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

Far East Consortium Realized Revenue of HK$6.3 Billion

Shaping A Brighter Future

ANNUAL RESULTS HIGHLIGHTS

- The gradual re-opening of the global economy post COVID-19 has been the major theme of the last 12 months. As markets re-opened sequentially, the positive impact started to be felt across all of the Group's businesses. As the world was turning the page on COVID-19, a number of other factors, however, tested the resilience of the global economy. The supply disruptions, monetary policy and fiscal policy over the last 12 months all contributed to the emergence of high inflation rates across most countries globally. The conflict in Ukraine also created its own set of issues, primarily around energy, and exacerbated inflationary pressures.

- Central banks responded by raising rates aggressively and taking liquidity out of the financial system. This had the effect of increasing the cost of financing of the Group and also creating some foreign exchange headwinds as the US dollar benefited strongly against most currencies.

- Given the challenging backdrop, although the Group delivered satisfactory revenue growth in FY2023 compared to the previous year, certain financial measures of the Group were affected.

- The positioning and the geographical diversification of the Group's businesses contributed to the growth in revenues. This diversification in conjunction with meticulous planning led the Group to perform better than others.

- The Group recorded revenue of approximately HK$6.3 billion in FY2023, an increase of 7.6% as compared to FY2022. Adjusting for the sales of apartment units on the Gold Coast, Australia from a joint venture ("JV"), for approximately AUD95 million (equivalents to approximately HK$527 million), which was accounted for as a share of results of JV, the adjusted revenue(i), a non-GAAP financial measure, was approximately HK$6.9 billion. All business divisions reported a recovery, with results for the year supported by higher contributions from its recurring income businesses and disposal of non-core assets.

- Revenue contribution from property development continued to record healthy sales in FY2023 and amounted to approximately HK$3.6 billion in FY2023, an increase of 5.6% as compared to approximately HK$3.4 billion in FY2022. The Group completed The Star Residences (Tower 1) on the Gold Coast, a JV project in Australia.

The Group also started the handover and settlement process for Hornsey Town Hall in London and New Cross Central in Manchester. In addition, Hyll on Holland in Singapore recorded good sales and revenue was recognised over time. The Group continued the handover of West Side Place (Towers 1 and 2) in Melbourne and MeadowSide (Plots 2 and 3) in Manchester. The handover of these two developments are expected to continue by phases in FY2024 and provide steady cash inflows to the Group. The planned handover of West Side Place (Towers 3 and 4) was delayed to post year end, which resulted in the profitability of the Group for FY2023 being affected.

- The Group continued to replenish its residential pipeline in FY2023, primarily in Hong Kong. In September 2022, the Group acquired the development right, through an Urban Renewal Authority ("URA") tender, for a land that covers a site area of about 1,077.3 sq. m. in Sai Ying Pun, Hong Kong. The Group intends to develop the land into a mixed residential and commercial development. It is expected to launch its presales in FY2026 and complete in FY2028.

- Cumulative attributable presales value of properties under development and unbooked contracted sales reached approximately HK$18.7 billion as at 31 March 2023, an increase of 11.5% as compared with HK$16.7 billion[ii] as at 31 March 2022. It provides a good visibility of cashflow stream in the coming years. The Group continued to actively sell its existing projects in FY2023 and launched Victoria Riverside (Tower A) in Manchester in September 2022 and Collyhurst Village in Manchester in October 2022.

- As part of the Group's ongoing strategy of actively recycling non-core assets to invest in projects with a higher internal rate of return and repay bank borrowings, the Group signed contracts for the sale of two car park assets in New Zealand, one was completed in FY2023 and one was completed post year end. In June 2023, the Group through its 25% owned associated company, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million, and it is also in discussions to sell some other mature car park assets and non-core hotel assets.

- The repurchase of Vauxhall Square in London by the seller was completed in October 2022 and recorded a net gain of approximately GBP10.9 million. Proceeds from the disposal of a piece of land on Union Street in Pyrmont, Sydney (under a JV with The Star Entertainment Group Limited ("The Star")) under a compulsory acquisition was executed with 90% proceeds received post year end. However, the Group is still pending the outcome of an appeal process that will determine the final valuation of the piece of land on Union Street in Pyrmont, Sydney and may receive more proceeds from the disposal.

- The Group has fulfilled its obligation to wind up a JV company in Guangzhou and to withdraw the legal proceedings surrounding a mandatory enforcement procedure regarding land use rights. As a result, the Group recognised a net gain of RMB408 million in FY2023.

- In the Group's hotel operations, revenues increased by 7.4% year-on-year to approximately HK$1,509 million. In the first half of FY2023, it continued to benefit from quarantine stay in Hong Kong but that slowed significantly following the removal of COVID-19 quarantine requirements for overseas visitors in December 2022. From February 2023, hotels in Hong Kong experienced a gradual increase in occupancy. The Group has seen growth in the hotel business in other regions compared to last financial year. Australia, Singapore, Malaysia and the UK have all experienced growth momentum in the hotel business. In contrast, hotel business in Mainland China was weak until the COVID-19 prevention measures were relaxed in January 2023.

- The Group launched an aparthotel brand named "Dao by Dorsett" in June 2022 with the opening of Dao by Dorsett West London. It rebranded Oakwood Premier AMTD Singapore, in which the Group holds a 49% stake, as Dao by Dorsett AMTD Singapore in July 2022. Recently, the Group opened the Ritz-Carlton Melbourne on 23 March 2023 as well as the Dorsett Melbourne post year end on 18 April 2023. A number of milestones will be reached in the Group's hotel operations in the near future as new properties will come online, including Dorsett Kai Tak in Hong Kong, and Dao by Dorsett Hornsey and Dorsett Canary Wharf in London. With the return of global travel in full swing, these new properties will contribute further to the growth and profitability of the Group's recurring income businesses.

- Our car park operations and facilities management business underwent some senior management changes and is now well-positioned for growth. It has maintained its growth trajectory, achieving organic growth in FY2023 and reported a 13.6% growth in revenue year-on-year to approximately HK$754 million. This strong performance can be attributed to its focus on de-gearing, and streamlining its operations and improving operational efficiency while maintaining service quality. Additionally, the Group focused on winning more car park and facilities management contracts whilst recycling capital by selling some of its mature car parks.

- The Group's gaming revenue demonstrated strong growth compared to previous financial year, increasing by approximately 28.0% to HK$296 million. This robust performance was driven by the relaxation of COVID-19 restrictions, coupled with operational and marketing improvements, and return of loyal customers to the casinos each time COVID-19 restrictions loosened. The Group's gaming revenues have displayed remarkable resilience. The Group obtained an online gaming license in Malta in November 2022 and is currently finalising its launch strategy.

- In March 2023, the Group completed a 10% share placement in Turbo Century Limited ("Turbo Century") at a consideration of USD20 million. Turbo Century is indirectly owning a 100% stake in Trans World Hotels & Entertainment, a.s. ("TWHE") which owns and operates 3 casinos in Czech Republic and 5 hotels across Germany, Austria and Czech Republic.

- BC Investment Group Holdings Limited ("BC Invest") continued to grow in FY2023. The business completed a number of residential mortgage-backed security ("RMBS") offerings that raised approximately AUD1.2 billion in FY2023 and successfully issued its seventh RMBS, raising AUD507 million in April 2023. On 31 March 2023, BC Invest acquired the remaining portion of Mortgageport Management Pty. Ltd. ("Mortgageport") it did not already own, resulting in BC Invest having full ownership of Mortgageport. BC Invest has a total assets under management ("AUM") of approximately AUD5.3 billion as at 31 March 2023, an increase of 39.6% compared with the previous financial year end.

- Although the Group recorded a 7.6% growth in revenue in FY2023 as compared to FY2022, the Group's profit attributable to shareholders was HK$172 million and adjusted cash profit(iii), a non-GAAP financial measure, was HK$576 million, the profitability of the business was affected by a number of factors.

- The Group's profitability for the year has been impacted by several factors. Firstly, construction delay during the COVID-19. Secondly, revenue recognition for lower-margin property development projects in the second half of FY2023 contributed to lower profitability. Thirdly, the Hong Kong hotel business was impacted by the removal of quarantine stay requirements by the Hong Kong government in the second half of FY2023. Although there has been a gradual improvement in travel volume thanks to the re-opening of the border with Mainland China, the quarantine policy change had a negative impact on the Group's profitability. Fourthly, higher finance costs due to interest rate rising affected the Group's profitability. Additionally, the Group recorded a loss of approximately HK$2.2 billion in other comprehensive loss due to the drop in the share price of its investment in The Star and unfavourable foreign exchange movements against the Hong Kong dollar.

- Several one-off expenses incurred during FY2023 which also affected the Group's profitability for the year, including (i) incurred withholding tax of approximately HK$151 million primarily from the remittance of profits from other regional operations (mostly China); and (ii) pre-opening expenses of approximately HK$36 million associated with three hotels in Australia (Dorsett Melbourne and Ritz-Carlton Melbourne) and the UK (Dao by Dorsett West London). It is worth noting that the above items are one-off expenses, and pre-opening expenses are expected to be lower next year based on the hotel pipeline.

- The value of the Group's adjusted total equity(iv), a non-GAAP financial measure, decreased by 5.0% to approximately HK$34,884 million as at 31 March 2023 as compare with 31 March 2022, primarily due to unfavourable exchange rate movements and the drop in the share price of The Star.

- The Group continued to closely manage its capital structure by refinancing some shorterterm debts via the bank market. In FY2023, the Group completed a number of major loan financings. These proceeds will further optimise the Group's capital structure by maintaining a comfortable liquidity position. The adjusted net gearing ratio(v) and net debt to adjusted total assets(vi), both being non-GAAP financial measures, stood at 73.8% and 35.4% as at 31 March 2023, respectively.

- The Group's net debt, increased from approximately HK$21.3 billion as at 31 March 2022 to approximately HK$25.7 billion as at 31 March 2023 reflecting some of the Group's projects reaching an advance stage of development and new acquisitions of development opportunities. The Group continued to maintain a comfortable level of liquidity position with approximately HK$6.5 billion as at 31 March 2023. Furthermore, the Group had 5 hotel properties unencumbered valued at approximately HK$1.2 billion and approximately HK$5.5 billion in unencumbered and unsold completed residential inventory as at 31 March 2023.

- In order to strengthen its financial position, the Group has undertaken a number of initiatives to reduce its debt level. By focusing on digesting existing inventory and selling off non-core assets, the Group is taking proactive steps to generate cash and reduce its debt level. The Group is exploring a potential spin-off and separate listing of its gaming and hotel operations, TWHE. This will simplify the Group's business and could potentially unlock value and enable it to raise capital.

- The Group did not repurchase the Company's shares in FY2023. Adjusted net assets value per share[(vii)], a non-GAAP financial measure, decreased by 15.5% from HK$13.81 as at 31 March 2022 to HK$11.67 as at 31 March 2023. As to celebrate the 50th anniversary of the Company's listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group issued bonus shares on 22 September 2022, on the basis of one bonus share for every ten existing ordinary shares held by the shareholders of the Company (the "Shareholders") whose names appear on the Company's Register of Members on 14 September 2022.

- The proposed final dividend for FY2023 is at HK 10 cents per share (FY2022: HK16 cents per share). Including the interim dividend for FY2023, total dividend for FY2023 amounted to HK 14 cents per share (FY2022: HK20 cents per share).

Mr. Chris Hoong, Managing Director of FEC said: "Looking ahead, despite the recent rise in interest rates and inflation, which may lead to higher interest and operating expenses that could impact our operations and financial performance in the foreseeable future, the Group still remains cautiously optimistic. Our underlying businesses are on the upswing and are expected to each deliver a good revenue over the next 12 months. We are confident that our diverse portfolio and our dedication to sustainable growth strategies will enable us to navigate these headwinds effectively. We will strive to emerge stronger in the long run.

The Group is expected to reap the benefits of many years of hard work over the next 12 to 24 months. Several landmark projects are set to complete and drive significant cash flows. Furthermore, the addition of many new hotels will create recurrent revenues to the Group. Meanwhile, the Group will continue to review its asset portfolio and seek opportunities to recycle capital. Due to prevailing economic uncertainty, the Group aims to remain cautious and defensive. However, we are well positioned to benefit from the re-opening of the global economy and will continue to stay focused on executing strategy across all business segments."

Note:

(i) *Adjusted revenue is calculated by adjusting for the sales generated from a residential property project, The Star Residences (Tower 1), amounting to HK$526.7 million.*

(ii) *Accounts only for the cumulative attributable presales as at 31 March 2022.*

(iii) *Adjusted cash profit is calculated by adjusting for change in fair value of investment properties (after tax), change in fair value of financial assets at fair value through profit or loss, gain on disposal of debt instruments at fair value through other comprehensive income ("FVTOCI"), change in fair value of derivative financial instruments, impairment loss under expected credit loss ("ECL") model recognised on trade debtors, impairment loss under ECL model recognised on debt instruments at FVTOCI and depreciation and impairment to net profit attributable to shareholders.*

(iv) *Adjusted total equity is calculated by adjusting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023.*

(v) *Adjusted net gearing ratio is calculated by net debts to adjusted total equity which included the 2019 Perpetual Capital Notes and after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023.*

(vi) *Adjusted total assets is calculated by total assets after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at*

31 March 2023 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023.

(vii) *Adjusted total assets is calculated by total assets after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and divided by the number of shares issued as at 31 March 2023.*

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-For more details on our results, please refer to our announcement dated 29 June, 2023.

About Far East Consortium International Limited

Far East Consortium International Limited ("FEC", together with its subsidiaries, the "Group") has been listed on the Hong Kong Stock Exchange since 1972 (HKEx Stock code: 35.HK). The Group is mainly engaged in property development and investment, hotel development and management, car park operations and facilities management, gaming and related operations, securities and financial product investments and provision of mortgage services. 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.

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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