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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)**

## SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS IN RELATION TO THE DISPOSAL OF OFFICE, HOTEL AND TOWN HALL IN THE UNITED KINGDOM

References are made to the announcements of Far East Consortium International Limited (the "**Company**") dated 25 February 2025, 9 May 2025, 6 March 2026 and 2 June 2026 (the "**June Announcement**", collectively, the "**Announcements**") in relation to the Transactions. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. The Company would like to provide the following further information on the Transactions.

In view of the change of transaction structure (i.e. the direct sale of Office to sale of Office PropCo Share and change of settlement mechanism from a combination of cash and loan to cash and issue of AMTD Shares), the parties have entered into the Office SPA and the Deed of Variation. The Term Sheet has been superseded by the Office SPA and the Deed of Variation accordingly.

### OFFICE SPA

The Office Seller and the Purchaser (as the office purchaser) entered into the Office SPA on 2 June 2026 pursuant to which the Purchaser shall purchase and the Office Seller shall sell the Office Propco at a consideration of approximately £12.309 million. The Office PropCo was indebted to the Group in the sum of approximately £7.541 million as at 1 June 2026 (being the Office Loan). At completion of the transaction, the Group will receive £12.309 million (covering the consideration of the Office PropCo Share and the amount of the Office Loan which the Purchaser shall procure the Office PropCo to repay).

* *for identification purposes only*

## DEED OF VARIATION

Under the Deed of Variation, if the consent to assign of the Town Hall Property to the Town Hall PropCo has not been completed by 31 August 2026 (subject to the Town Hall Seller giving the Purchaser written notice extending the same to 28 February 2027 or such date as the Purchaser, the Town Hall Seller and the Hotel Seller may mutually agree in writing), the Purchaser may terminate the Town Hall SPA and the parties shall unwind the Town Hall Transaction. As of the date of this announcement, such consent to assign of the Town Hall Property to the Town Hall PropCo has been completed.

### Settlement arrangement

The parties have agreed that no net asset value adjustment shall be made in relation to the Transactions. The net asset values of (a) the Hotel Target Group (excluding the value of the Hotel Property) was approximately £0.2 million as at 2 June 2026; and (b) the Town Hall Target Group (excluding the value of the Town Hall Property) was £0 as at 2 June 2026. The net liabilities of Office PropCo was approximately £31,000 as at 2 June 2026. The Company considered that an adjustment of the consideration based on net asset value of the Hotel Target Group and the Town Hall Target Group, and the net liabilities of the Office PropCo would not be required because such amounts are not material.

### AMTD Shares and make-whole arrangement

As set out in the June Announcement, all AMTD Shares to be issued for the settlement of the consideration (the "**Acquisition of AMTD Shares**") shall be issued to the Hotel Seller, the Office Seller and/or a subsidiary of the Company as designated by the PropCo Sellers. The AMTD Shares will be converted into ADS for trading purpose. The Original Issue Price of all AMTD Shares to be issued on the relevant payment date will be US$1.70 per ADS corresponding to the AMTD Shares, which was determined by the parties through arm's length negotiation with reference to the 20-days average of the market price of the ADS of AMTD Digital prior to the date of the Deed of Variation of approximately US$1.7. The sole purpose of the Original Issue Price was for determining the number of AMTD Shares to be issued under the first exercise of the make-whole arrangement.

If the proceeds from the sale of the AMTD Shares (or the corresponding block of ADS) are less than (i) the aggregate Original Issue Price (as the benchmark for the first exercise of the make whole arrangement) and/or (ii) the market price at which such AMTD Shares (or the corresponding block of ADS) were issued (by reference to the corresponding ADS value) (as the benchmark for second exercise of the make-whole arrangement), the Purchaser shall, in each case, arrange for additional AMTD Shares equal in value of such shortfall amount (the "**Shortfall Amount**") to the PropCo Sellers or such entity as designated by the PropCo Sellers (the "**Additional Issuance**") as determined based on the following formula:

**Number of Additional AMTD Shares = Shortfall Amount / Current Market Price Per ADS**

Such make-whole arrangement will only apply for a period of two years from the relevant payment date of the Hotel Transaction and the Office Disposal and may only be exercised up to two times during such period. The Group will monitor its sale of the AMTD Shares in determining if and when to exercise the make-whole option.

The two-year period and number of exercises were determined by the parties through arm's length negotiations. In reaching this determination, the parties took into account the following: (a) the two-year period reflects a reasonable estimate, with an appropriate buffer, of the time required for the Group to dispose of the AMTD Shares (or the corresponding blocks of ADSs), based on the historical trading volume and liquidity of the AMTD Shares in the market; (b) the period gives the Group an opportunity to monitor the sale price and proceeds of disposal, and to determine whether to request the Purchaser to arrange a make-whole; and (c) the attributable value of the AMTD Shares was approximately £7.669 million, representing a substantial discount to the market value of the AMTD Shares. The Group may be able to realise the attributable value of these AMTD Shares without selling the entire block of the AMTD Shares (or their corresponding ADS) based on the existing market price of AMTD Digital's ADS.

In view of the above, the Board considered such make-whole arrangement to be appropriate and in the interest of the Company and its shareholders as a whole.

***Possible Acquisition***

If the PropCo Sellers/subsidiary of the Company still hold any AMTD Shares and the quoted sale price of ADS drop below US$1 per ADS for a period of at least 180 consecutive days, the relevant PropCo Sellers/subsidiary of the Company may require the Purchaser to procure shares in any of the Town Hall PropCo, Hotel PropCo or Office PropCo (such discretion to be agreed by the parties) to be transferred or issued to the relevant PropCo Seller/subsidiary of the Company (with the value as determined based on independent valuation at that time) equivalent to the value of the AMTD Shares/ADS held by the PropCo Sellers/subsidiary of the Company at that time based on the issue price of AMTD Shares when they were issued to the relevant PropCo Seller/subsidiary of the Company (the "**Possible Acquisition**"). At the request by the Purchaser, the PropCo Seller/subsidiary of the Company shall transfer the relevant AMTD Shares back to the Purchaser or a party nominated by the Purchaser. Subject to the conditions above, the Group may at its discretion exercise the option for the Possible Acquisition and there is no expiry date for exercising such option.

The inclusion of Town Hall PropCo Share provides flexibility to the Group to select the shares of the relevant PropCo which the Group is familiar with as an option to safeguard the Group's interest. The ultimate determination of the shares to be transferred will be further agreed by the parties at the relevant time based on an independent valuation at that time. The parties shall further negotiate and determine the number of shares of the relevant PropCo to be transferred at the relevant time depending on the independent valuation.

When balancing the improvement in upfront cash proceeds and reduction in long term credit risk compared to the original settlement structure under the Term Sheet, the Board considered that the issue of AMTD Shares for settlement of part of the consideration of the Transactions is in the interest of the Company and its shareholders as a whole.

***Intention of the Company in respect of the AMTD Shares***

As of the date of this announcement, the Company intends to hold these AMTD Shares (or corresponding blocks of ADS) for trading purpose and will determine whether and when to sell these AMTD Shares based on the factors set out below. The Group will take into account the prevailing ADS market prices and disposal restrictions as disclosed in the June Announcement as well as the Company's working capital needs in determining the timing for disposal of the AMTD Shares (or corresponding blocks of ADS) from time to time.

The Company will assess the implications of the Listing Rules prior to any disposal of the AMTD Shares (or corresponding blocks of ADS) and will comply with the applicable requirements under Chapter 14 of the Listing Rules as and where appropriate. The Company will provide updates to the shareholders and potential investors of the Company on the number of AMTD Shares held by the Group from time to time in its annual reports and interim reports.

The grant of options to the Group in respect of the Possible Acquisition and the Additional Issuance, the exercise of which are at the discretion of the Group, would fall under the ambit of Rule 14.75(1) of the Listing Rules. As no premium was paid by the Group in respect of the grant of the options underlying the Possible Acquisition and the Additional Issuance, the grant of such options would not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will assess the implications of the Listing Rules prior to the exercise of any of the options underlying the Possible Acquisition and the Additional Issuance and will comply with the applicable requirements under Chapter 14 of the Listing Rules as and where appropriate.

**Basis of Consideration**

The Board has considered the overall terms of the Transactions, in particular, the following factors when determining the consideration for the Office Disposal:

(a) On 25 February 2025, the Group entered into the Hotel SPA and the Town Hall SPA with the Purchaser pursuant to which the Group conditionally agreed to dispose of the Hotel Target Group and the Town Hall Target Group to the Purchaser at an aggregate consideration of approximately £47.2 million. The Purchaser has paid an aggregate deposit of £4 million. Under the terms of the Hotel SPA and the Town Hall SPA, if the Purchaser terminates the Hotel Transaction and the Town Hall Transaction, the Group is entitled to forfeit the deposit of £4 million paid by the Purchaser. In 2026, the parties entered into further negotiation and agreed that the Purchaser would acquire the Office for a consideration of £18 million as part of a package deal with the acquisition of the Hotel Target Group and the Town Hall Target Group and a term loan of £38.2 million will be granted by the Group to the Purchaser which shall be used for the sole purpose of settling the consideration of the Transactions. Consequently, the relevant parties of the Group and the Purchaser entered into the Term Sheet in March 2026.

(b) In respect of the consideration for the Office Disposal, the parties have taken into account (i) the prime location of the Office at London with close proximity to the Chancery Lane underground station; (ii) the consideration for the Office Disposal of £12.309 million (including the repayment of the Office Loan) is higher than that of the carrying value of the Office as at 30 September 2025 being approximately £5 million; (iii) the financial information of the Office PropCo as disclosed in the June Announcement; (iv) the Office is a non-core asset of the Company for its own use. For the six months ended 30 September 2025, the Office PropCo recorded a loss of approximately £0.77 million. The Office Disposal allows the Group to dispose of and recycle non-core asset for working capital; (v) the Office Disposal aligns with the Group's strategy of divesting non-core assets which also helps the Group to improve its liquidity and reduce the net gearing of the Group; and (vi) the outstanding amount of the Office Loan.

(c) As disclosed in the March Announcement, the original settlement structure for the aggregate consideration of the Transactions of approximately £65.2 million involved a combination of cash and a £38.2 million term loan from the Group to the Purchaser. The revised structure replaces the loan component with a settlement partly in cash and partly through the issuance of the AMTD Shares. The revised payment arrangement under the Office SPA and the Deed of Variation significantly enhances in immediate value realisation by eliminating a substantial portion of deferred component of the consideration for the Transactions under the original terms of the Transactions under the Term Sheet. The Group is entitled to receive approximately £46.84 million in upfront cash which represents an increase of approximately £20 million of upfront cash as compared to the settlement mechanism for the Transactions as set out in the Term Sheet, significantly accelerating capital recovery for the Group compared to the original five-year loan repayment schedule. The deferred payment obligation is substantially reduced from £38.2 million over five years under the loan to a much smaller amount of £5 million over 4 years, providing the Group with higher flexibility in recycling its capital resources for repayment of its existing corporate debts and other working capital needs. In addition, AMTD Digital is a company listed on the New York Stock Exchange which is principally engaged in, among others, digital solutions and media and entertainment. The ADS of AMTD Digital could be traded on open market where proceeds could be used for general working capital need and repayment of corporate debt.

In view of the above background and reasons, the Board considered that the decrease in the consideration for the disposal of the Office from £18 million to approximately £12.309 million was fair and reasonable and in the interests of the Company and its Shareholders.

**Profit guarantee**

As set out in the June Announcement, the Company had agreed to provide a profit guarantee of (i) 6% of the Hotel Consideration per annum for the period commencing from the date of Deed of Variation and ending on the date of consent to assign; and (ii) 5% of the Hotel Consideration per annum for the period commencing from the date of the completion of the aforementioned consent to assign in respect of the Hotel Business to the Purchaser for two years following the date of the Deed of Variation (the "**Profit Guarantee**").

The Board has considered the following factors in respect of the Profit Guarantee:

(a) The Profit Guarantee was included to facilitate the negotiation of the Transactions between the Company and the Purchaser with a view to ensure a smooth transition of the Hotel Business upon completion of the Transactions. It is a common arrangement in the hospitality industry for the seller of a hotel business to be involved in the management and operations of such businesses during the transitional period after completion of the disposal due to the seller's knowledge and experience of the businesses and that as part of such arrangement, the purchaser would usually require the seller to provide a profit guarantee during the relevant term.

(b) The condition and performance of the Hotel, noting that the Hotel only commenced operations in late 2025 and accordingly does not yet have an extensive trading history.

(c) The business plan for the future management and operation of the Hotel.

(d) The anticipated market conditions in the hospitality sector in the United Kingdom.

(e) Hotel management and operations have been a core business and strength of the Group and the Group is able to assess the commercial risks involved in providing the guarantee given its knowledge and experience of the business and especially through its ability to scale the operations of the Hotel (which includes controlling the costs and expenses involved) as appropriate to manage the risks involved, as the Hotel will continue to be managed by the Group after completion including the profit guarantee period. The Company is not agreeing to give a profit guarantee and assuming the exposure passively with the operations of the Hotel passed on to a third party and it is therefore within the ability of the Group to manage, but not simply to underwrite, the outcome.

(f) The Company took into account the potential exposure under the Profit Guarantee which was weighed against the overall consideration under the Transactions to be paid by the Purchaser, and considered that the overall terms to be favourable. If the Hotel is not profit making in the next two years under the management of the Group and compensation shall become payable under the Profit Guarantee, the Company considers that, with such risks being managed through its operation of the Hotel, the compensation amount could commercially be regarded as an adjustment to the overall consideration received for the Transactions which the Company would estimate to be likely to result in a net gain of not less than HK$230 million as a likely outcome.

(g) The Profit Guarantee should also be considered in the context of the broader divestment strategy of the Group underlying the Transactions which is to dispose of non-core assets of the Group to recycle capital and to improve liquidity and gearing of the Group. In the context of such objective, the Profit Guarantee is only a term of the Transactions, the overall terms of which the Company considers to be favourable and are in the interest of the Company and its shareholders.

## FINANCIAL EFFECT OF THE TRANSACTIONS

It is envisaged that the Group will record a gain on the Transactions of approximately £25.721 million (equivalent to approximately HK$270.842 million), being the aggregate consideration for the Transactions less the estimated book carrying value as at 31 May 2026 of the Office PropCo, the Hotel Target Group and the Town Hall Target Group (including the Town Hall Property) (after elimination of the intra-group loans i.e. the Office Loan and the Hotel Loan on consolidation) and the estimated expenses in relation to the Transactions. For the avoidance of the doubt, the financial information of the Office PropCo and the Hotel Target Group as set out in the June Announcement had included such intra-group loans.

## 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 capitalization does not reflect the true value of the Company or the materiality of the Transactions or the Acquisition of AMTD Shares by the Company, an application has been made to the Stock Exchange for the adoption of an alternative size test in respect of the Transactions and the Acquisition of AMTD Shares based on the equity attributable to shareholders of the Company as at 30 September 2025. Pursuant to Rule 14.20 of the Listing Rules, the Company has obtained approval from the Stock Exchange on the adoption of an alternative size test in respect of the Transactions and the Acquisition of AMTD Shares. As one or more applicable Percentage Ratios in respect of the Transactions exceeds 5% but all of the applicable Percentage Ratios are less than 25%, the Transactions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement requirement but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As all the applicable Percentage Ratios in respect of the Acquisition of AMTD Shares is less than 5%, the Acquisition of AMTD Shares would not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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

Hong Kong, 3 November 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.*