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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 (Stock code: 35) Announces Annual Results for the Financial year ended 31 March 2018

ANNUAL RESULTS HIGHLIGHTS

- Revenue and net profit attributable to shareholders of the Company for FY2018 increased by 16.5% and 40.2% respectively to approximately HK$5,831 million and HK$1,567 million respectively as compared to the financial year ended 31 March 2017 ("FY2017") primarily due to strong recorded sales in residential developments, a solid recovery of the Group's hotel business, a steadily expanding car park portfolio, as well as a gain on sale of one of the non-core hotels of the Group.
- Adjusted cash profit[(i)] reached a record high at HK$1,643 million, a year-on-year increase by 42.0% from HK$1,157 million.
- Presale of residential properties remained robust with cumulative presales value of properties under development amounting to approximately HK$13.4 billion as at 31 March 2018 (HK$10.7 billion as at 31 March 2017) following the successful launch of Artra in Singapore, Marin Point in Hong Kong, West Side Place (Tower 4) in Melbourne, Royal Riverside (Tower 3) in Guangzhou, The Star Residences in Gold Coast, MeadowSide (Plots 2 and 3) in Manchester and Astoria Crest in Hong Kong. Including projects secured post year-end, the Group's residential development pipeline grew to HK$52 billion in projected gross development value.
- Bank and cash balances and investment securities of the Group increased to approximately HK$8.1 billion as at 31 March 2018 (HK$5.6 billion as at 31 March 2017).
- Net gearing ratio[(ii) (iii)] was 28.7% as at 31 March 2018 (31.5% as at 31 March 2017).
- Basic earnings per share amounted to HK$0.69 (FY2017: HK$0.51 per share). Final dividend increased to HK$0.18 per share (FY2017: HK$0.15 per share). Including HK$0.040 of interim dividend paid, total full year dividend will amount to HK$0.22 per share (FY2017: HK$0.185 per share), representing a dividend payout ratio of 31.9%, reflecting confidence in the financial position of the Group.
- Net asset value per share[(iii)] as at 31 March 2018 increased by HK$1.62 and reached approximately HK$12.41 per share (HK$10.79 as at 31 March 2017).

(26 June, 2018, Hong Kong) – Far East Consortium International Limited ("FEC", the "Company" or the "Group", SEHK: 35) is pleased to announce its audited consolidated results for the financial year ended 31 March 2018 ("FY2018").

The Company's consolidated revenue for FY2018 was approximately HK$5,831 million, an increase of 16.5% as compared with FY2017. Gross profit for FY2018 was approximately HK$2,634 million, an increase of 32.4% as compared with FY2017. Net profit attributable to shareholders of the Company for FY2018 amounted to approximately HK$1,567 million, representing an increase of 40.2% compared with FY2017. Net asset value per share for the Company as at 31 March 2018 increased by approximately HK$1.62 within the financial year, reaching HK$12.41 as at 31 March 2018. Including HK$0.040 of interim dividend paid, total full year dividend for FY2018 will amount to HK$0.22 per share (FY2017: HK$0.185 per share), representing a dividend payout ratio of 31.9%.

Bank and cash balances and investment securities of the Group increased to approximately HK$8.1 billion as at 31 March 2018 (HK$5.6 billion as at 31 March 2017). During FY2018, the Group's net debts increased by approximately HK$615 million to HK$8,261 million and net gearing ratio was at 28.7% (31.5% as at 31 March 2017). In November 2017, the Company issued US$150 million 4.50 percent 5.5-year notes (the "Issue") due on 13 May 2023 under the US$1,000 million medium term note programme. The Issue represented a highly successful fundraising by the Group in the international capital markets, and helped to extend the debt maturity profile of the Group.

Property Division

Revenue from sales of residential properties amounted to approximately HK$3,431 million in FY2018, up 16.8% as compared with FY2017, primarily due to the completion of a number of projects in the Group's pipeline. In FY2018, four projects were completed, including Royal Crest II in Shanghai, Dorsett Bukit Bintang in Kuala Lumpur, The FIFTH in Melbourne and Royal Riverside (Towers 1 to 4) in Guangzhou with partial revenue recognised.

Total cumulative pre-sale value of the Group's residential properties under development amounted to approximately HK$13.4 billion as at 31 March 2018, which are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed and the revenue of the relevant projects is then recognised.

As at 31 March 2018, the Group has active residential property development projects with expected attributable saleable floor area of approximately 7.5 million sq. ft. under various stages of development across the regions. Including projects secured post year-end, the Group's residential development pipeline grew to HK$52 billion in projected gross development value.

Hotel Operations and Management Division

Revenue from hotel operations and management amounted to approximately HK$1.5 billion during FY2018, an increase of 17.5% as compared to FY2017, primarily due to solid recovery of the hotel market during the year, in particular in Hong Kong which remained the main contributor to the Group's hotel operations (accounting for approximately 50.5% of the Group's hotel revenue), as well as the continued expansion of the Group's hotel portfolio.

Overall improvement in performance and the addition of new hotel rooms helped increase revenue in Hong Kong to HK$776 million for FY2018. Currently, the Group operates 23 owned hotels with approximately 7,000 rooms, with another 14 hotels in the development pipeline. With the disposal of Silka West Kowloon hotel in May 2017, completion of the acquisition of Trans World Corporation, and when all the hotels in the pipeline become operational, the Group will own 42 hotels operating approximately 10,800 rooms.

Car Park Operations and Facilities Management

For FY2018, revenue from car park operations and facilities management amounted to approximately HK$666 million, an increase of 3.9% as compared to FY2017. This division has been achieving steady growth over the years, with the Group's portfolio under management growing into 441 car parks with 88,868 car parking bays as at 31 March 2018, having added 14,342 car parking bays during FY2018. Of the Group's 441 car parks, 36 were self-owned car parks comprising approximately 10,684 car parking bays, with the remaining 78,184 car parking bays in Australia, New Zealand, the United Kingdom, Hungary and Malaysia under management contracts with third party car park owners, covering local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

Gaming Operations and Management

The Group's venture into the gaming business gathered momentum with the completion of the Trans World Corporation ("TWOC") acquisition in April 2018. TWOC owns and operates a portfolio of 3 casinos in Czech Republic and 5 hotels. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavor to introduce Asian tourists to TWOC's properties which will not only enrich the Group's hospitality offerings geographically but will also broaden TWOC's customer base.

In March 2018, the Group entered into the Strategic Alliance Agreement with The Star and Chow Tai Fook Group ("CTF") and subsequently completed in April 2018 the acquisition of 4.99% of shares in The Star. The developments undertaken by the consortium among the Group, The Star and CTF will undoubtedly bring long-term benefits to The Star's casinos, and the equity investment in The Star will enable the Group to share the future growth of The Star. The Group will also enjoy increased exposure to the gaming market in Australia and a steady contribution to the Group's profit and cash flow going forward, following The Star's plan to increase the dividend payout ratio to 70% of its normalised net profit.

Post Balance Sheet Events

In April 2018, the Group submitted a form of tender for a property currently known as The Estoril, which is situated in the prime District 10 in Singapore and is currently comprised of two blocks of 6-storey residential apartments with total freehold site area of 85,000 sq. ft., and was subsequently awarded the tender at the tendered sale price of SGD223.9 million. This site is expected to be redeveloped together with Hollandia, for which the Group was awarded the tender in March 2018, as a combined development with a total saleable floor area of 241,000 sq. ft., which will allow the Group to replenish its landbank and add to the Group's overall development pipeline in Singapore following the successful launch of Artra during FY2018.

In March 2018, the Group, CTF and The Star entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Group and CTF will each subscribe for 45,825,000 fully paid ordinary shares and each represent 4.99% of the total fully paid ordinary shares in The Star, at a subscription price of approximately AUD245.2 million each. This Subscription Agreement was completed in April 2018.

In March 2018, the Group signed an agreement with TWOC to acquire 100% of the equity interest in TWOC at a consideration of USD42 million. The acquisition was completed in April 2018.

In April 2018, the Group was named winner at an online auction to acquire a 1.96- acre Dantzic Street site (the "Dantzic Street Site") in central Manchester, the United Kingdom, for GBP5.2 million, which falls within the overall Northern Gateway development.

In May 2018, a consortium in which the Group has a 10% interest was awarded the tender for a residential development site on Cuscaden Road, Singapore with an attributable saleable floor area of 19,000 sq. ft., further adding to the Group's pipeline in Singapore.

In June 2018, the Group entered into an agreement to acquire a development on 21 Anderson Road of Singapore, at a consideration of approximately SGD93 million, with the assumption of bank loans of approximately SGD103 million.

Mr. David CHIU, Chairman of the Company said: "I am very proud that our Group has achieved another year of solid results. We will continue delivering sustainable and long-term growth with regionalisation strategy which has resulted in a strong performance during FY2018. High pre-sale value and our Group's development pipeline have provided clear visibility of the future profitability, we will also continue allocating resources to regions where we can see long-term fundamental growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group."

Mr. Chris HOONG, Managing Director of the Company said: "The Group's hotel business is expected to continue its recovery track, especially those in Hong Kong. New hotels in the development pipelines will further add to the future recurring cash flow base. The Group aims to allocate more capital to the car park operations and facilities management business in order to ensure these will not only grow organically but also through acquisitions of car park assets that yield good returns and offer longer-term potential land-banking opportunities."

Notes:

(i) Adjusted cash profit is calculated by adding depreciation and amortization charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders. The amounts are adjusted for minority interests.

(ii) Net gearing ratio represents total bank loans, notes and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.

(iii) Revaluation surplus on hotel assets of approximately HK$15,593 million was based on independent valuation carried out as at 31 March 2018 (HK$13,354 million as at 31 March 2017) and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and net gearing ratio.

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

Far East Consortium International Limited 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 operations and management, as well as car park operations and facilities management. The Group adopts 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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