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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 Interim Results for 2018/19
Solid Foundation for Growth

INTERIM RESULTS HIGHLIGHTS

- Strategic positioning to become a pre-eminent international real estate specialist with strong hospitality DNA targeting the "Asian Wallet" is yielding encouraging results.
- Recurring cashflow business demonstrated strong growth. Revenue from the Group's recurring income business grew by 34.0% year-on-year. Hotel revenue amounted to HK$879 million in 1H FY2019, up 26.4%. Gaming operations started to make contribution to the Group following its acquisition of TWC.
- Core cash profit affected by lower property completion which was offset by strength of recurring cashflow businesses. Net profit attributable to shareholders of the Company and adjusted cash profit(i) were down to HK$616 million and HK$582 million respectively.
- HK$4.3 billion of presales recorded during the period hit a record high. Presale of residential properties remained robust with cumulative presales value of properties under development amounted to approximately HK$15.5 billion (HK$13.4 billion as at 31 March 2018), despite having realized revenue of HK$1.5 billion during 1H FY2019. The Group's residential development pipeline was HK$48.3 billion in projected gross development value as at 30 September 2018.
- An interim dividend of HK$4.0 cents per share is declared. The Group intends to adopt a consistent dividend policy.
- Car park business growth comes from organic growth and regional diversification. During 1H FY2019, approximately 3,900 car park bays were added to the Group's car park management portfolio, growing into approximately 461 car parks and 92,740 car parking bays.
- The recent expansion of the Group's footprint into the gaming business through the acquisition of TWC, and the investment in QWB Project and The Star, will be another major growth driver of the Group's business. The Star strategic alliance will generate synergistic benefits with the addition of potential new development pipeline.
- Strong and growing dividend contribution from The Star.
- Integration of TWC progressing smoothly following acquisition on 30 April 2018. Synergies are expected through integration with FEC hospitality operations. Revenue from TWC's gaming operations during the period of HK$114 million represented five months' contribution since the acquisition.
- Looking into 2H FY2019, a number of projects will be launched and completed in residential segment. Strong momentum remains in the hotel segment with full period contribution of TWC's hotels. Portfolio

continues growing in the car park segment. Synergies through strategic alliance with the Star and from TWC business will be extracted and full period contribution of TWC's casinos will be expected.

- Continue to adopt diversified regional strategy and the "Asian Wallet" strategy, and to expand our development pipelines by allocating resources wisely. The Group has laid a solid foundation for growth and will continue to bring to its shareholders long-term growth and steady dividend income.

(27 November, 2018, Hong Kong) – Far East Consortium International Limited ("FEC" or the "Group"; stock code: 35) is pleased to announce its unaudited consolidated results for the six months ended 30 September 2018 ("1H FY2019").

The Company's consolidated revenue for 1H FY2019 was approximately HK$3.0 billion, an increase of 6.8% as compared with the six months ended 30 September 2017 ("1H FY2018"), driven primarily by (i) organic growth in hotel revenue; (ii) additional contribution from Trans World Corporation ("TWC"); and (iii) growth in car park operations, which was offset by lower revenue from residential development. As the higher-than-usual gross margin from our Shanghai project was not repeated during 1H FY2019, gross profit (before depreciation of hotel and car park assets) came in at HK$1.4 billion, as compared to HK$1.6 billion for 1H FY2018.

Profit attributable to Shareholders and adjusted cash profit[i] were at HK$616 million and HK$582 million respectively for 1H FY2019, which showed a drop of 40.3% and 45.6% from HK$1,033 million and HK$1,071 million for 1H FY2018 respectively, as the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in 1H FY2018 were not repeated in 1H 2019. Unfavourable market movements also resulted in mark-to-market loss of the Group's investment securities of HK$117 million during 1H FY2019. This was partly offset by a one-off gain of similar amount arising from a bargain purchase of TWC. Excluding the mark-to-market loss and the gain on disposal of hotels, adjusted cash profit would have been HK$699 million for 1H FY2019 (1H FY2018: HK$747 million), with HK$333 million contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment) (1H FY2018: HK$242 million). Earnings per share decreased by 41.7% to HK$0.268 during the period. Interim dividend for 1H FY2019 was maintained at HK4.0 cents per share (1H FY2018: HK4.0 cents per share). Net asset value per share for the Company as at 30 September 2018 was approximately HK$12.21.

In 1H FY2019, revenue from sales of properties amounted to approximately HK$1,466 million in 1H FY2019, down 11.4% as compared with 1H FY2018 owing to the completion timing of the projects in the Group's pipeline. Gross profit of HK$595 million for 1H FY2019 was recorded, representing a 39.5% year-on-year drop as revenue recognized during 1H FY2018 were primarily for our Shanghai project which had a higher-than-usual gross profit margin compared to the Group's projects elsewhere.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$15.5 billion as at 30 September 2018 (excluding the presale value of Artra in Singapore accounted for on a percentage of completion basis). Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed. During 1H FY2019, the Group launched presales of four of its residential development projects, namely (i) The Garrison in Hong Kong; (ii) West Side Place (Tower 3) in Melbourne; (iii) Royal Riverside (Tower 5) in Guangzhou; and (iv) Hornsey Town Hall in London. Total expected attributable gross development value ("GDV") and attributable saleable floor area of these four development projects are approximately HK$5.2 billion and 933,000 sq. ft. respectively. As at 30 September 2018, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 8.2 million sq. ft.. A current development pipeline of HK$48.3 billion provides clear visibility of the Group's future profitability.

Revenue from hotel operations and management amounted to approximately HK$879 million in 1H FY2019, an improvement of 26.4% as compared to 1H FY2018. Hotel market, particularly in Hong Kong, continued its strong growth, while the addition of the newly opened Dorsett City in London (fully operational in February 2018) and the hotels under TWC (the "TWC Hotel Group") also contributed to the Group's hotel revenue during 1H FY2019. Despite the additions of TWC Hotel Group which has lower-than-average gross profit margin, gross profit margin for the Group's hotel operations (before depreciation and amortisation) was maintained at 60.6% in 1H FY2019, compared to 61.5% in 1H FY2018. Gross profit margin of hotels under Dorsett Group expanded to 62.3% driven by better overall hotel average room rate and higher overall occupancy rate.

As at 30 September 2018, the Group owns 28 hotels (9 in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London, 1 in Gold Coast, 3 in Germany, 1 in Austria and 1 in Czech Republic) with approximately 7,500 rooms, having added a combined 572 rooms to the Group's portfolio through the acquisition of TWC in April 2018. The Group has 14 hotels in the development pipeline, of which two are Ritz Carlton hotels, one each in Melbourne and Perth, and four world-class hotels in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, with the remaining expected to be operated by Dorsett. When all the hotels in the pipeline become operational, the Group will own 42 hotels operating approximately 10,800 rooms. The Group also manages 4 other hotels (2 in Hong Kong and 2 in Malaysia) with approximately 880 rooms.

The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. Revenue from car park operations and facilities management amounted to approximately HK$358 million in 1H FY2019, an increase of 7.4% as compared to 1H FY2018. Adjusted gross profit increased from HK$78 million for 1H FY2018 to HK$83 million for 1H FY2019, a 5.6% year-on-year growth, despite start up expenditures made in the UK and Hungary. During 1H FY2019, approximately 3,900 car park bays were added to the Group's car park management portfolio, growing into approximately 461 car parks and 92,740 car parking bays. The Group had 89 contracts in relation to facilities management services as at 30 September 2018. The Group's direction of allocating more capital to the car park operations and facilities management business ensures that this part of the Group's business will not only grow organically as it has been for years, but also yield good returns through acquisitions of car park assets. It is expected that the car park operations and facilities management business will continue to offer longer-term potential land-banking opportunities to the Group.

1H FY2019 was the first period when the Group started to see contributions from its gaming operations, following the Group's acquisition of TWC in April 2018, and the Group's investment in The Star Entertainment Group ("The Star") which started to generate dividend income. Total revenue from gaming operations was approximately HK$149 million during the period.

TWC owns and operates a portfolio of 3 casinos in Czech Republic. All the casinos of TWC operate under the registered brand "American Chance Casinos" featuring gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavour to introduce Asian customers to TWC's properties.

In March 2018, the Group entered into a strategic alliance agreement with The Star and Chow Tai Fook Group and took a 4.99% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, Gold Coast and Brisbane. During 1H FY2019, revenue from the Group's investment in The Star was HK$35 million which represented dividend receivable from The Star declared for the period.

The recent expansion of the Group's footprint into the gaming business through the acquisition of TWC, and the investment in Queen's Wharf Brisbane ("QWB") Project and The Star, will be another major growth driver of the Group's business. The Group is now in a unique position to extract value out of its various investments in this business through hotel and residential development in various locations.

The Group has a favourable liquidity position at approximately HK$7.3 billion and a net gearing ratio of 40.9%, reflecting the strength of the Group's balance sheet. Together with the available undrawn credit facility of HK$8.6 billion and with abundant asset base which remains unencumbered, there is a significant war chest to support the growth of the Group.

Mr. David CHIU, Chairman of FEC said: "FEC strategic positioning to target the "Asia Wallet" is yielding good results. Our current land bank and pipeline projects provide good visibility for continuous development and lay a solid foundation for future growth. Meanwhile, our hotel operations are back onto its growth track, further enhancing our recurring cash flows for the years ahead. The car park portfolio will not only grow steadily as it has been for years, but also yield good returns. The recurring cashflow business is also supported by the Group's recent acquisition of TWC and our investment in The Star. Despite the increasingly challenging environment in the future, we are confident about the outlook and prospects of the Group. We will continue to adopt diversified regional strategy and the 'Asian Wallet' strategy, and to expand our development pipelines by allocating resources wisely. We believe the Group has laid a solid foundation for growth and will continue to bring to its shareholders long-term growth and steady dividend income."

Notes:

(i) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting fair value gain in investment properties and gain recognised on bargain purchase of Trans World Corporation from, net profit attributable to shareholders. The amounts are adjusted for minority interests.

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

(iii) 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.

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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: 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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