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FAR EAST HOTELS AND ENTERTAINMENT LIMITED

遠東酒店實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00037)

Announcement
Interim Results For The Six Months Ended 30 September 2026

INTERIM RESULTS

The board of directors (the "Directors" and the "Board", respectively) of Far East Hotels and Entertainment Limited (the "Company") announces that the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2026 (the "Period") together with the relevant comparative figures are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2026

		Six months ended 30 September	
		2026	2025
		(unaudited)	(unaudited)
	Notes	***HK$***	*HK$*
Continuing operations			
Revenue	3	**8,081,671**	8,715,208
Cost of sales		**(5,124,845)**	(6,338,021)
Gross profit		**2,956,826**	2,377,187
Other income	5	**235,909**	365,798
Other gains or losses	5	**(2,576,590)**	4,573,450
Net increase (decrease) in fair values of investment properties		**3,514,416**	(5,436,851)
Selling expenses		**(405,643)**	(287,774)
Administrative expenses		**(6,129,976)**	(8,049,823)
Finance costs	6	**(217,466)**	(175,314)
Share of results of associates		**412,147**	354,872
Loss before tax	4	**(2,210,377)**	(6,278,455)
Income tax expense	7	**(49,825)**	(274,631)
Loss for the period from continuing operations		**(2,260,202)**	(6,553,086)

	Notes	Six months ended 30 September **2026** **(unaudited)** ***HK$***	 2025 (unaudited) *HK$*
Discontinued operations			
Profit (Loss) for the period from discontinued operations	15	**3,798,269**	(1,348,311)
Profit (Loss) for the period		**1,538,067**	(7,901,397)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(178,626)**	665,782
Total comprehensive income (expenses) for the period attributable to owners of the Company		**1,359,441**	(7,235,615)
Profit (Loss) for the period attributable to owners of the Company			
– from continuing operations		**(2,260,202)**	(6,553,086)
– from discontinued operations		**3,798,269**	(1,348,311)
		1,538,067	(7,901,397)
Total comprehensive income (expense) for the period attributable to owners of the Company			
– from continuing operations		**(2,485,193)**	(6,150,706)
– from discontinued operations		**3,844,634**	(1,084,909)
		1,359,441	(7,235,615)
EARNINGS (LOSS) PER SHARE	8		
From continuing and discontinued operations			
Basic *(HK cent(s))*		**0.20**	(1.05)
Diluted *(HK cent(s))*		**0.20**	(1.05)
From continuing operations			
Basic *(HK cent)*		**(0.30)**	(0.87)
Diluted *(HK cent)*		**(0.30)**	(0.87)
From discontinued operations			
Basic *(HK cent)*		**0.50**	(0.18)
Diluted *(HK cent)*		**0.50**	(0.18)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2026

	Notes	**30 September 2026 (unaudited)** **HK$**	31 March 2026 (audited) HK$
Non-current assets			
Property, plant and equipment		**22,163,782**	22,751,981
Right-of-use assets		**2,349,937**	2,698,601
Deposits for capital expenditure		**2,380,467**	2,951,686
Investment properties		**259,446,671**	256,752,981
Interests in associates		**874,501**	462,354
Paintings		**2,314,447**	2,301,447
		289,529,805	287,919,050
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		**8,867,393**	11,639,629
Inventories		**254,194**	256,116
Trade receivables	10	**1,010,201**	976,527
Other receivables, deposits and prepayments		**7,128,424**	1,442,370
Cash and cash equivalents		**6,315,785**	8,204,646
		23,575,997	22,519,288
Current liabilities			
Trade and other payables and accruals	11	**5,062,971**	3,563,728
Contract liabilities		**98,788**	45,415
Rental deposits received		**191,000**	300,000
Amount due to an associate		**557,381**	281,381
Amounts due to related companies		**649,844**	638,656
Bank borrowing	12	**7,759,057**	7,759,057
Lease liabilities		**680,284**	662,602
Tax payable		**294,350**	390,244
		15,293,675	13,641,083
Net current assets		**8,282,322**	8,878,205
Total assets less current liabilities		**297,812,127**	296,797,255

	Notes	**30 September 2026 (unaudited)** ***HK$***	31 March 2026 (audited) *HK$*
Capital and reserves			
Share capital	13	**329,138,773**	329,138,773
Reserves		**(33,432,490)**	(34,791,931)
		295,706,283	294,346,842
Non-current liabilities			
Deferred taxation		**285,047**	284,947
Provision for long service payments		**1,074,081**	1,074,081
Lease liabilities		**746,716**	1,091,385
		2,105,844	2,450,413
		297,812,127	296,797,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2026

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and should be read in conjunction with the annual financial statements for the year ended 31 March 2026.

The financial information relating to the year ended 31 March 2026 that is included in these unaudited condensed consolidated financial statements for the Period as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the Group's annual consolidated financial statements for the year ended 31 March 2026 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's independent auditor has reported on the Group's annual consolidated financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2026.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2026:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

1. Hotel operation in Hong Kong
2. Property investment in Hong Kong
3. Property investment overseas
4. Securities investment and trading

The serviced property letting business in Mainland China was discontinued in early 2025. The segment information reported below excluded the results of these discontinued operations, which are described in more detail in note 15.

Disaggregation of revenue from contracts with customers

	Hotel operation in Hong Kong Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
	HK$	*HK$*
Types of goods or services		
Hotel operation		
– Hotel rooms revenue	**6,175,085**	5,528,547
– Food and beverages	**290,144**	1,487,491
Total	**6,465,229**	7,016,038
Geographical market		
Hong Kong	**6,465,229**	7,016,038
Total	**6,465,229**	7,016,038
Timing of revenue recognition		
A point in time	**290,144**	1,487,491
Over time	**6,175,085**	5,528,547
Total	**6,465,229**	7,016,038

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Hotel operation in Hong Kong	Property investment in Hong Kong	Property investment overseas	Securities investment and trading	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Six months ended 30 September 2026 (unaudited)					
Revenue	**6,465,229**	**436,954**	**1,179,488**	**–**	**8,081,671**
Segment profit (loss)	**379,786**	**2,729,290**	**1,087,229**	**(2,444,770)**	**1,751,535**
Unallocated other income, gains and losses					**9,992**
Unallocated expenses					**(4,180,765)**
Unallocated finance costs					**(203,286)**
Share of results of associates					**412,147**
Loss before tax					**(2,210,377)**
Six months ended 30 September 2025 (unaudited)					
Revenue	7,016,038	540,800	1,158,370	–	8,715,208
Segment (loss) profit	(361,854)	(6,770,058)	1,048,148	4,920,416	(1,163,348)
Unallocated other income, gains and losses					20,731
Unallocated expenses					(5,315,396)
Unallocated finance costs					(175,314)
Share of results of associates					354,872
Loss before tax					(6,278,455)

Revenue from external customers by geographical location is analysed below:

	Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
	HK$	*HK$*
Hong Kong	**6,902,183**	7,556,838
Overseas	**1,179,488**	1,158,370
	8,081,671	8,715,208

4. LOSS BEFORE TAX

	Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
	HK$	*HK$*
Loss before tax has been arrived at after charging:		
Auditor's remuneration	**445,000**	475,000
Cost of inventories recognised as an expense	**333,160**	746,808
Depreciation of property, plant and equipment	**1,439,662**	1,324,451
Depreciation of right-of-use assets	**348,664**	605,186
Directors' remuneration and other staff costs:		
– Salaries and other allowances	**4,079,771**	4,649,538
– Retirement benefit schemes contributions	**119,534**	132,190
	4,199,305	4,781,728

5. OTHER INCOME, GAINS OR LOSSES

	Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
	HK$	*HK$*
Dividend income from financial assets at FVTPL	**112,390**	326,521
Change in fair value of financial assets at FVTPL	**(2,558,380)**	4,575,405
Bank interest income	**15,131**	21,944
Other interest income	**1,220**	17,333
Other income	**107,168**	–
Loss on disposal of property, plant and equipment	**(18,210)**	(1,955)
	(2,340,681)	4,939,248

6. FINANCE COSTS

	Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
	HK$	*HK$*
Interests on borrowings	**163,554**	155,948
Interests on lease liabilities	**53,912**	19,366
	217,466	175,314

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profits for both periods.

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 25% for both periods.

8. EARNINGS (LOSS) PER SHARE

For continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the loss for the Period of HK$2,260,202 (30 September 2025: HK$6,553,086) and the number of shares as calculated below.

	Six months ended 30 September	
	2026	2025
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of dilutive loss per share	**752,529,810**	752,529,810

The computation of the diluted loss per share for the six months ended 30 September 2026 and 2025 did not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK0.50 cent per share (30 September 2025: HK0.18 cent loss per share), based on the profit for the Period from the discontinued operations of HK$3,798,269 (30 September 2025: loss for the period of HK$1,348,311) and the denominators detailed above for both basic and diluted earnings per share.

From continuing and discontinued operations

Basic and diluted earnings per share for the continuing and discontinued operations is HK0.20 cent per share (30 September 2025: HK1.05 cents loss per share), based on the profit for the Period from the continuing and discontinued operations of HK$1,538,067 (30 September 2025: loss for the period of HK$7,901,397) and the denominators detailed above for both basic and diluted earnings per share.

9. DIVIDEND

The Board has resolved not to declare the payment of any interim dividend in respect of the Period (30 September 2025: Nil).

10. TRADE RECEIVABLES

Trade debtors mainly comprise receivables from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

	30 September 2026 (unaudited)	31 March 2026 (audited)
	HK$	*HK$*
Trade receivables		
– contracts with customers	**187,612**	174,730
– leases	**822,589**	801,797
	1,010,201	976,527

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period which approximate the respective date of rendering of services.

	30 September 2026 (unaudited)	31 March 2026 (audited)
	HK$	*HK$*
0–30 days	**1,010,201**	976,527

Trade receivables aged over 30 days are normally past due. As at 30 September 2026 and 31 March 2026, no balance has been past due over 60 days. The Directors are of the view that there has been no significant increase in credit risk nor default because that debtor is with continuous settlements and no default history noted.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 September 2026 (unaudited)	31 March 2026 (audited)
	HK$	*HK$*
Trade payables	**96,114**	107,119
Other payables and accruals	**4,890,419**	3,344,766
Rental receipt in advance	**76,438**	111,843
	5,062,971	3,563,728

The following is an aged analysis of the trade payables based on invoice date:

	30 September 2026 (unaudited)	31 March 2026 (audited)
	HK$	*HK$*
0–30 days	**81,928**	79,589
31–60 days	**–**	–
Over 60 days	**14,186**	27,530
	96,114	107,119

The average credit period on purchase of goods is 60 days.

Included in the other payables and accruals of HK$1,896,621 (31 March 2026: HK$1,243,771) related to accrued professional fees.

12. BANK BORROWING

	30 September 2026 (unaudited)	31 March 2026 (audited)
	HK$	*HK$*
Carrying amount of secured bank borrowing that contains a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**674,701**	674,701
Within a period of more than one year but not exceeding two years	**674,701**	674,701
Within a period of more than two years but not exceeding five years	**6,409,655**	6,409,655
	7,759,057	7,759,057

During the year ended 31 March 2025, the Group has renewed the existing banking facility with the banker and the banking facility will be expired in January 2030.

The bank borrowing carries floating-rate interest based on the Hong Kong Interbank Offered Rate plus 1.6% ranged from 3.55% to 4.54% (30 September 2025: 2.19% to 5.41%) per annum.

13. SHARE CAPITAL

	Number of shares	*HK$*
Issued and fully paid:		
Ordinary shares with no par value		
At 1 April 2025, 31 March 2026, 1 April 2026 and 30 September 2026	752,529,810	329,138,773

14. OPERATING LEASES

The Group as lessor

The Group's investment properties have committed tenants under operating leases for a remaining term of one to six years (31 March 2026: one to six years) at fixed rental.

Minimum lease payments receivable on leases are as follows:

	30 September 2026 (unaudited) *HK$*	31 March 2026 (audited) *HK$*
Within one year	**2,790,000**	2,702,033
In the second year	**2,897,700**	2,897,700
In the third year	**2,897,700**	2,897,700
In the fourth year	**1,532,700**	2,897,700
In the fifth to sixth year	**209,624**	293,474
	10,327,724	11,688,607

15. DISCONTINUED OPERATIONS

	Six months ended 30 September	
	2026 (unaudited) *HK$*	2025 (unaudited) *HK$*
Revenue	**–**	–
Cost of sales	**(211,956)**	(695,490)
Gross loss	**(211,956)**	(695,490)
Other income	**127**	1,131
Other gains or losses	**4,360,698**	(5,009)
Administrative expenses	**(350,600)**	(648,943)
Profit (Loss) before tax	**3,798,269**	(1,348,311)
Income tax expense	**–**	–
Profit (Loss) for the period	**3,798,269**	(1,348,311)

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the Period (30 September 2025: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

For the Period, the Group recorded total revenue of approximately HK$8.1 million, representing a 6.9% decrease compared to HK$8.7 million for the corresponding period in 2025. The Group's gross profit for the Period was HK$2.7 million (30 September 2025: HK$1.7 million). The profit for the Period attributable to owners of the Company was HK$1.5 million (30 September 2025: loss of HK$7.9 million).

Continuing operations

For the Period, revenue from the Group's continuing operations was approximately HK$8.1 million, representing a 6.9% decrease compared to HK$8.7 million in 2025. Gross profit from continuing operations was HK$3.0 million for the Period, reflecting a 25.0% increase from HK$2.4 million in 2025. The loss attributable to owners of the Company from the continuing operations was HK$2.3 million for the Period (30 September 2025: HK$6.6 million).

For the Cheung Chau Warwick Hotel, the Group recorded a total revenue of approximately HK$6.5 million (30 September 2025: HK$7.0 million) and a net profit of HK$0.4 million for the Period (30 September 2025: net loss of HK$0.4 million). Revenue from the rooms department during the Period was HK$6.2 million (30 September 2025: HK$5.5 million). Revenue from the food and beverages department during the Period was HK$0.3 million, resulting a 80.0% decrease as compared to HK$1.5 million in 2025. The decline in food and beverages revenue was primarily attributable to reduced banquet activity and intensified competition within the local hospitality sector. In response to these market challenges, the Group has shortened operating hours and initiated a strategic repositioning of the restaurant offering from a traditional Chinese-style format to a more relaxed café-style concept. This transformation aims to better align with evolving customer preferences and enhance operational efficiency.

For the investment properties located in Hong Kong, the revenue remained stable at approximately HK$0.4 million (30 September 2025: HK$0.5 million). The segment recorded a net profit of HK$2.7 million for the Period (30 September 2025: net loss of HK$6.8 million), primarily due to an increase of HK$3.5 million (30 September 2025: decrease of HK$5.4 million) in fair values of investment properties.

For the investment properties located in Fiji, the Group recorded a total revenue of approximately HK$1.2 million (30 September 2025: HK$1.2 million) and a net profit of HK$1.1 million (30 September 2025: HK$1.0 million).

For securities investment and trading, the Group recorded a net loss of approximately HK$2.4 million for the Period (30 September 2025: profit of HK$4.9 million), including a decrease of HK$2.6 million (30 September 2025: increase of HK$4.6 million) in fair value of financial assets at FVTPL and dividend income from financial assets at FVTPL of HK$0.1 million (30 September 2025: HK$0.3 million).

Discontinued operations

In early 2025, the serviced property letting business in Beijing, the People's Republic of China (the "PRC") was discontinued. The Group did not record any revenue for the Period and 30 September 2025. The Group recorded a net profit of HK$3.8 million (30 September 2025: net loss of HK$1.3 million). The net profit was mainly derived from a court judgement obtained by the Group, whereby the landlord was ordered to pay compensation of approximately HK$4.8 million equivalent. For further details, please refer below section "Legal dispute in respect of the serviced property in Beijing".

Legal dispute in respect of the serviced property in Beijing

The Group was involved in a legal dispute in respect of the leasing of the serviced property in the PRC (the "Relevant Property") by 北京海聯物業管理有限公司 (Beijing Hai Lian Property Management Company Limited) (a subsidiary of the Company) ("Beijing Hai Lian") as tenant from landlord (the "Landlord"). The Relevant Property comprises 2 buildings, which were sub-let by Beijing Hai Lian to independent third party sub-tenants. It is stipulated in the relevant lease agreement entered into between Beijing Hai Lian and the Landlord that the lease has a term of 30 years expired on 30 September 2024 and that Beijing Hai Lian is entitled to renew the lease for a further term of 20 years based on the same terms. The dispute arose from the disagreement on the proposed increase in the rental amount as from 1 October 2022. The Landlord applied for an order from 北京市東城區人民法院 (Beijing Dongcheng People's Court) (the "Court") that the lease was terminated by the Landlord with effect from August 2022, and that Beijing Hai Lian shall vacate the Relevant Property and pay an increased rent during the period from 1 October 2022 to the date of actual vacating of the Relevant Property. The claims by the Landlord were dismissed by the Court on 8 October 2023 and the appeal filed by the Landlord was also dismissed by 北京市第三中級人民法院 (Beijing No. 3 Intermediate People's Court) on 26 April 2024.

Despite the abovementioned outcome of the legal actions taken out by the Landlord, the Landlord subsequently issued written notices to Beijing Hai Lian requesting Beijing Hai Lian to deliver the possession of the Relevant Property to the Landlord by 30 June 2024. In view of the dispute with the Landlord, Beijing Hai Lian did not renew one of the sub-tenancies which expired on 31 May 2024 and provision in the amount of about HK$2.2 million equivalent was made in the audited consolidated financial statements of the Company for the financial year ended 31 March 2023 in relation to the probable compensation payable to the sub-tenant for any early termination of the other sub-tenancy, which will otherwise expire on 31 December 2026 (the "Other Sub-tenancy"). The Company has obtained legal advice from its external legal advisers and made an application to the court in January 2025 for an order against the Landlord for, among others, compensation for the losses of Beijing Hai Lian as a result of the Landlord's failure to renew the lease, the costs and expenses previously incurred by Beijing Hai Lian for the re-development, extension and refurbishment of the Relevant Property. The Landlord and Beijing Hai Lian entered into an agreement for the surrender of the Relevant Property by Beijing Hai Lian to the Landlord on 17 March 2025, which shall not prejudice the abovementioned claims of Beijing Hai Lian for compensation from the Landlord. On 29 June 2026, the Group obtained a judgment from the Court ordering the Landlord to pay compensation of approximately HK$4.8 million equivalent. The compensation was subsequently received by the Group on 30 October 2026.

In November 2024, the Group initiated legal action against the sub-tenant to demand payment of the outstanding rent and damages. On 8 April 2025, the Group obtained a court ruling from the Court requiring the sub-tenant to pay the outstanding rent which was received by the Group on 21 May 2025.

In December 2024, the Landlord made a claim against Beijing Hai Lian for lease payments from July 2024 until the date of termination of the Other Sub-tenancy. On 30 June 2025, the Court issued a ruling, which was upheld by 北京市第二中級人民法院 (Beijing No. 2 Intermediate People's Court) on 9 October 2025, requiring Beijing Hai Lian to settle the outstanding lease payments. During the year ended 31 March 2026, the Group settled an amount of approximately HK$1.6 million equivalent in relation to these liabilities, fully satisfying the landlord's claim. As at 30 September 2026, no further obligations remain outstanding in respect of this matter, and management does not anticipate any additional financial impact on the Group.

Kau Wa Keng Project

On 25 January 2022, Lai Chi Kok Amusement Park Company, Limited ("LCKAP"), a wholly-owned subsidiary of the Company and Cornhill Enterprises Limited (a related company controlled by Mr. Derek Chiu and his family which holds certain portions of the application site on trust for LCKAP) (as the applicants) (collectively, the "Applicants"), have submitted an application (the "Application") under section 16 of the Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) to the Town Planning Board (the "TPB") to seek approval for the proposed comprehensive development of various lots in Survey District No. 4 and the adjoining Government Land at Kau Wa Keng, Kwai Chung, New Territories (the "Application Site") which is designated as Comprehensive Development Area zone under the Draft Kwai Chung Outline Zoning Plan. On 14 July 2023, the Application has been approved by the TPB subject to certain conditions. The Application and Master Layout Plan as approved specified the maximum development gross floor area of the Application Site to be about 241,522 m^2 and contemplated the comprehensive development to comprise 14 residential blocks with an overall plot ratio of not more than 5 and a maximum building height of +120 mPD, which would provide a total of 5,973 residential flats (the "Approved Scheme"). For details of the Application, please refer to the announcements of the Company dated 26 January 2022 and 14 July 2023.

The Application Site has a site area of approximately 48,313.167 m^2 comprising about 54% private lots and about 46% Government Land. A majority of the private lots within the Application Site (representing about 69.34% of the total site area of the private lots) is wholly or partially owned by LCKAP.

In the meeting of the Metro Planning Committee (the "Committee") of the TPB approving the Application held on 14 July 2023, certain members of the Committee put forward recommendations regarding the enhancement of retail and social welfare facilities. After taking into consideration the suggestions of the Committee's members and for addressing community needs, LCKAP has on 10 April 2025, submitted an application (the "2025 Application") under Section 16 of the Town Planning Ordinance, to seek approval for a revised comprehensive development of the Application Site proposing a revised maximum development gross floor area of about 313,979 m^2 and the minor relaxation of certain development restrictions. The 2025 Application aims to provide further planning and design enhancement to the approved comprehensive development under the Application, while retaining all planning merits committed in the Approved Scheme.

The Master Layout Plan submitted under the 2025 Application contemplates the Application Site to be developed into 15 building blocks with a maximum domestic plot ratio of 6, a maximum non-domestic plot ratio of 0.5 and a maximum building height of +147.55 mPD, which will provide about 7,052 residential flats. A non-domestic plot ratio of not more than 0.5 is designated for the proposed retail shops, proposed adaptive reuse of historic buildings and social welfare facilities. Amongst the 15 building blocks, 14 blocks of 37 to 40 storeys are contemplated for residential use with retail and social welfare facilities and one remaining 2-storey block is contemplated for retail facilities. Following receipt of departmental

comments on the 2025 Application, supplementary information would be required to address the issues raised by the relevant government departments. As the prescribed period for the submission of further information under the applicable procedures has expired, the applicant intends to prepare and submit a fresh planning application incorporating a revised Master Layout Plan and updated technical assessments to address the departmental comments. As at the date of this announcement, the new application is being prepared and has not yet been submitted to the TPB. For further details, please refer to the summary of the 2025 Application published on the website of the TPB.

Prospects

The Group anticipates that geopolitical developments, evolving consumer trends, and global economic conditions may continue to influence the business environment in the year ahead. While conditions remain dynamic, the Group remains focused on staying adaptable and responsive, and will continue to manage operations with care, readiness, and a long-term perspective.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2026, the Group had approximately 40 employees (31 March 2026: 40). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees. The Company adopted a new share option scheme (the "New Scheme") on 2 September 2016 to provide incentives to the Directors and other eligible participants, and the New Scheme expired on 1 September 2026. The Group also provides and arranges on-the-job training for the employees. The remuneration and staff cost, including Directors' remuneration for the Period was HK$4.3 million (30 September 2025: HK$5.0 million).

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 30 September 2026, the Group's financial assets at FVTPL, with market value of approximately HK$8.9 million (31 March 2026: approximately HK$11.6 million), mainly represented investment portfolio of 4 equity securities listed in Hong Kong (31 March 2026: 4 equity securities listed in Hong Kong and 1 unlisted equity-link note). The Board considers that the investments with market value as at 30 September 2026 accounting for more than 5% of the Group's total assets as at 30 September 2026 as significant investments. As at 30 September 2026, none of each investment represents 5% or more of the Group's total assets.

During the Period, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2026, the Group had bank balances and cash of HK$6.3 million (31 March 2026: HK$8.2 million), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 30 September 2026, the Group had outstanding bank loans facilities of HK$7.8 million (31 March 2026: HK$7.8 million). All outstanding bank loans were denominated in Hong Kong dollars with interest at prevailing market rates, details of which are set out in note 12 to the condensed consolidated financial statements.

As at 30 September 2026, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

Shareholders' funds as at 30 September 2026 amounted to approximately HK$295.7 million (31 March 2026: HK$294.3 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) as at 30 September 2026 was approximately 2.6% (31 March 2026: 2.6%).

CHARGES OVER ASSETS OF THE GROUP

As at 30 September 2026, certain property, plant and equipment with an aggregate carrying value of approximately HK$9.6 million (31 March 2026: approximately HK$9.8 million) are secured for the Group's bank borrowings.

TREASURY POLICIES

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

As at 30 September 2026, the Company had issued financial guarantees of HK$8.4 million (31 March 2026: HK$8.4 million) to banks in respect of banking facilities granted to its subsidiaries, of which HK$7.8 million (31 March 2026: HK$7.8 million) had been utilised by its subsidiaries.

CAPITAL COMMITMENTS

As at 30 September 2026, the Group had capital commitments of HK$0.3 million (31 March 2026: HK$0.6 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2026, the Group did not have other plans for material investments and capital assets.

EVENTS AFTER THE REPORTING DATE

The Group has no material event subsequent to the Period and up to the publication of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the Period, the Company did not redeem any of the ordinary shares of the Company (the "Shares") listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares (including the sale of treasury shares, if any). As at 30 September 2026, the Company did not hold any treasury shares.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code"). Following a specific enquiry made by the Company with each Director, the Directors have confirmed that they had fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Period.

CORPORATE GOVERNANCE

Throughout the Period, the Company has complied with all the code provisions of the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules (the "Code"), except for the following:

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman is responsible for formulating and setting the Group's strategies and policies in conjunction with the Board.

The role of chief executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

Mr. Derek Chiu, an executive Director is also the Managing Director, the Chief Executive and the Chairman. The Board believes that vesting the roles of the Chairman and the Managing Director and the Chief Executive in the same person has the benefit of ensuring strong consistent leadership with the Group and enable more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, with the independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

Code provision C.1.5 of the Code stipulates that independent non-executive directors and non-executive directors shall attend the general meetings and develop a balanced understanding of the views of shareholders. Non-executive Directors, namely Madam Chiu Ju Ching Lan and Mr. Alex Chiu, did not attend the annual general meeting of the Company held on 2 September 2026 due to other business engagements. Other Board members and the chairmen of the relevant Board committees also attended the annual general meeting to interface with, and answer questions from the shareholders.

CHANGE IN INFORMATION OF DIRECTOR

There is no change in Director's information since the date of the Company's 2026 annual report and up to the date of this announcement as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises all of the independent non-executive Directors, Mr. Ng Chi Kin, Mr. Choy Wai Shek Raymond and Mr. Lo Chun Chiu Adrian.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including a review of the unaudited consolidated financial statements and this announcement of the Company for the Period.

By order of the Board
Far East Hotels and Entertainment Limited
Derek Chiu
Executive Director, Chairman, Managing Director and Chief Executive

Hong Kong, 25 November 2026

As at the date of this announcement, the executive Directors are Mr. Derek Chiu (Chairman, Managing Director and Chief Executive) and Ms. Amanda Chiu; the non-executive Directors are Madam Chiu Ju Ching Lan and Mr. Alex Chiu; and the independent non-executive Directors are Mr. Choy Wai Shek Raymond, Mr. Ng Chi Kin and Mr. Lo Chun Chiu Adrian.