【Immediate Release】 28 November 2022

(Incorporated in the Cayman Islands with Limited Liability)
Website: http://www.fecil.com.hk
(Stock code: 35.HK)

Far East Consortium Realised Revenue of HK$3Billion in 1H FY2023
Diversification Yields Resilience

INTERIM RESULTS HIGHLIGHTS

- The six months ended 30 September 2022 ("1H FY2023") reassured that although the global economy faced many challenges, many countries are on track to recover from the worse effects of the COVID-19 pandemic. Whilst Mainland China continues to battle sporadic outbreaks with its dynamic zero-COVID policy, most other countries and cities have decided to re-open their borders, reduced the requirements for entry and dropped the quarantine and mask mandates.

- Despite relaxation of COVID-19 restrictions, the global economy has encountered a new set of challenges. The combination of loose monetary policies and fiscal stimulus during COVID-19, together with supply chain issues, has fostered rising inflation globally. The advent of the conflict in Ukraine pushed energy prices up and exacerbated the situation further. In order to address this predicament, most central banks started raising interest rates and tightening their monetary policies. The effect has been particularly felt on the USD, which has appreciated considerably against most other currencies. The rising inflation, the higher cost of debt and the strength of the USD are starting to reverberate into asset values, operating costs and free cash flows.

- Against and despite this difficult backdrop, the Group's diversification and vigilance have again played a key role in navigating through 1H FY2023 successfully.

- During 1H FY2023, revenue decreased slightly by 3.0% to approximately HK$3.0 billion as compared with that of the six months ended 30 September 2021 ("1H FY2022"). The main reason was that less residential property development was completed and settled compared with the same period last year. Having said that, adjusting for the attributable revenue for The Star Residences (Tower 1) for approximately AUD91 million (equivalents to approximately HK$500 million), which was accounted as a share of results of joint ventures, adjusted revenue(i), a non-GAAP financial measure, was up 13.0% to approximately HK$3.5 billion. Despite the lower recognition of revenue from property development, all the Group's core businesses have reported an increase in revenue.

- The Group continued the handover of MeadowSide Plots 2, 3 and 5 in Manchester and West Side Place (Towers 1 and 2) in Melbourne and are expected to continue by phases in the second half of the financial year ended 31 March 2023 ("2H FY2023"). The Group's projects in Mainland China and Hong Kong and Hyll on Holland in

Singapore have also made a contribution to revenues. The overall schedule of the Group's projects remains intact, with three property developments expected to start handover in the 2H FY2023, namely West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London and New Cross Central in Manchester. These expected completions and settlements provide a predictable and significant cash flow to the Group.

- The Group continued to replenish its land bank in 1H FY2023, primarily in Hong Kong. In September 2022, the Group acquired the development right through a Urban Renewal Authority tender, for a land that covers a site area of about 1,077.3 sq. m. at Sai Ying Pun, Hong Kong. The Group intends to develop primarily residential apartments with a few retail outlets.

- Residential sales remained very robust, as cumulative attributable presales value of properties under development and unbooked contracted sales reached a new record standing at approximately HK$18.0 billion as at 30 September 2022. The Group launched Victoria Riverside (Tower A) in Manchester in late September 2022 with a total gross development value ("GDV") of HK$899 million and launched Collyhurst Village in Manchester in October 2022 with a total expected GDV of approximately HK$656 million. The Group expects to launch Kai Tak Residential in Hong Kong with a total expected attributable GDV of approximately HK$6.6 billion in the calendar period ending 31 December 2023.

- In early September 2022, the Group received a notice from a subsidiary of R&F Properties (HK) Company Limited to exercise the option to repurchase the entire issued share capital of R&F Properties VS (UK) Co., Ltd. which holds a development site at Vauxhall Square, London ("R&F Disposal"). The Group recorded a gain of approximately GBP10.9 million on the R&F Disposal and booked most of the gain on an accrual basis amounting to approximately HK$101million in 1H FY2023. Total proceeds (net of loan) of GBP51 million were received. The transaction was completed on 5 October 2022.

- COVID-19 restrictions have been lifted in several countries and cities around the world which has greatly helped the Group's recurring income businesses.

- In the Group's hotel operations, revenues increased by 36.2% year-on-year to approximately HK$897 million. In Hong Kong, hotel properties continued to serve quarantine guests in 1H FY2023. In other countries and cities, except for Mainland China, as travelling restrictions were progressively lifted, the demand for hotel rooms increased steadily. The Group was extremely vigilant during 1H FY2023 to ensure that costs and expenditures are contained. And whilst the apex of the COVID-19 pandemic has passed, the Group remains cautious and continues to refine its operating business model to best serve its customers and ensure that operating profits remain healthy going forward.

- A new aparthotel brand named "Dao by Dorsett" was launched in June 2022 with the opening of Dao by Dorsett West London. This property is the extension of Dorsett Shepherds Bush, an existing hotel property of the Group, and consists of 74 high-quality, fully-serviced apartment units. This newly-launched long-stay aparthotel brand aims to offer a collection of comfortable, upscale and practical aparthotels. In addition to this, the Group rebranded the Oakwood Premier AMTD Singapore, in which the Group holds a 49% stake, as Dao by Dorsett AMTD Singapore in July 2022. This is the first "Dao by Dorsett" hotel in Asia.

- Contribution from car park operations and facilities management also increased by 17.9% year-on-year as travel restrictions and lockdowns were progressively lifted. The improvement was felt particularly in the state of Victoria, in Australia, where a majority of the Group's car park operations are located and where the impact of COVID-19 restrictions was most severe. The car park business is expected to continue to gradually recover.

- The revenue from the Group's gaming business, recently rebranded as "PALASINO", rose by 70.5% in 1H FY2023 year-on-year to approximately HK$147 million as all 3 casinos stayed open for business during the period, as opposed to being temporarily closed for approximately two months in 1H FY2022. The Group's gaming revenues have proven to be very resilient as the casinos have built a loyal customer base, returning enthusiastically each time COVID-19 restrictions were lifted. Equally important, the cost-cutting measures implemented during COVID-19 and still in place, have helped to improve the overall profitability. In an effort to attract more guests and to complement the existing offline experience, PALASINO has obtained an online gaming license in Malta in November 2022.

- BC Investment Group Holdings Limited ("BC Invest"), a company in which the Group has a stake of approximately 53%, continued to grow in 1H FY2023. BC Invest successfully issued two residential mortgage-backed security ("RMBS") bonds that raised AUD824 million in aggregate in 1H FY2023. As at 30 September 2022, loans and advances (included Mortgageport Management Pty. Ltd.) reached over AUD3.5 billion (as at 31 March 2022: AUD2.6 billion). Due to a rise in interest rates and a time-lagged effect on the increase of customers' borrowing rates, the net interest margin dropped to 1.28% (FY2022: 1.54%). This is expected to improve as new customers' borrowing rates come into effect. Including third party assets under management ("AUM"), BC Invest has a total AUM of approximately AUD4.5 billion as at 30 September 2022.

- In 1H FY2023, the Group has withdrawn the legal proceedings surrounding a mandatory enforcement procedure regarding the land use rights which is part of its obligation as stipulated in the settlement agreement entered between the Group, Guangdong Trust Real Estate Development Co., Ltd. and a joint venture company. As a result, as part of an overall settlement, the Group recognised a gain of RMB408 million (equivalent to approximately HK$475 million) in 1H FY2023.

- During this period, despite the net profit attributable to shareholders decreased by 46.7% to HK$571 million, the adjusted cash profit[i], a non-GAAP financial measure, increased by 7.3% to HK$897 million.

- The decrease in net profit attributable to shareholders was primarily due to the revaluation gain on investment properties of HK$628 million in 1H FY2022 turning to a HK$12 million revaluation loss in 1H FY2023. Additionally, there was a gain of HK$547 million recorded in 1H FY2022 relating to the disposal of Dorsett City London. The effects were offset by the stronger underlying profit in 1H FY2023.

- The Group has continued to closely manage its capital structure by refinancing some shorter-term debts via the bank market. Adjusted net gearing ratio[i], a non-GAAP financial measure, increased to 67.8% and net debt to adjusted total assets[i], a non-GAAP financial measure, stood at a healthy level of 32.4% as at 30 September

2022. The Group will benefit from the net proceeds of a number of disposals, including the R&F Disposal, post period end.

- The Group's net debt rose to approximately HK$23.0 billion as at 30 September 2022 compared with HK$21.3 billion as at 31 March 2022. The Group's liquidity position stood at approximately HK$8.4 billion, with a comfortable level of cash and marketable securities available as at 30 September 2022. Furthermore, the Group had 5 hotel properties unencumbered which are valued at approximately HK$1.7 billion based on independent valuation assessed as at 31 March 2022, as well as approximately HK$5.7 billion in unsold residential inventory as at 30 September 2022. Following the completion of the Ritz-Carlton Melbourne and the Dorsett Melbourne in 2H FY2023, both hotels will be debt-free and can be used for bank financing if necessary.

- Adjusted net asset value per share[(i)], a non-GAAP financial measure, decreased by 16.5% to HK$11.53 as at 30 September 2022 compared to HK$13.81 as at 31 March 2022. The Group did not repurchase any shares of the Company in 1H FY2023.

- The value of the Group's adjusted total equity[(i)], a non-GAAP financial measure, decreased by 7.5% from the level as at 31 March 2022 to approximately HK$33,955 million as at 30 September 2022. This was mainly driven by the significant drop in the foreign exchange rate against the Hong Kong dollar. It is worth noting that post 30 September 2022, foreign exchange rates have increased against the Hong Kong dollar.

- Earnings per share in 1H FY2023 decreased by 47.4% to HK21.4 cents. In September 2022, the Company has issued bonus shares on the basis of one bonus share for every ten existing ordinary shares held by the Shareholders whose names appear on the Company's Register of Members on 14 September 2022. After the bonus issue., the declared interim dividend for 1H FY2023 was maintained at HK4.0 cents per share (1H FY2022: HK4.0 cents per share).

Mr. Chris Hoong, Managing Director of FEC said: "The Group remains cautious given the state of the current global economic environment. Pressure on operating expenses and interest expenses are creating headwinds that need to be mitigated. The focus remains on keeping a lid on costs and expenses and executing at full pace the monetisation strategy to raise capital and reduce debt ratios. The Group will continue to proactively manage its liabilities by repaying or refinancing them in the bank market. On the investment front, the last 12 months have been busy, in particular when it comes to replenishing our land bank. The priority going forward will be to execute all our projects at hand, within budget and timetable, and to dispose of non-core assets.

We believe that the next 24 months will see the completion of a number of landmark projects across our property development, hospitality and gaming divisions. The uncertain and challenging economic environment will most likely create headwinds but the combination of high-quality diversified assets and a sound balance sheet will continue to set the Group apart. The Group remains confident that it can continue to deliver sustainable profits and deliver an attractive dividend to its shareholders; whilst looking after all its stakeholders and executing on its ESG strategy."

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures"

section in the announcement of the Company dated 28 November 2022.

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-For more details on our results, please refer to our announcement dated 28 November 2022.

<u>About Far East Consortium International Limited</u>

Far East Consortium International Limited has been listed on The Stock Exchange of Hong Kong Limited since 1972 (Stock code:35.HK). The Group is mainly engaged in property development and investment, hotel operations and management, car park operations and facilities management, securities and financial product investment and gaming operations. The Group adopts the diversified regional strategy and the "Asian Wallet" strategy with business covering Hong Kong, Mainland China, Australia, New Zealand, Malaysia, Singapore, the United Kingdom and other European countries.

FEC official website:

www.fecil.com.hk

FEC WeChat and Weibo:

http://www.weibo.com/u/5703712831

For further information, please contact:

Far East Consortium International Limited
Media enquiries:
Miss Kat Chow
Contact Number: (852) 2850 0625
Email:kat.chow@fecil.com.hk

Wonderful Sky Financial Group Limited
Miss Gia Yuan / Miss Shirley Chen
Contact Number: + 852 3977 1887 / (852) 3977 1803
Email: fec@wsfg.hk

For the purposes of this press release, "Hong Kong " shall means Hong Kong Special Administrative Region of the People's Republic of China; and "Mainland China" means the People's Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.