made by the Company in relation to the updates of the Holdback Consideration and/or Earn-Out Consideration for the acquisition of Local Projects as and when appropriate and in accordance with the Listing Rules.

By Order of the Board
Pico Far East Holdings Limited
Lawrence Chia Song Huat
Chairman

Hong Kong, 25 January, 2022

As at the date of this announcement, the executive directors of the Company are Mr. Lawrence Chia Song Huat, Ms. Jean Chia Yuan Jiun and Mr. Mok Pui Keung; the independent non-executive directors are Mr. Gregory Robert Scott Crichton, Mr. James Patrick Cunningham, Mr. Frank Lee Kee Wai and Mr. Charlie Yucheng Shi.