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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)

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

THE TRANSACTION

The Board is pleased to announce that on 3 July 2026 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell to the Purchaser and the Purchaser agreed to buy the Sale Shares at the Purchase Price subject to the terms and conditions of the SPA.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

The Initial Purchase Price is HK\$750,000,000, subject to closing adjustment as further discussed below. The Property has been undergoing the Conversion of its guest rooms into units for operation as student accommodation with full conversion expected to be completed soon in the second half of 2026.

Pursuant to the Management Agreement to be entered upon Completion, the Manager (which is also an indirect wholly-owned subsidiary of the Company) shall continue to manage and operate the Property as student accommodation for a term of three years following Completion as manager, and shall pay to the Target Company the Guaranteed Income each year during the three-year term.

* *for identification purposes only*

LISTING RULES IMPLICATIONS

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, an application has been made to, and is being considered by the Stock Exchange 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.

If the alternative size test is approved by the Stock Exchange, 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.

If the alternative size test is not approved by the Stock Exchange, as the highest applicable Percentage Ratios of the Transaction exceeds 25% but all of the applicable Percentage Ratios are less than 75%, the Transaction would constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the relevant announcement and/or shareholders' approval requirements where appropriate. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction. As such, no Shareholder is required to abstain from voting if a general meeting (if required) were to be convened for the approval of the Transaction. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. As at the date of this announcement, Tan Sri Dato' David CHIU, Sumptuous Assets Limited and Modest Secretarial Services Limited (both are companies controlled by Tan Sri Dato' David CHIU) held 31,860,055 Shares, 1,667,816,745 Shares and 18,724 Shares, respectively. Written shareholders' approval for the Transaction has been obtained from Tan Sri Dato' David CHIU, Sumptuous Assets Limited and Modest Secretarial Services Limited (being a closely allied group of Shareholders holding 1,699,695,524 Shares in aggregate representing approximately 55.56% of the issued share capital of the Company as at the date of this announcement). Accordingly, no general meeting of the Company will be convened for the purpose of approving the Transaction in the event that the Transaction constitutes a major transaction to the Company.

In the event that the Transaction constitutes a major transaction to the Company, pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Transaction and other information required to be disclosed under the Listing Rules, 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 24 July 2026. 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.

INTRODUCTION

The Board wishes to announce that on 3 July 2026 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell to the Purchaser and the Purchaser agreed to buy the Sale Shares at the Purchase Price subject to the terms and conditions of the SPA.

THE SPA

The principal terms of the SPA are summarised below:

Date

3 July 2026

Parties

- (a) Vendor; and
- (b) Purchaser.

Subject matter

Pursuant to the terms and conditions of the SPA, the Vendor has conditionally agreed to sell the Sale Shares, and the Purchaser has conditionally agreed to purchase the Sale Shares, which represent the entire issued share capital in the Target Company as at Completion.

Purchase Price

The Purchase Price payable by the Purchaser to the Vendor for the Sale Shares shall be an amount equal to the Initial Purchase Price, subject to adjustment based on the adjusted net asset value of the Target Company at Completion in accordance with the terms and conditions of the SPA.

The Initial Purchase Price represents the aggregate of (i) an agreed value of the Property of HK\$750,000,000, which represents a premium over the audited net book value of the Property as at 31 March 2026 being HK\$265,900,000; 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. The Vendor has also taken into account the following 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 relating to disposal of properties located in Hong Kong that engaged in similar type of business operation and that are of similar tiers as the Property (the “**Recent Transactions**”) and is positioned within an acceptable level to the Company considering the range of price per gross floor area observed in the Recent Transactions; (ii) the commercial and business conditions in Hong Kong; and (iii) the opportunity for the Group to realise the value of its assets and generating a gain from the Transaction which is consistent with the Group’s strategy of unlocking asset enhancement value from its asset portfolio.

Adjustment Mechanism

The Purchase Price shall be determined based on the adjustment in accordance with the SPA as follows:

- if the adjusted net asset value of the Target Company that is based on adjustment for working capital-related items at Completion determined based on the completion accounts pursuant to the SPA exceeds the Initial Purchase Price, the Purchase Price shall be the Initial Purchase Price plus the amount of such excess; and
- if the adjusted net asset value of the Target Company that is based on adjustment for working capital-related items at Completion determined based on the completion accounts pursuant to the SPA is less than the Initial Purchase Price, the Purchase Price shall be the Initial Purchase Price reduced by the amount of such shortfall.

Payment terms

Deposit in the sum of HK\$75,000,000 (being 10% of the agreed value of the Property) shall be paid by the Purchaser to an escrow agent jointly appointed by the Vendor and the Purchaser within five (5) Business Days following the date of the SPA, which shall be held in escrow pending Completion and be applied as partial payment of the Purchase Price upon Completion, provided that if Completion takes place on or before the 5th Business Day following the date of the SPA, such Deposit shall be paid upon Completion in accordance with the SPA as if it was part of the Completion Payment.

The remaining balance of the Initial Purchase Price less (where applicable) the Deposit and a retention amount of HK\$5,000,000 (if Conversion of the remaining 76 guest rooms in the Property into guest rooms suitable for operation as student accommodation are not completed by the Completion Date) shall be settled at Completion in accordance with the terms of the SPA.

The Property has been undergoing the Conversion of its guest rooms into units for operation as student accommodation with full conversion expected to be completed soon in the second half of 2026. If the Conversion is completed after the Completion Date but by no later than 31 October 2026, the retention amount of HK\$5,000,000 shall be released and paid to the Vendor within 10 Business Days following completion of the Conversion. If the Conversion is not completed by 31 October 2026, the Purchaser would have the option to elect to allow the Vendor to continue with the completion of the Conversion or appoint other contractors to complete the Conversion. The balance of the aforementioned retention amount, having deducted any costs and expenses incurred by the Purchaser in connection with the appointment of new contractors for completing the Conversion (if the Purchaser so elected for its contractors to complete the Conversion), shall be released and paid to the Vendor within 10 Business Days following completion of the Conversion, with the total Purchase Price being reduced by such amount of contractor costs and expenses so incurred by the Purchaser.

Conditions

Completion is conditional upon the following conditions being satisfied (or waived by the Purchaser) on the Completion Date:

- (a) the Target Company being able to show and give title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (b) no material adverse change having occurred before or on the date on which Completion would otherwise have taken place;
- (c) the fundamental warranties as set out in the SPA remaining true, accurate and not misleading in all respects, and the warranties other than the fundamental warranties as set out in the SPA remaining true, accurate and not misleading in all material respects;
- (d) the Licence remaining valid, effective and subsisting and to be held by the Target Company, there being no circumstances which may render the Licence being revoked, and the application of its renewal having been approved or submitted in compliance with section 12C of the Hotel and Guesthouse Accommodation Ordinance (Cap.349 of the Laws of Hong Kong), being pending and not having been rejected and no written notice having been received by or on behalf of the Target Company suggesting that the renewal would be refused, nor that such refusal (and/or the reasons therefor) would be incapable of rectification;
- (e) the Target Company having obtained the written waiver of its financier with respect to existing facility agreement and the relevant security documents with respect to the transactions contemplated under the SPA;
- (f) all intercompany balances between the Target Company and its affiliates being fully repaid, set-off, novated, terminated or otherwise eliminated, and all such remaining balance being capitalised no later than upon completion; and
- (g) the transactions contemplated under the SPA being transacted in accordance with the Listing Rules to the extent they apply to such transactions.

The Vendor shall use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of all of the conditions set out above as soon as reasonably practicable and in any event before the Completion Date.

Completion

If all conditions are fulfilled (or waived by the Purchaser) on or before the Completion Date, Completion shall take place on the Completion Date or on such other date as the Vendor and the Purchaser may agree in writing.

Management Agreement and Guaranteed Income

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 a Management Agreement. Pursuant to such Management Agreement, the Manager (which is also an indirect wholly-owned subsidiary of the Company) shall continue to manage and operate the Property as student accommodation for a term of three years following Completion as manager. During each year of the three-year term, the Target Company shall be entitled to the Guaranteed Income. The Manager shall pay one-twelfth of the Guaranteed Income to the Target Company in cash and in advance for each calendar month. Subject as aforesaid, the Manager shall be entitled to all revenue and income (i.e. revenue minus operating expenses and taxation) 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.

The Vendor unconditionally guarantees the performance of the obligations of the Manager in accordance with the terms under the Management Agreement up to a maximum amount of the aggregate annual Guaranteed Income for the three-year term.

The Guaranteed Income has been determined following arm's-length negotiations, in which the Vendor and the Manager have taken into account factors including but not limited to the Purchase Price, the anticipated timing and successful completion of the Conversion, the expected level of occupancy and usage of the accommodation facilities and the assessment of the financial outcome from the operation of the Property, reflecting the parties' commercial expectations and the prevailing market conditions in the student accommodation sector in Hong Kong.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

Information on the Target Company

The Target Company is a company incorporated under the laws of Hong Kong with limited liability. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of the Vendor, and is principally engaged in property holding and holds the Property.

Financial Information of the Target Company

Set out below is a summary of the audited financial information of the Target Company for the year ended 31 March 2025 and 31 March 2026.

	For the year ended 31 March 2025 (audited) HK\$'000	For the year ended 31 March 2026 (audited) HK\$'000
Revenue	25,382	36,532
Loss before taxation	(34,781)	(22,279)
Loss after taxation	(29,863)	(19,112)

The audited net book value of the Property as at 31 March 2026 amounted to approximately HK\$265,900,000.

INFORMATION ON THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Purchaser is an investment holding company. The ultimate beneficial owner of the Purchaser is JD.com, Inc. (together with its subsidiaries, the “**JD Group**”), an exempted company with limited liability incorporated in the Cayman Islands. Its American depositary shares are listed on NASDAQ under the symbol “JD”, and its ordinary shares are listed on the Main Board of the Stock Exchange under stock codes 9618 (HKD counter) and 89618 (RMB counter).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP

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, and securities and financial product investments.

The Vendor is a limited company incorporated as an exempted company with limited liability in the Cayman Islands and is an indirect wholly-owned subsidiary of the Company. The principal business activities of the Vendor and its subsidiaries comprise hotel development, ownership and management.

The Manager is a limited company incorporated with limited liability in Hong Kong and is an indirect wholly-owned subsidiary of the Company. The principal business activities of the Manager comprise hospitality and accommodation management.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction will, amongst others, (i) unlock a substantial asset enhancement value derived by the Group from its asset portfolio, thereby enabling the Group to recognise a disposal gain from the Transaction; and (ii) enable the Group to utilise the net proceeds from the Transaction for repayment of an existing bank loan with the remainder for working capital of the Group. This aligns with the Group’s deleveraging strategy to improve the Group’s financial position, as well as its strategy of divesting and recycling capital by monetising non-core assets.

Further, the Directors consider that the Transaction provides the Group with an opportunity to establish a strategic relationship with the JD Group and to explore opportunities for further cooperation including potential student accommodation projects in Hong Kong. Following Completion, the Property shall be fully converted for operation as student accommodation and the Group will continue managing and operating the Property as student accommodation alongside JD Group (which will, upon Completion, control the owner of the Property) for a term of three years under the Management Agreement. The Group has been managing and operating part of the Property for use as student accommodation since 2023 through its own management and operation team, and this arrangement allows the Group to leverage its operational expertise in hospitality and accommodation management while facilitating its participation in the student accommodation market.

Taking into account the aforementioned and all key factors (including but not limited to the Purchase Price, the Guaranteed Income, current market conditions and the potential disposal gain) in totality, the Directors are of the view that the Transaction and the terms of the SPA (including the Provision of Guarantee) (as a whole) are fair and reasonable and on normal commercial terms, and the Transaction is in the interest of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

The Company estimates that upon Completion, the Group is expected to record a gain from the Transaction of approximately HK\$423,000,000, being the Purchase Price less the aggregate of the estimated book carrying value of the Target Company attributable to the Group at Completion and the estimated expenses in relation to the Transaction. The bank borrowings of the Group shall be reduced by approximately HK\$630,000,000 following repayment of the relevant property mortgage at Completion.

Upon Completion, the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

The Directors expect that the remainder of the proceeds, after repayment of the aforesaid approximately HK\$630,000,000 bank loan, of approximately HK\$106,000,000 will be used for the general working capital of the Group.

LISTING RULES IMPLICATIONS

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, an application has been made to, and is being considered by the Stock Exchange 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.

If the alternative size test is approved by the Stock Exchange, 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.

If the alternative size test is not approved by the Stock Exchange, as the highest applicable Percentage Ratios of the Transaction exceeds 25% but all of the applicable Percentage Ratios are less than 75%, the Transaction would constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the relevant announcement and/or shareholders' approval requirements where appropriate. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction. As such, no Shareholder is required to abstain from voting if a general meeting (if required) were to be convened for the approval of the Transaction. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. As at the date of this announcement, Tan Sri Dato' David CHIU, Sumptuous Assets Limited and Modest Secretarial Services Limited (both are companies controlled by Tan Sri Dato' David CHIU) held 31,860,055 Shares, 1,667,816,745 Shares and 18,724 Shares, respectively. Written shareholders' approval for the Transaction has been obtained from Tan Sri Dato' David CHIU, Sumptuous Assets Limited and Modest Secretarial Services Limited (being a closely allied group of Shareholders holding 1,699,695,524 Shares in aggregate representing approximately 55.56% of the issued share capital of the Company as at the date of this announcement). Accordingly, no general meeting of the Company will be convened for the purpose of approving the Transaction in the event that the Transaction constitutes a major transaction to the Company.

In the event that the Transaction constitutes a major transaction to the Company, pursuant to Rule 14.41(a) of the Listing Rules, a circular, containing among other things, details of the Transaction and other information required to be disclosed under the Listing Rules, 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 24 July 2026. 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.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	a day other than a Saturday or Sunday on which banks are open in the People's Republic of China (including, for the avoidance of doubt, Hong Kong) and the British Virgin Islands to the general public for business;
“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 sale and purchase of the Sale Shares pursuant to the terms and conditions of the SPA;
“Completion Date”	8 July 2026; or such other date as the Vendor and Purchaser may agree in writing on which Completion takes place;

“Conversion”	the conversion of all the remaining 76 guest rooms in the Property which are not, as at the date of the SPA, being operated as student accommodation, into guest rooms suitable for operation as student accommodation pursuant to the terms and conditions of the SPA;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Guaranteed Income”	Guaranteed amount of HK\$45,000,000 per annum during the three years following Completion, pursuant to the terms and conditions of the Management Agreement;
“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;
“Licence”	licence in respect of the Property granted to the Target Company under the Hotel and Guesthouse Accommodation Ordinance (Cap. 349 of the Laws of Hong Kong) and dated 1 July 2023;
“Management Agreement”	the management agreement to be entered into by the parties therein at Completion, pursuant to which the Manager shall continue to manage the Property as student accommodation for a term of three years following the Completion and provide the Guaranteed Income for the three-year term;
“Independent Third Parties”	a party which is not a connected person(s) of the Company;
“Initial Purchase Price”	the amount equals to the aggregate of (i) an agreed value of the Property of HK\$750,000,000; and (ii) the estimated net asset value of the Target Company at Completion determined based on the terms and conditions of the SPA;
“JD Group”	JD.com, Inc., an exempted company with limited liability incorporated in the Cayman Islands and its American depositary shares are listed on NASDAQ under the symbol “JD”, and its ordinary shares are listed on the Main Board of the Stock Exchange under stock codes 9618 (HKD counter) and 89618 (RMB counter), together with its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Manager”	DHI Hotel Management HK Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“Percentage Ratio(s)”	the meaning ascribed to it in the Listing Rules;
“Property”	ALL THOSE pieces or parcels of grounds registered in the Land Registry as KOWLOON INLAND LOTS NOS.7429, 9701, 9705, 9727, 9769 and 9944;
“Provision of Guarantee”	the provision of the guarantee by the Manager on the Guaranteed Income during the three years following Completion, pursuant to the terms and conditions of the Management Agreement;
“Purchaser”	JD Fabulous Development XI Limited, a company incorporated in the British Virgin Islands with limited liability;
“Purchase Price”	the total purchase price to be paid by or on behalf of the Purchaser to the Vendor for the Sale Shares pursuant to the terms and conditions under the SPA;
“Sale Shares”	all issued ordinary share of the Target Company as at Completion;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“SPA”	the sale and purchase agreement dated 3 July 2026 entered into between the Vendor and the Purchaser in respect of the Transaction;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Charter Joy Limited 捷彩有限公司, a company incorporated under the laws of Hong Kong with limited liability, the entire issued shares of which are owned as to 100% by the Vendor as at the date of this announcement;
“Transaction”	the sale of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the SPA (including the Provision of Guarantee);

“Vendor”

Dorsett Hospitality International Limited 帝盛酒店集團有限公司*, which is a limited company incorporated as an exempted company with limited liability in the Cayman Islands and an indirect wholly-owned subsidiary of the Company as at the date of this announcement; and

“%”

per cent.

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

Hong Kong, 3 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.