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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)**

### **EXERCISE OF OPTION TO REPURCHASE THE TARGET COMPANY PURSUANT TO THE SPA**

#### **BACKGROUND**

Reference is made to the announcement issued by Far East Consortium International Limited dated 14 March 2022 (the “**Announcement**”) relating to the Acquisition pursuant to a sale and purchase agreement dated 14 March 2022 as amended by an amendment agreement dated 4 April 2022, entered into between the Seller (as seller), the Buyer (as buyer), R&F Prop HK (as warrantor) and Mr. Li (as warrantor), as may be amended or supplemented from time to time (the “**SPA**”), the completion of which has taken place. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

#### **EXERCISE OF OPTION TO REPURCHASE**

The Board announces that on 2 September 2022, the Buyer received a notice from the Seller (“**Option Exercise Notice**”) to exercise the option to repurchase the entire issued share capital of the Target Company and to require the assignment of the Intercompany Loan (as may be amended, varied, novated, superseded or released by the Buyer after Completion but excluding any loans advanced by the Buyer to the Target Group after Completion) at the Option Consideration (the “**Option to Repurchase**”). The Option Consideration was determined on arm’s length with reference to, among other things, the Group’s required return on the Consideration payable.

If after the service of the Option Exercise Notice any amount owing by the Target Group to the Buyer or any of its affiliates (as notified by the Buyer to the Seller) has not been repaid in full prior to the day falling 20 business days after the date of service (or such date as may be agreed by the parties pursuant to the terms of the SPA), the Option to Repurchase will automatically lapse and cease to be exercisable by the Seller and the Buyer shall have no obligation whatsoever to complete the repurchase.

\* *For identification purposes only*

Completion of the sale and repurchase shall take place 20 business days after the service of the Option Exercise Notice or as otherwise agreed between the parties. At completion of the sale and repurchase, the Seller shall pay or procure the payment of the Option Consideration to the Buyer (or to such other person as it may direct).

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Seller and the Warrantors and their respective ultimate beneficial owners (if applicable) were all third parties independent of the Company and its connected person (as defined under the Listing Rules) as at the date of the Announcement.

## **FINANCIAL EFFECT OF THE SALE AND REPURCHASE AND USE OF PROCEEDS**

Upon completion of the sale and repurchase, the Group is expected to accrue a net gain of approximately £10.9 million being the Option Consideration (less such costs, liabilities and expenses as referred to in the definition of the Option Consideration) less the Consideration. The Group intends to use the net sale proceeds for its general working capital.

Upon completion of the sale and repurchase, the Target Company will cease to be a subsidiary of the Company and its financial results will not be consolidated with the results of the Group. It is of note that simultaneously upon completion of the sale and repurchase, the Bank Loan will be repaid to the lending bank, and the Company will be released from the guarantee in respect of the Bank Loan.

## **IMPLICATIONS UNDER THE LISTING RULES**

This announcement is made in accordance with the requirements of Rule 14.74(2) of the Listing Rules.

*For the purpose of this announcement, business days shall mean a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general banking business in Hong Kong and the United Kingdom.*

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

Hong Kong, 2 September 2022

*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. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK.*