

Stock Information

Stock Price (HK\$) 3.65 (8/1/2020)

52-week range (HK\$) 3.06 - 4.00

Market

capitalisation 8.65

(HK\$ bn)

1H FY2020 Interim Result Highlights

EPS (HK cents) 30.4

(+13.4% YoY)

Dividend per share (HK cents)

4.0 (+0% YoY)

NAV per share

13.21

(HK\$)

(-0.6% YoY)

Net gearing ratio

43.9%

(-1.5 ppts)

Total cumulative

11,604

presale (HK\$ mn)

(-20.1% YoY)

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I. FY2020 Interim Results – Strong Performance Through Diversification

On 28 November 2019, Far East Consortium International Limited ("the Group") was pleased to announce its unaudited consolidated results for the six months ended 30 September 2019 ("1H FY2020").

The Group's consolidated revenue for 1H FY2020 was approximately HK\$5.1 billion, an significant increase of 75.0% as compared with the six months ended 30 September 2019 ("1H FY2019"), driven primarily by (i) robust revenue recognised from sales of residential properties; (ii) growth and full period contribution from the hotels and gaming operations of Trans World Corporation ("TWC"); and (iii) organic growth in car park operations and facilities management. Despite the weak hotel performance due to a meaningful decrease in tourist arrivals in Hong Kong due to the city's social unrest, the Group's recurring revenue remained defensive, down year-on-year by 1.6% to HK\$1.4 billion, as the strong performance of car park and gaming operations mitigated the aforesaid impact. The gross profit (before depreciation of hotel, car park and gaming assets) came in at HK\$1.8 billion, showing a strong growth of 31.8% from HK\$1.4billion for 1H FY2019.

Profit attributable to shareholders and adjusted cash profit⁽ⁱ⁾ increased year-on-year by 16.0% and 60.4% to HK\$715 million and HK\$959 million, respectively, as a result of strong delivery from sales of properties during the period. The robust revenue from sales of properties more than compensated the one-off gain arising from the bargain purchase of TWC during 1H FY2019 and some adverse movements in the fair value of investment properties.

Earnings per share increased year-on-year by 13.4% to HK\$30.4 cents (1H FY2019: HK\$26.8 cents) during the period. Interim dividend for 1H FY2020 was sustained at HK4.0 cents per share (1H FY2019: HK4.0 cents per share). Net asset value per share as at 30 September 2019 amounted to approximately HK\$13.21. The Group repurchased shares amounting to approximately HK\$81 million during the period and had previously announced the intention to repurchase shares in FY2020 for an amount of up to HK\$200 million.

Notes: (i) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, subtracting post-tax fair value gain/adding post-tax fair value loss in investment properties and subtracting gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.





II. Potential Spin-off and Formation of REIT

As an initiative to unlock the value of its hotel portfolio and to recycle capital, the Group intends to spin-off and list separately certain hotel properties located in Australia, Singapore, Malaysia and the UK on an overseas securities exchange in the form of a stapled trust group comprising a real estate investment trust and a business trust.

In connection with the potential spin-off and separate listing, the Company has submitted a proposal to The Stock Exchange of Hong Kong Limited pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on 28 November 2019.

The potential spin-off and separate listing will (i) create an asset management platform for the Group dedicated to hospitality assets, which would generate a new income stream to the Group, (ii) unlock and crystallise the value of the hospitality properties of the Group, and allow the Group to recycle capital, and (iii) facilitate more active third-party hotel acquisitions using the spun-off entity, if it successfully proceeds.

More details will be provided in due course.



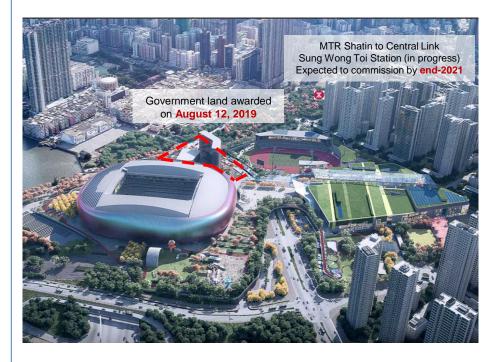


III. Acquisition of Land in Kai Tak, Hong Kong for Commercial Project

On 12 August 2019, the Group won the tender of the commercial land at Shing Kai Road adjoining Kai Tak Sports Park in Kai Tak with total GFA up to 32,000 sq. m.. The Group is planning to develop a flagship Dorsett brand hotel with an office block and retail space on the site. Total investment in the project, including the land cost, will be approximately HK\$4 billion.

The above-mentioned land is located at a prime location of Kai Tak which is a new development area of Hong Kong. The land will benefit from existing and ongoing infrastructure investments, as well as the large development pipeline in the area. The Group intends to develop the Land into a mixed-used development comprising a hotel, adding further to the Group's hotel portfolio in Hong Kong, and office and commercial areas which will be leased out for recurring income purpose or sold.

Mr. Chris Hoong, Managing Director of FEC said, "This acquisition provides the Group an opportunity to have a foothold in a prime area of the Kai Tak district which is undergoing transformational changes and will be developed into a vibrant business district. The Group will be able to benefit from the rental income which will add to the Group's recurring cash flow streams."







IV. Acquisition of Oakwood Premier OUE Singapore

In September 2019, the Group formed joint ventures with AMTD Property Investment Holdings Limited ($^{\lceil}$ AMTD $_{\rfloor}$) , in which the Group has a 49% interest. The joint ventures entered into sales and purchase agreements to acquire a hotel property and its business in the central business district ("CBD") of Singapore, for a total consideration of approximately SGD289 million.

The hotel has been renamed as "Oakwood Premier AMTD Singapore" with effect on the completion date of the acquisition on 18 November 2019. The hotel is part of OUE Downtown, a newly refurbished mixed-use development which comprises two high-rise towers with offices and a retail mall apart from the hotel. The Oakwood Premier AMTD Singapore hotel, located in the heart of Singapore's vibrant CBD, has a total of 268 rooms, 2 dining facilities and other amenities.

Mr. Chris Hoong, Managing Director of FEC said, "The Group has been seeking to build a stronger presence in Singapore and already operates a very successful hotel, Dorsett Singapore. By leveraging on Dorsett's established operation platform, the remaining short tenure of the existing third-party management contract offers an opportunity for Dorsett to further expand its presence and enhance its brand equity in Singapore. This acquisitions also allows the Group to take advantage of the solid business environment in that market and to further diversify its hotel portfolio and bring to the Group immediate cash returns from its existing business."









V. Issue of US\$300 Million 7.375% Senior Guaranteed Perpetual Capital Notes ("Perpetual Notes")

On 12 September 2019, the Group issued USD250 million Perpetual Notes at par at an initial distribution rate of 7.375% per annum issued under the USD1,000 million guaranteed medium term note programme. Given the strong response received from investors, on 16 September 2019, the Group issued at 102.423% of par value an additional USD50 million Perpetual Notes. The issuance of Perpetual Notes helps the Group to lower the overall gearing ratio and to lengthen the debt maturity profile. The proceeds of the Perpetual Notes help the Group in maintaining a robust financial position and a very good liquidity position.



Open: November 2019 **Development Address:**1 Barrack St, Perth WA 6000,

Australia

Number of hotel rooms: 205

VI. Grand Opening of Ritz-Carlton Perth

On 15 November 2019, the Rita-Carlton Perth started operations. Located at Elizabeth Quay, a landmark waterfront development that connects Perth City with the Swan River, the Ritz-Carlton hotel in Perth is considered to be one of the best luxury hotels in Australia.

The hotel comprises 205 rooms and approximately 15,000 sq. ft. of commercial and retail area as well as other ancillary facilities.









EPSILON THE STAR 樂RESIDENCES GOLD COAST

Launch: May 2019 (Tower 2)

Development Address:
1 Casino Dr, Broadbeach, QLD 4218
Approximate Attributable Saleable
Floor Area (Sq. ft.): 327,000
Number of residential units: 457
Number of hotel rooms: 210

Expected Completion: FY2025

VII. Launch of The Star Residences – Epsilon (Tower 2) in Gold Coast

Located at The Star Gold Coast on Broadbeach Island and adjacent to Pacific Fair Shopping Center and Gold Coast Convention and Exhibition Centre, the development is within easy walking distance to G-Link Light Rail Stations connecting the various precincts on the Gold Coast.

Following the successful launch of the first tower, the Group launched the second tower of the development, Epsilon, in May 2019, which will feature a 210-room five-star hotel and 457 residential apartments with total saleable floor area of approximately 327,000 sq. ft..





Launch: September 2019

Development Address:

Central Business District, Subang Jaya

Approximate Attributable Saleable Floor Area (Sq. ft.): 529,000 Number of residential units: 1,989 Expected completion: FY2024

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VIII. Launch of Dorsett Place Waterfront Subang

The project is situated next to the Group's renowned 5-star hotel, Dorsett Grand Subang. The Group launched the development project in September 2019. The project consists of three blocks, offering 1,989 fully-serviced suites. The project is being developed with a joint venture partner, Malaysia Land Properties Sdn Bhd, in which the Group has a 50% interest.





CUECADEN

RESERVE

Launch: September 2019

Development address: District 9
along Cuscaden Road

Approximate Attributable

Saleable Floor Area (Sq. ft.):
19,000

Number of residential units: 192 Expected completion: FY2023

IX. Launch of Cuscaden Reserve in Singapore

The Group together with SC Global Developments and New World Development launched the project in September 2019, in which the Group has a 10% interest. Nestled between Singapore's finest 5-star hotels in the exclusive and more genteel end of Orchard Road, the project located at a super prime location in Orchard area with panoramic views over the Orchard Road skyline, Botanic Gardens and Chatsworth Park GCB area. The project will provide 192 residential apartments.









Photo caption: FEC won twelve top honours at the "HKIRA 5th Investor Relations Awards".



Photo caption: FEC has been awarded with "30 Years of Corporate Governance Awards (Hong Kong)" by Asiamoney.

X. Awards

2019-2020 Awards	Organization
Caring Company Partnership Expo 2019 Caring Company Logo	The Hong Kong Council of Social Service
 The HKIRA 5th Investor Relations Awards 2019 Overall Best IR Company (Small Cap) 3 Years IR Awards Winning Company Best IR Company Best IR in Corporate Transaction Best Investor Meeting Best Digital IR Best Investor Presentation Material Best Annual Report Best IR by Chairman / CEO – Mr. David Chiu 	HKIRA
2019 China Financial Market Listed Companies AwardsBest Investor Relations Award	China Financial Market
 9th Asian Excellence Award 2019 Asia's Best CEO in Investor Relations – Tan Sri Dato' David Chiu Best Investor Relations Company in Hong Kong 	Corporate Governance Asia
Institutional Investor's 2019 All-Asia Executive Team • Most Honored Companies	Institutional Investor magazine
30 Years of Corporate Governance Awards (Hong Kong)	Asiamoney
 iNOVA Awards 2019 Gold Award: Corporate Websites - Corporate Image Gold Award: Video - Property Development & Investment Silver Award: Investor / Shareholder Relations Silver Award: Redesign / Relaunch - Investor Relations Silver Award: Redesign / Relaunch - Stakeholder Communications Bronze Award: Copy/Scriptwriting Bronze Award: Corporate Social Responsibility Bronze Award: Corporate Websites - Real Estate Bronze Award: Online Annual Reports - Conglomerate 	Mercomm, Inc.
 3rd China IR Excellence Awards Best Innovation Award Best Leader Award 	Roadshow China



XI. Recent Investor Relations Activities

Date	Organiser	Activities	Venue
23-26 Aug 2019	Credit Suisse	NDR	Hong Kong
27 Aug 2019	DBS	NDR	Singapore
17 Sept 2019	Jefferies	NDR	Tokyo
29-30 Oct 2019	Macquarie	NDR	Australia
29 Nov -2 Dec 2019	DBS	Post Results NDR	Hong Kong
3 Dec 2019	HSBC	Post Results NDR	Hong Kong
5 Dec 2019	AMTD	Post Results NDR	Hong Kong
9 Dec 2019	DBS	Post Results NDR	Kuala Lumpur
10-11 Dec 2019	DBS	Post Results NDR	Singapore
16 Dec 2019	DBS	Post Results NDR	Hong Kong
20 Dec 2019	Roadshow China	Post Results NDR	Hong Kong

XII. Company Profile

About Far East Consortium International Limited

Far East Consortium International Limited has been listed on the Hong Kong Stock Exchange since 1972 (HKEx stock code:0035.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

The preliminary figures disclosed above are subject to change and may differ from those appearing in audited and unaudited financial statements of FEC to be published on yearly and half-yearly basis. As such they are strictly for information only and not for any other purpose. Investors are advised not to place any reliance on the information disclosed herein but to exercise due caution when dealing in the securities of the Company. Any investor who is in doubt is advised to seek advice from professional advisor.