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FEC 遠東發展

(Incorporated in the Cayman Islands with limited liability)
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(Stock Code: 35.HK)

Far East Consortium (Stock Code: 35.HK) Announces 2020-21 Interim Results Profitability Maintained Despite Global Economic Headwinds

INTERIM RESULTS HIGHLIGHTS

- The first six month of the financial year ended 30 September 2020 ("1H FY2021") continued to be dominated by the impact of the COVID-19 outbreak on the global economy. However, from the start of the COVID-19 outbreak, the Group took active steps to reduce costs and expenses, to monetize assets and to shore up liquidity to prepare for a prolonged period of uncertainty. With all the actions taken, the Group is well positioned to benefit from the gradual recovery of economic activities.

- Revenue was HK$3.1 billion, a decrease of 39.2% compared to the same period last year. Profit before tax and net profit attributable to shareholders decreased by 15.5% and 51.1% to HK$831 million and HK$350 million, respectively in 1H FY2021. Adjusted cash profit[i] was HK$517 million, a decrease of 50.0% compared to the same period last year.

- During 1H FY2021, the Group successfully completed residential development projects: ARTRA in Singapore, and the lower levels of West Side Place (Towers 1 and 2) in Melbourne. The handover process of West Side Place (Towers 1 and 2) started in late 1H FY2021 and is expected to continue by phases until 1H FY2022.

- The Group launched two landmark projects very successfully, namely Aspen at Consort Place in London and Queen's Wharf Residences (Tower 4) in Brisbane. The Group expects to launch two development projects during 2H FY2021, namely Hyll on Holland in Singapore and Victoria Riverside in Manchester with expected aggregate attributable gross development value of HK$5.1 billion as at 30 September 2020.

- Cumulative attributable presales value of properties under development rose from HK$12.2 billion as at 31 March 2020 to HK$13.4 billion as at 30 September 2020 due in part to favorable foreign currency exchange movements.

- Due to the severe lockdowns for local populations and stringent travel restrictions on both business and leisure travelers, revenue from the Group's recurring income business decreased by 45.2% year-on-year to HK$787 million. Hotel operations and car park operations revenue dropped by 53.2% and 44.0% year-on-year, respectively. Revenue from gaming operations decreased by 44.6% mainly due to the lockdown measures and nil dividend paid by The Star Entertainment Group ("The Star") in 1H FY2021.

- Earnings per share in 1H FY2021 decreased by 51.3% to HK14.8 cents. The declared interim dividend for 1H FY2021 was maintained at HK4.0 cents per share (1H FY2020: HK4.0 cents per share).

- The Group continued to improve its capital structure through the repayment and refinancing of its loans. The liquidity position of the Group as at 30 September 2020 was approximately HK$7.2billion. The Group's total adjusted equity(ii) as at 30 September 2020 was approximately HK$32.1 billion. The net gearing ratio(iii)(iv) and net debt to total adjusted asset(v) of the Group remained stable at 56.8% and 29.2 % as at 30 September 2020 respectively.

- Adjusted net asset value(v) ("NAV") increased by approximately HK$1.5 billion to HK$28.9 billion as at 30 September 2020. Net asset value per shares rose by 6.2% to HK$12.31 as at 30 September 2020. The Group also repurchased approximately 11million shares for a total consideration of approximately HK$30 million in 1H FY2021.

- On the positive side, the Group entered into a new 18-year lease contract for its Wuhan mall located at the heart of downtown Wuhan. This new lease is approximately 100% higher than the previous equivalent rent received.

- BC Group Holdings Limited ("BCG"), a company in which the Group has a 50.66% stake, continued to grow steadily in 1H FY2021 with loans and advances rising from AUD976 million as at 31 March 2020 to AUD1,018 million as at 30 September 2020. On 10 November 2020, it priced its inaugural Australian dollar-denominated residential mortgage-backed security ("RMBS") deal, from its Ruby RMBS programme. The transaction was upsized to AUD416 million. BCG is positioned for growth and will start operating in the United Kingdom ("UK") in FY2021.

- During the period, the Group also entered into agreements to sell the retail units of ARTRA in Singapore and Astoria Crest in Hong Kong amounting to SGD55.2 million (approximately HK$312 million) and HK$40 million, respectively.

Mr. Chris HOONG, Managing Director of Far East Consortium International Limited ("FEC") said: "1H FY2021 has been a challenging period for most of us, but we are pleased to see some initial "green shoots" appearing in parts of our business, especially in countries that have managed the COVID-19 outbreak more successfully. The steps taken to reduce our cost base means that as the business recovers, the profitability will improve. On the property development front, cumulative unbooked presales of HK$13.4 billion as at 30 September 2020 provide us with good visibility of revenue stream in the short to medium term. We remain on the look-out for attractive landbank opportunities and joint venture partners to develop large-scale residential projects. In our hotel operations, with the announcement made by the Hong Kong government, it is expected that the market sentiment of the Hong Kong hotel industry is on the road to a faster recovery. We see many opportunities to grow our car park business as the COVID-19 outbreak has increased financial pressures on many owners. The earlier capital investments in Queen's Wharf Brisbane ("QWB") is now entering into a harvesting phase. Once completed, it will provide substantial cash flows to the Group.. BCG is well-positioned to grow further having completed its inaugural AUD416 million RMBS deal. We hope to operate in the UK by the end of the financial year. Lastly, we believe that our diversified portfolio of businesses and wide geographical footprint continues to be a key differentiator and a winning formula for FEC. We have a strong balance sheet and good people on the ground, across our markets. Whilst remaining vigilant, we believe that we are well-positioned to continue to grow and deliver a sustainable and healthy dividend to our shareholders."

Notes:

(i) *Adjusted cash profit is calculated by adjusting for fair value changes in investment properties and by adding depreciation and amortisation charges to profit after tax.*

(ii) *Adjusting for the unrecognised hotel revaluation surplus and including the perpetual capital notes.*

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

(iv) *Revaluation surplus on hotel assets of approximately HK$16,348 million was based on independent valuations carried out as at 31 March 2020 (excluding Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur, which are newly opened and valued at cost) and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share, net debt to total adjusted assets and the net gearing ratio.*

(v) *Adjusting for the unrecognised hotel revaluation surplus and excluding minority interests and perpetual capital notes.*

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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 (Stock Code: 35.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.

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