



FEC遠東發展

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 035

Investor Update

April 2019

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1. Company Profile



Perth
hub

A Stronger FEC



Property Development

- A diverse portfolio of quality residential projects in Australia, Mainland China, HK, Malaysia, Singapore and UK
- Pipeline projects with HK\$48.3bn attributable GDV and 8.2mn sq.ft. attributable SFA⁽¹⁾⁽²⁾
- HK\$15.5bn worth of cumulative presales⁽²⁾



Hotel Operation & Management

- One of the largest hotel operators in Asia
- 28 hotels in operation, with approx. 7,500 rooms located in HK, Malaysia, Mainland China, Singapore, Australia, UK, Germany, Austria, and Czech Republic
- 14 hotels with approx. 3,300 rooms under development⁽²⁾
- Hotel portfolio valued at HK\$22.8bn, representing a significant HK\$15.6bn revaluation surplus over book value⁽²⁾



Car Park Operations and Management

- A leading parking management operator
- Manages 461 self-owned and third party-owned car parks with a total of 92,740 bays⁽²⁾ across Australia, New Zealand, Malaysia, Continental Europe and UK
- Owned innovative “Care Assist” off-site central control system



Gaming and Entertainment

- 25% interest in the Integrated Resort Component of the Queen’s Wharf Brisbane
- Three best in class casinos in Czech Republic under TWC
- 4.99% stake in The Star

Four Core Growth Pillars

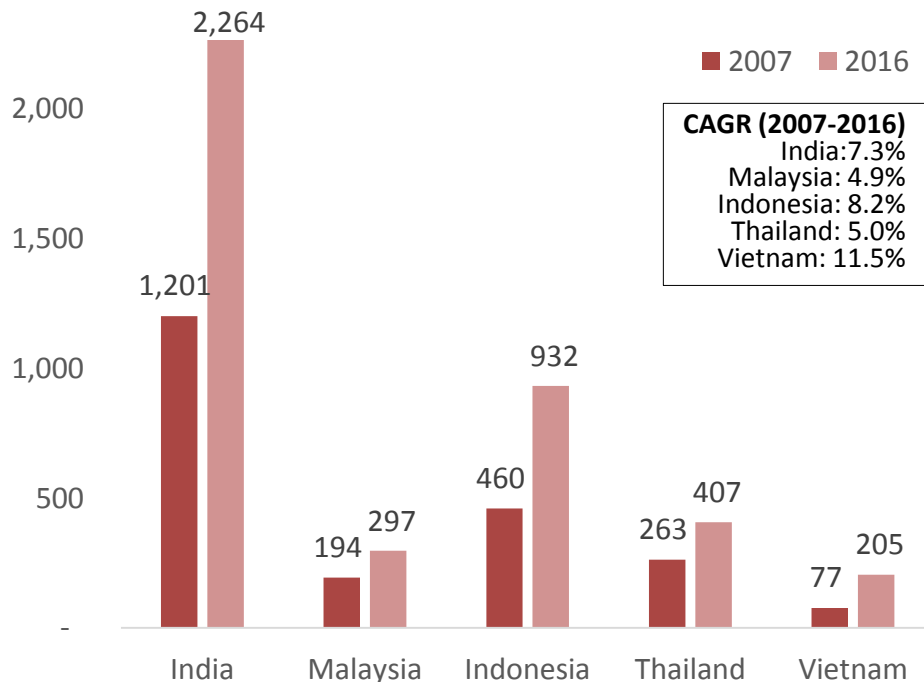
Our Core Strategy: The Pursuit of Asian Wallet



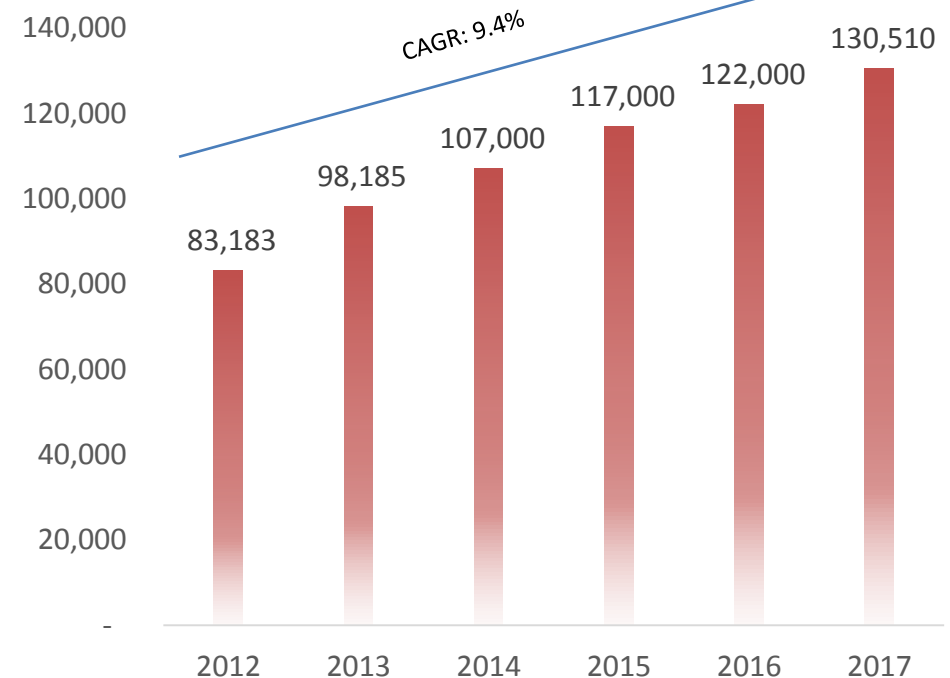
WE AIM TO BECOME A LEADER IN PROVIDING OVERSEAS PROPERTY INVESTMENT, HOSPITALITY AND ENTERTAINMENT SERVICES FOR ASIAN CUSTOMERS

- Asian countries are experiencing high speed economic growth
- Population of Asia is 4.5bn and the wealthy middle class are rising rapidly
- China's outbound tourists expended more than US\$190 billion⁽¹⁾ in 2017

Asian countries' GDP (US\$bn)⁽²⁾

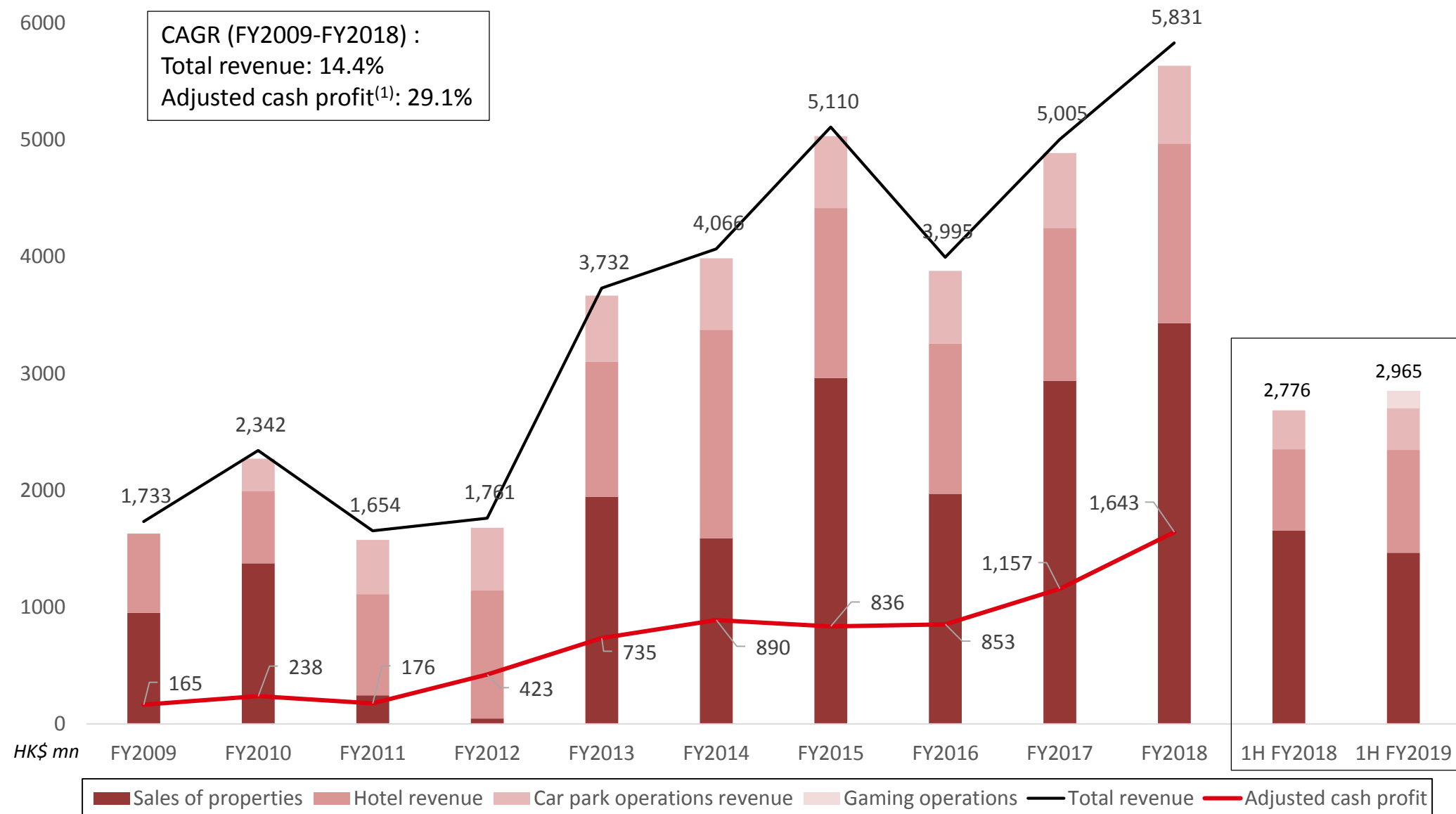


The number of China's outbound tourists ('000)⁽¹⁾



(1) Source: Ministry of Culture and Tourism of the PRC (2) Source: World Bank Open Data

Long-term Growth Track Record Intact



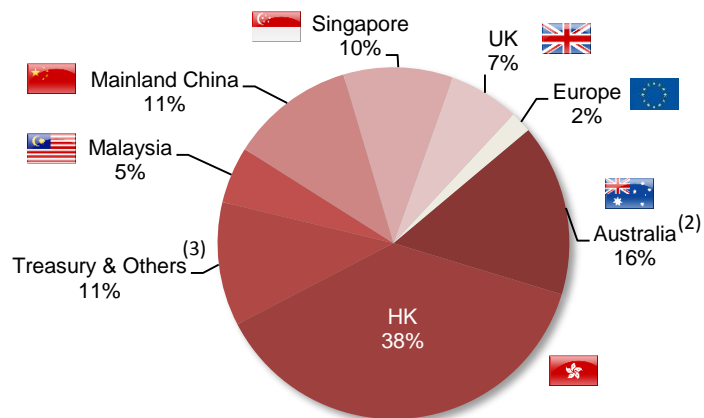
(1) Adjusted cash profit is calculated by adding depreciation and amortization charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders of the Company. The amount is adjusted for minority interests.

Balanced and Diversified Portfolio

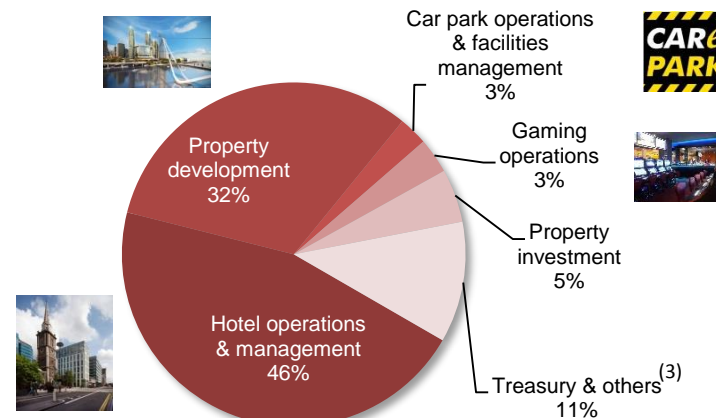


Business diversification allows FEC to take advantage of property cycles in different countries

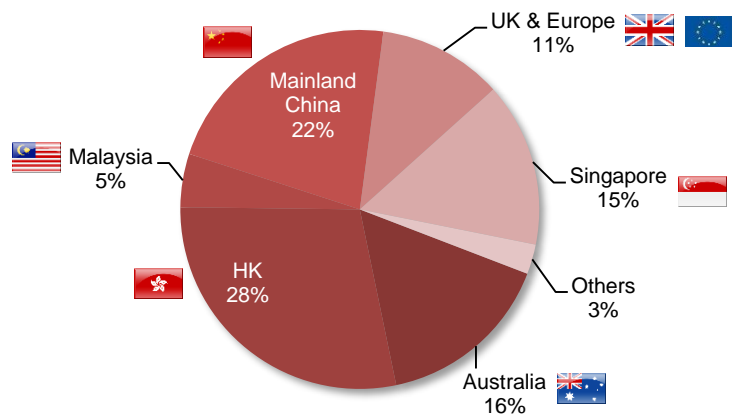
Total Assets by Geography⁽¹⁾



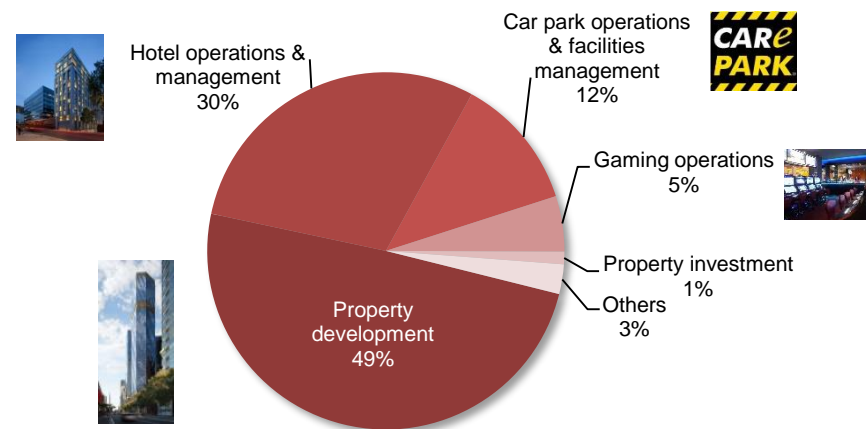
Total Assets by Business Segment⁽¹⁾



Total Revenue by Geography



Total Revenue by Business Segment

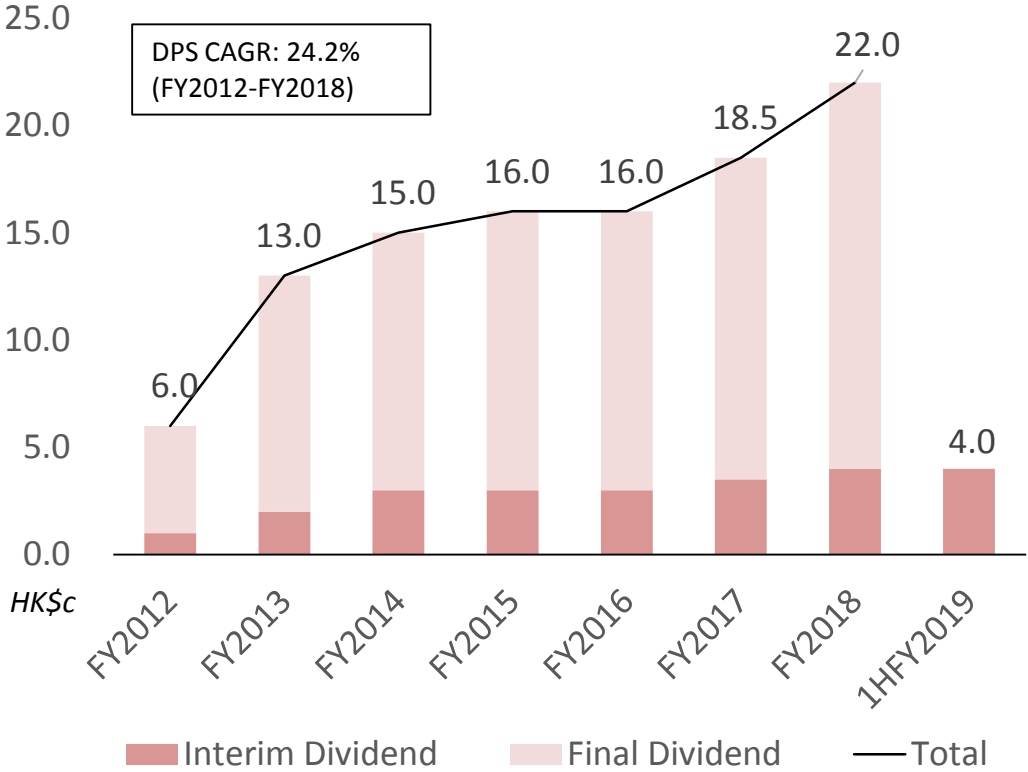
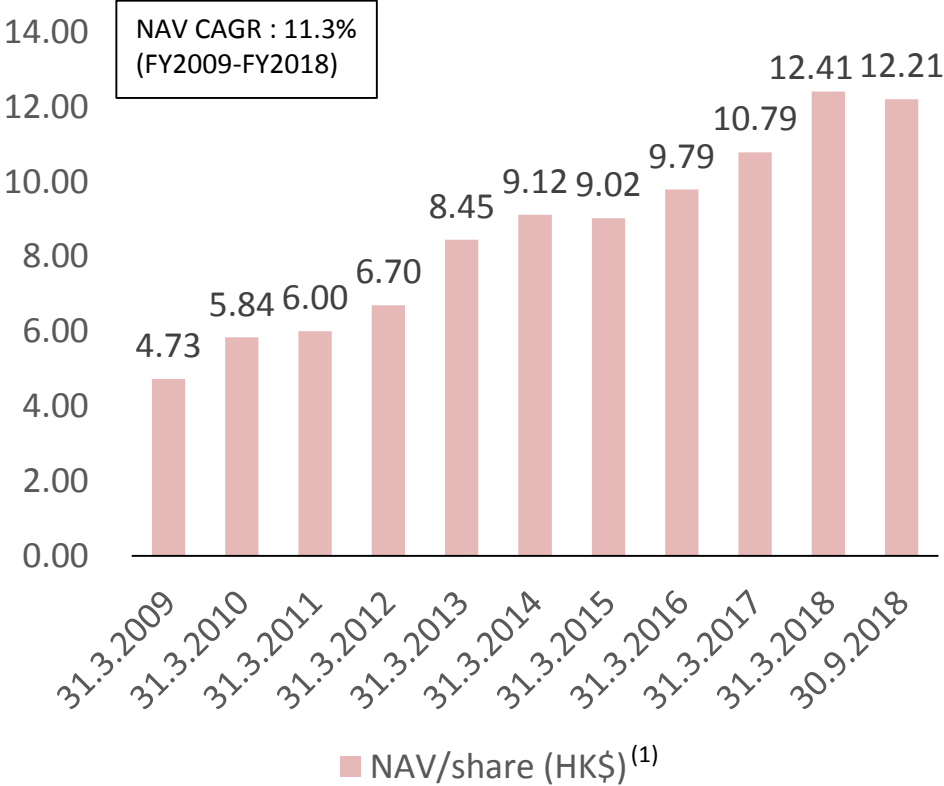


(1) As at 30 September 2018, adjusted for hotel revaluation surplus

(2) Include investment in The Star

(3) Include investment in BC Securities

Consistent Dividend Policy Supported by Long Term NAV per Share Growth



(1) Adjusted for hotel revaluation surplus

Balance Sheet Suitably Geared Up



Capital deployed for:

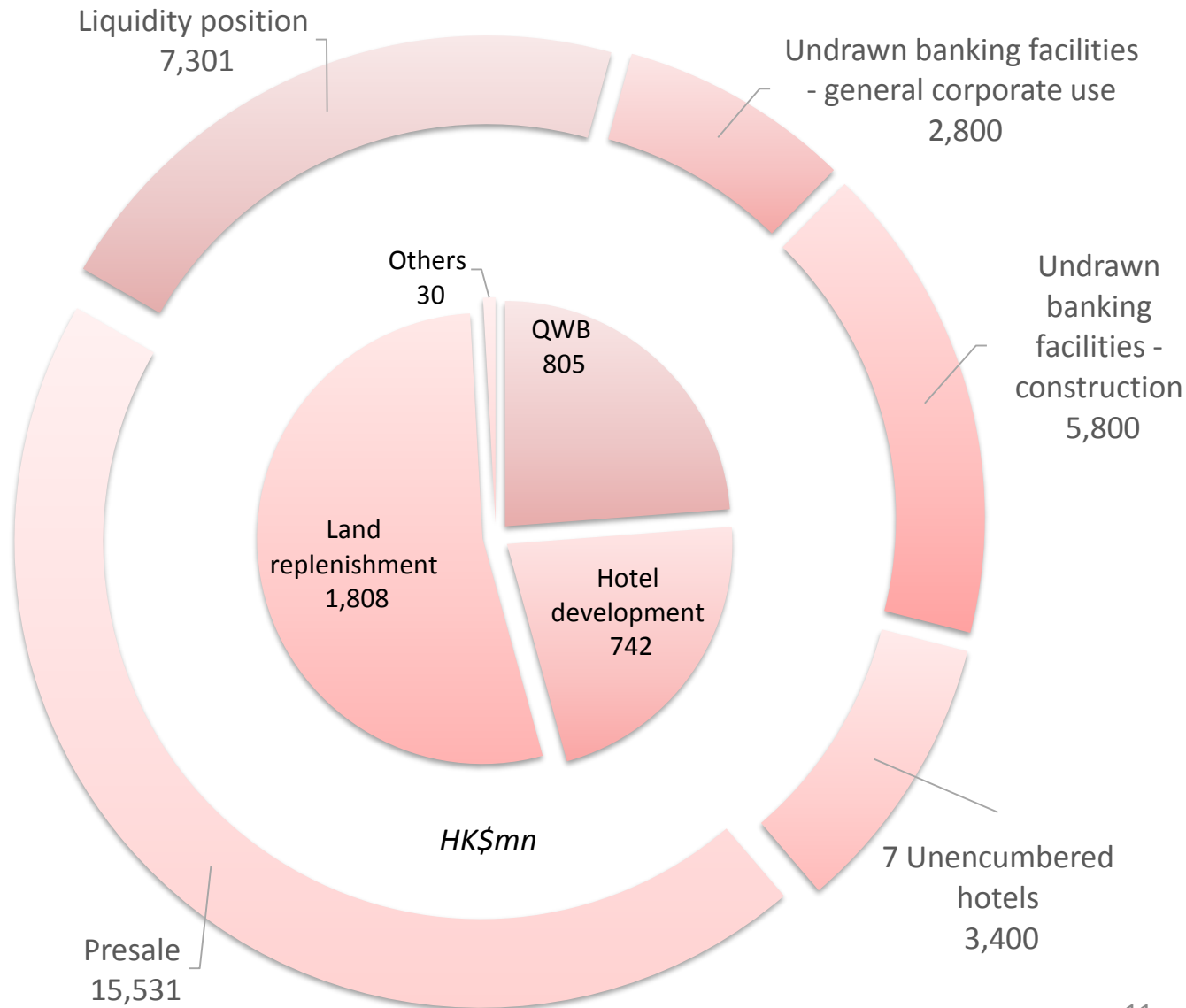
- New business investments (gaming / mortgage finance)
- Land acquisition

	As at 30.9.2018 HK\$ M	As at 31.3.2018 HK\$ M	
Bank loans, notes and bonds			
Due within 1 year ⁽¹⁾	4,747	6,199	(1) Include an amount of approximately HK\$948mn (HK\$1,194mn as at 31.3.2018) reflected as liabilities due within one year even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment. There has been no demands for immediate repayment from any bank and/or financial institution
Due 1-2 years	1,895	1,593	
Due 2-5 years	12,019	7,273	
Due more than 5 years	152	1,307	
Total bank loans, notes and bonds	18,813	16,372	
Investment securities ⁽²⁾	5,377	3,520	(2) Include HK\$436mn (HK\$146mn as at 31.3.2018) investment in BC Securities mortgage fund which is short dated and HK\$1,341mn (nil as at 31.3.2018) relating to investment in The Star
Bank and cash balances	1,924	4,591	
Liquidity position	7,301	8,111	
Net debts⁽³⁾	11,512	8,261	
Carrying amount of the total equity	12,559	13,144	
Add: hotel revaluation surplus	15,593	15,593	
Total equity adjusting for hotel revaluation surplus	28,152	28,737	
Net gearing ratio (net debts to adjusted equity)	40.9%	28.7%	(3) Net debt represents total bank loans, notes and bonds less bank and cash balances, and investment securities

Substantial War Chest



- Existing War chest of HK\$15.9bn (cash position and undrawn facilities) is more than enough to cover the committed capex of HK\$3.4bn
- Presale provides a clear vision of future cash inflow stream
- War chest can be further enhanced by leveraging unencumbered hotels



2. FY2019 Interim Results Summary



Hornsey Town Hall, London



FEC's Strategic Positioning To Become A Pre-eminent International Real Estate Specialist With Strong Hospitality DNA Targeting the "Asian Wallet" Yielding Encouraging Results

Recurring cashflow
business
demonstrated
strong growth

Integration of TWC
progressing
smoothly following
acquisition on 30
April 2018



Record-breaking
presales on
property
development
business recorded

The Star strategic
alliance generating
synergistic benefits
with the addition of
potential new
development
pipeline

Strong Recurring Revenue Growth



Supported by recent acquisitions / investments and organic growth

<i>HK\$mns</i>	1H FY2019	1H FY2018	YoY change
Recurring revenue			
Hotel operations	879	695	
- Dorsett Group	816	695	
- TWC Hotel Group	63	-	
Car park operations	358	333	
Gaming operations	149	-	
- The Star	35	-	
- TWC Casinos	114	-	
Rental and others	113	92	
Total recurring revenue	1,499	1,120	+34%
Property development revenue	1,466	1,656	-11%
Total revenue for the period	2,965	2,776	+7%

Core Cash Profit Analysis



Core cash profit affected by lower property completion which was offset by strength of recurring cashflow businesses

HK\$mn	1H FY2019	1H FY2018	% change
Net profit attributable to shareholders	616	1,033	
Adjustments:			
Gain on investment property revaluation	(111)	(126)	
Change in fair value of financial assets at FVTPL	117	(4)	
Gain on disposal of a hotel	-	(320)	
Gain on bargain purchase of TWC	(117)	-	
Depreciation and amortization	194	164	
Core cash profit	699	747	
Attributable to:			
Recurring cashflow businesses (hotel / car park / gaming / rental)	333	242	+38%
Property development business	348	602	-42%
Unallocated costs/overheads (including interest)	18	(97)	
Core cash profit	699	747	-6%

A Busy First Half



Projects completed

- Royal Riverside, Guangzhou (Towers 1 to 4)[#]
- Aspen Crest, Hong Kong[#]

Partially completed with remaining units to be delivered in FY2019

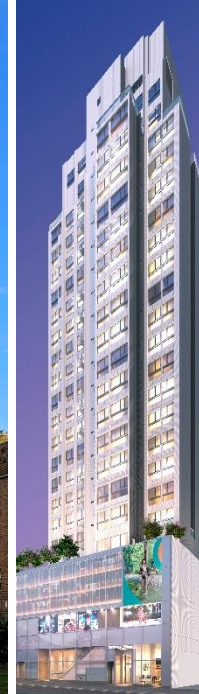
New Launches

- The Garrison, Hong Kong
- West Side Place (Tower 3), Melbourne
- Hornsey Town Hall, London
- Royal Riverside (Tower 5), Guangzhou
- Perth Hub, Perth[#]
- Manor Parc, Hong Kong[#]

Launched post 30.9.2018

Land Replenishment

- Holland Road, Singapore
- Cuscaden Road, Singapore
- 21 Anderson Road, Singapore
- Dantzie Street site of Northern Gateway, Manchester



Presales Hit A Record High



HK\$4.3bn of presales recorded during the period

	HK\$mn
Cumulative attributable contracted presales as at 31.3.2018	13,374
Adjustment to opening balance as a result of accounting rule change	(292)
During 1H FY2019:	
- Presales contracted during the period	4,316
- Recognized as revenue (excluding completed projects)	(1,123)
- Exchange rate movement and impacts	(744)
Cumulative attributable contracted presales as at 30.9.2018	15,531

Gross Margins Stay Healthy



	1HFY2019					1HFY2018				
	Revenue	Gross profit (after depreciation)		Gross profit (before depreciation)		Revenue	Gross profit (after depreciation)		Gross profit (before depreciation)	
		Margin		Margin			Margin		Margin	
	HK\$ M	HK\$ M	%	HK\$ M	%	HK\$ M	HK\$ M	%	HK\$ M	%
Property development	1,466	595	40.6%	595	40.6%	1,656 ⁽¹⁾	984	59.4%	984	59.4%
Hotel operations and management	879	364	41.5%	533	60.6%	695	277	39.8%	428	61.5%
Car park operations and facilities management	358	68	18.9%	83	23.1%	333	68	20.5%	78	23.5%
Gaming operations	149	121	81.1%	129	86.8%	-	-	-	-	-
Others	113	93	81.7%	93	81.7%	92	76	82.9%	76	82.9%
Total	2,965	1,240	41.8%	1,432	48.3%	2,776	1,405	50.6%	1,566	56.4%

(1) Including HK\$915mn from Shanghai project which had higher-than-usual margin

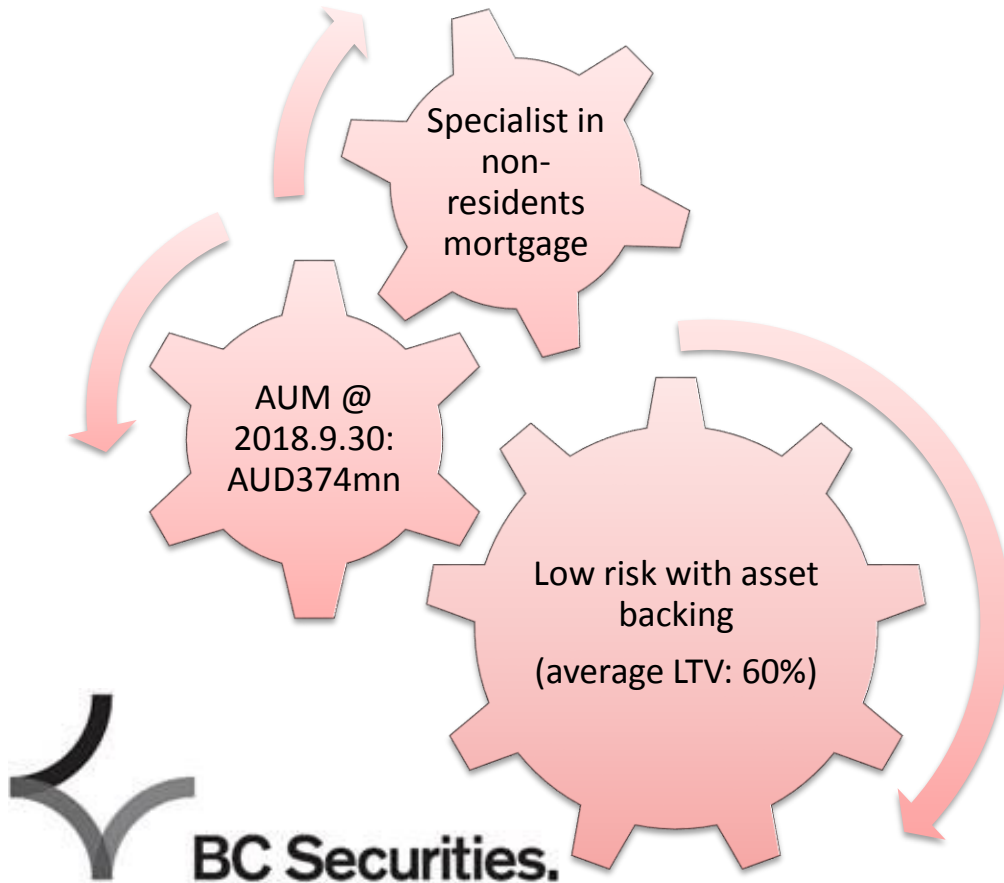
Foreign Exchange Movement Analysis



Rates as at	30-Sep-18	31-Mar-18	Change	Average rates for	1H FY2019	1H FY2018	Change
HKD/AUD	5.64	5.99	-5.8%	HKD/AUD	5.82	6.02	-3.3%
HKD/RMB	1.14	1.25	-8.8%	HKD/RMB	1.20	1.16	3.4%
HKD/MYR	1.89	2.03	-6.9%	HKD/MYR	1.96	1.8	8.9%
HKD/GBP	10.18	11.02	-7.6%	HKD/GBP	10.60	10.05	5.5%
HKD/CZK	0.35	0.37 ⁽¹⁾	-5.4%	HKD/CZK	0.36	N/A	N/A
HKD/SGD	5.72	5.97	-4.2%	HKD/SGD	5.85	5.66	3.4%

(1) As at 30 April 2018

- Assuming constant exchange rate, net profit attributable to shareholders and net assets would have been HK\$7.1mn lower and HK\$860mn higher respectively



- Associated company sponsored by FEC
- FEC committed AUD75mn with balance supported by an international investment bank
- Synergistic to FEC's property development business
- Business generated HK\$43mn profit to FEC in 1H FY2019 despite early stage development
- Significant potential seen

3. Review of Operations

Property Development



Strong Pipeline for Sustainable Growth



Projects under presale @30.9.2018			Cumulative attr. presales (HK\$ M)	Expected attr. SFA ⁽¹⁾ (sq. ft.)	Expected attr. GDV ⁽¹⁾ (HK\$ M)	Expected Completion ⁽²⁾	Cumulative presale as % of GDV
1	Aspen Crest ⁽³⁾	Hong Kong	645	39,000	645	FY2019	100%
2	The Towers at Elizabeth Quay	Perth	2,052	371,000	2,708	FY2019/20	76%
3	West Side Place (Towers 1 and 2)	Melbourne	4,796	1,078,000	5,349	FY2021	90%
4	West Side Place (Tower 3)	Melbourne	2,028	589,000	2,795	FY2023	73%
5	West Side Place (Tower 4)	Melbourne	2,069	572,000	2,757	FY2023	75%
6	Artra ⁽⁴⁾	Singapore	1,547	230,000	2,147	FY2021	78%
7	Marin Point	Hong Kong	219	103,000	1,078	FY2019	20%
8	The Star Residences ⁽⁵⁾	Gold Coast	405	100,000	508	FY2022	80%
9	MeadowSide (Plots 2 and 3)	Manchester	342	221,000	942	FY2021	36%
10	Astoria Crest	Hong Kong	422	20,000	422	FY2019	100%
11a	Royal Riverside (Towers 1,2,3 & 4) ⁽⁶⁾	Guangzhou	227	118,000	386	FY2019	59%
11b	Royal Riverside (Tower 5)	Guangzhou	65	207,000	789	FY2019/20	8%
12	Hornsey Town Hall	London	79	107,000	959	FY2021/22	8%
13	The Garrison	Hong Kong	635	29,000	678	FY2020	94%
Total presales value			15,531	3,784,000	22,163		70%
Other active development pipeline			Expected presale launch time ⁽²⁾	Expected attr. SFA ⁽¹⁾ (sq. ft.)	Expected attr. GDV ⁽¹⁾ (HK\$ M)	Expected completion ⁽²⁾	
14	MeadowSide (Plot 4)	Manchester	Planning	238,000	1,130	Planning	
15	MeadowSide (Plot 5)	Manchester	FY2019	99,000	414	FY2021	
16	Manor Parc	Hong Kong	FY2019	50,000	601	FY2019	
17	Shatin Heights	Hong Kong	FY2020	84,000	1,671	FY2021	
18-20	Queen's Wharf ⁽⁷⁾	Tower 4	FY2019	259,000	1,050	FY2023	
		Tower 5	Planning	224,000	1,065	Planning	
		Tower 6	Planning	224,000	1,065	Planning	
21	Perth Hub	Perth	FY2019	221,000	899	FY2022	
22	Alpha Square	London	FY2020	390,000	4,349	FY2024/25	
23	Northern Gateway ⁽⁸⁾	Manchester	Planning	2,165,000	8,341	Planning	
24	Holland Road ⁽⁹⁾	Singapore	FY2020	192,000	3,138	FY2024	
25	Cuscaden Road ⁽¹⁰⁾	Singapore	FY2020	19,000	391	FY2023	
Subtotal (pipeline)				4,165,000	24,114		
Total (presales + pipeline)				7,949,000	46,277		
Completed development available for sale							
1	King's Manor	Shanghai		51,000	313		
2	The Royal Crest II	Shanghai		64,000	353		
3	Dorsett Bukit Bintang	Kuala Lumpur		31,000	125		
4	The FIFTH ⁽¹¹⁾	Melbourne		1,000	3		
5	Hong Kong project	Hong Kong		1,000	36		
6	21 Anderson Road	Singapore		86,000	1,223		
Subtotal (completed development)				234,000	2,053		
Total (presales + pipeline + inventory) as at 30.9.2018				8,183,000	48,330		

(1) Approximate saleable residential floor areas and expected gross development value may vary subject to finalization of development plans

(2) Expected completion and launch time may vary subject to construction program and timing when relevant authority permits are obtained

(3) Project partially completed in 1H FY2019. Figures represent remaining units to be delivered in FY2019

(4) The Group has 70% interest in this development. Amounts exclude the portion already recognized as revenue on a percentage of completion basis. Presale % excludes the effect of contracts already recognized as revenue

(5) The Group has 33.3% interest in this development

(6) Project partially completed in FY2018 and 1HFY2019. Figures represent remaining units to be delivered in FY2019

(7) The Group has 50% interest in this development

(8) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. Further land acquisitions are expected which will increase both saleable floor area and GDV for the Northern Gateway development.

(9) A combination of Hollandia site and The Estoril site, with SFA of 241,000 sq.ft. The Group has 80% interest in this development

(10) The total SFA is approx. 190,000 sq.ft. The Group has 10% interest in this development

(11) Fully settled post period end

West Side Place, Melbourne



The Towers at Elizabeth Quay, Perth





Hong Kong Projects at Various Stages of Development



Aspen Crest, Wong Tai Sin



Astoria Crest, Sham Shui Po



The Garrison, Tai Wai

Hong Kong Projects at Various Stages of Development (Con't)



Marin Point, Sha Tau Kok

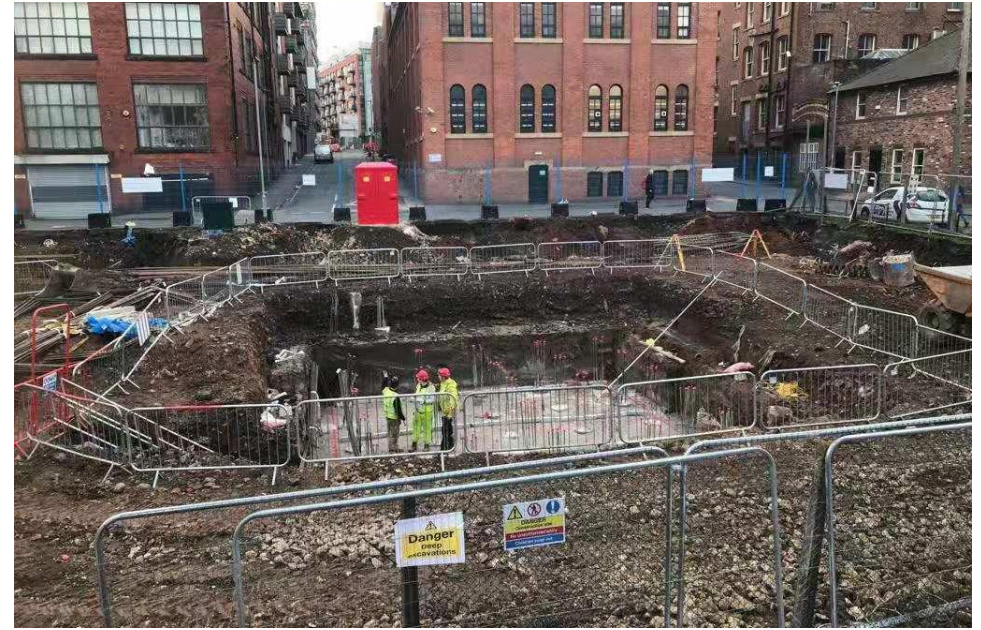


Shatin Heights



Manor Parc, Tan Kwai Tsuen

MeadowSide, Manchester



3. Review of Operations

Hotel Operations & Management



The Dorset City overlooking London City

Strong Operating Performance



Dorsett Group	1HFY2019	1HFY2018	YoY change
Hong Kong			
Occupancy rate	94.0%	91.2%	+2.8ppts
Average room rate (HK\$)	730	655	+11.5%
RevPAR (HK\$)	686	597	+14.9%
Malaysia			
Occupancy rate	76.6%	72.4%	+4.2ppts
Average room rate (MYR)	188	194	-3.1%
RevPAR (MYR)	144	140	+2.9%
Mainland China			
Occupancy rate	77.8%	69.2%	+8.6ppts
Average room rate (RMB)	390	415	-6.0%
RevPAR (RMB)	304	287	+5.9%
Singapore			
Occupancy rate	81.9%	85.9%	-4.0ppts
Average room rate (SGD)	176	173	+1.7%
RevPAR (SGD)	144	149	-3.4%
United Kingdom			
Occupancy rate	86.9%	87.6%	-0.7 ppts
Average room rate (GBP)	116	105	+10.5%
RevPAR (GBP)	101	92	+9.8%
Dorsett Group Total			
Occupancy rate	85.6%	81.8%	+3.8ppts
Average room rate (HK\$)	668	604	+10.6%
RevPAR (HK\$)	572	494	+15.8%
Revenue (HK\$m)	816	695	+17.4%
TWC Group	5 Months Ended 30/9/2018		
Occupancy rate	64.0%		
Average room rate (HK\$)	600		
RevPAR (HK\$)	384		
Revenue(HK\$m)	63		
Total Revenue From Hotel Operations	879		

Note: This table includes only hotels owned by the Group. RevPAR = occupancy rate x average room rate

A Reminder: Significant Hidden Value in Hotel Portfolio



	City	Description	Rooms	Capital Value @ 31.3.2018 (HK\$ M)	Book Value @ 31.3.2018 (HK\$ M)	Revaluation Surplus (HK\$ M)	Notes (1)	Acquisition on 30.4.2018	completed
Hotels in operation									
Hong Kong									
1	Dorsett Wanchai	Hong Kong	Near Wanchai and Causeway Bay	454	3,595	327	3,268	(2)	The Group is currently reviewing the possibility of redeveloping the hotel site
2	Cosmo Hotel	Hong Kong	Hong Kong's prime business area	142	850	116	734		
3	Lan Kwai Fong Hotel @ Kau U Fong	Hong Kong	CBD & premiere dining and entertainment zone	162	1,330	167	1,163		
4	Silka Seaview	Hong Kong	Close to Yau Ma Tei station next to Jade market	268	1,060	372	688		
5	Silka Far East	Hong Kong	Easy access to commercial hubs of Central & TST	240	744	130	614		
6	Dorsett Mongkok	Hong Kong	Shopping neighbourhood of Mong Kok	285	1,280	226	1,054		
7	Dorsett Kwun Tong	Hong Kong	Located in the heart of Hong Kong East	361	1,334	295	1,039		
8	Dorsett Tsuen Wan	Hong Kong	Easy access to airport	547	2,000	840	1,160		
9	Silka Tsuen Wan	Hong Kong	Densely populated Kwai Chung district	409	1,220	528	692		
Malaysia									
10	Dorsett Kuala Lumpur	Kuala Lumpur	Heart of Kuala Lumpur's Golden Triangle	322	473	115	358	(6)	
11	Dorsett Grand Subang	Subang Jaya	Commercial hub of Subang Jaya	478	775	231	544		
12	Dorsett Grand Labuan	Labuan	Revitalised business district of Labuan	178	339	90	249		
13	Silka Maytower Hotel & Serviced Residences	Kuala Lumpur	Central Kuala Lumpur	179	166	172			
14	Silka Johor Bahru	Johor	Gateway between Singapore and Malaysia	252	162	113	49		
15	Dorsett Residences Bukit Bintang	Kuala Lumpur	At tower of Dorsett Residences	98	n/a	n/a	n/a		
Mainland China									
16	Dorsett Wuhan	Wuhan	Heart of downtown	317	1,050	660	390		
17	Dorsett Shanghai	Shanghai	Heart of Pudong	264	919	316	603		
18	Dorsett Grand Chengdu	Chengdu	Famous historical Luoma Market	550	1,100	442	658		
19	Lushan Resort	Lushan	Well known tourist destination	297	238	192	46		
Singapore									
20	Dorsett Singapore	Singapore	Singapore's CBD	285	1,535	583	952		
United Kingdom									
21	Dorsett Shepherds Bush	London	Close to Westfield Shopping Centre	317	995	495	500		
22	Dorsett City, London	London	Situated above the Aldgate tube station	267	1,287	623	664		
Australia									
23	Sheraton Mirage (25% stake)	Gold Coast	Beach front property complementing Queen's Wharf Brisbane	295	n/a	n/a	n/a		
Europe									
24	Hotel Columbus ⁽¹⁾	Germany	4-star rated in Seligenstadt	117	n/a	n/a	n/a		
25	Hotel Freizeit Auefeld ⁽¹⁾	Germany	4-star rated in Hann Münden	93	n/a	n/a	n/a		
26	Hotel Kranichhöhe ⁽¹⁾	Germany	4-star rated in Much	107	n/a	n/a	n/a		
27	Hotel Donauwelle ⁽¹⁾	Austria	4-star rated in Linz	176	n/a	n/a	n/a		
28	Hotel Savannah ⁽¹⁾	Czech Republic	4-star rated at Czech-Austrian Border, adjacent to Route 59	79	n/a	n/a	n/a		
Subtotal of hotels in operation				7,539	22,452	7,033	15,419		
Owned hotels under development									
29	Dorsett Zhongshan ⁽²⁾	Zhongshan	Heart of business district	416	275	101	174		
30	Dorsett Shepherd's Bush II	London	Close to Westfield Shopping Centre and Earls Court	74	120	120	-		
31-34	Destination Brisbane Consortium (25% stake)	Brisbane	4 world class hotels including Dorsett and Rosewood	993	n/a	n/a	n/a		
35	Alpha Square	London	Mixed-used development including residential units and retail unit	231	n/a	n/a	n/a		
36	Ritz Carlton Hotel	Melbourne	Occupies the top 18 floors of the West Side Place (Tower 1)	257	n/a	n/a	n/a		
37	Dorsett Melbourne	Melbourne	At Tower 3 of West Side Place	316	n/a	n/a	n/a		
38	Ritz Carlton Hotel	Perth	Part of the iconic luxury chain of Ritz-Carlton hotels and resorts	205	n/a	n/a	n/a		
39	Dorsett at Perth City Link	Perth	n/a	263	n/a	n/a	n/a		
40	Dorsett Gold Coast (33% stake)	Gold Coast	JV with the Star ad CTF	316	n/a	n/a	n/a		
41	Sri Jati Services Apartment	Kuala Lumpur	n/a	154	n/a	n/a	n/a		
42	Hornsey Town Hall	London	Boutique hotel at Hornsey Townhall, North London	67	n/a	n/a	n/a		
Total as at 31.3.2018 (including pipeline hotels)				10,831	22,847	7,254	15,593		

Clear Hotel Pipeline

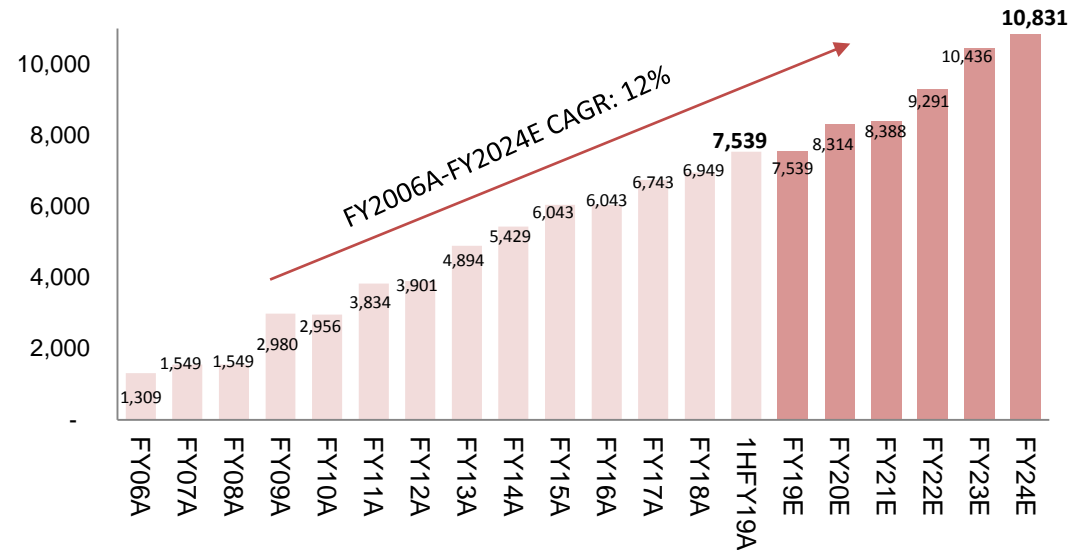
Hotels in Operation

- Dorsett Group total revenue of HK\$816mn, +17.4% yoy
- Full period contribution of Dorsett City London
- Acquisition of 5 TWC hotels completed on 30 April 2018, 5 months' contribution for 1HFY2019

Pipeline Hotels

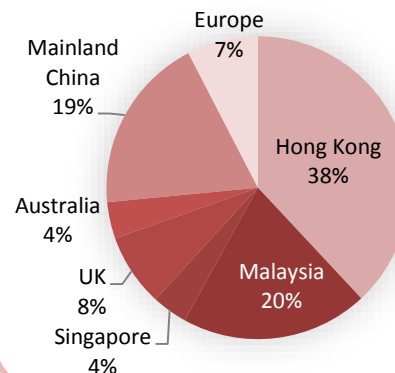
- 14 new hotels with 3,292 rooms (including two Ritz-Carlton) in next 6 years under construction in Australia, UK and Malaysia
- First Ritz-Carlton in Perth to be opened in FY2020
- First Dorsett in Gold Coast commenced construction
- Dorsett Shepherds Bush London extension commenced construction

No. of rooms

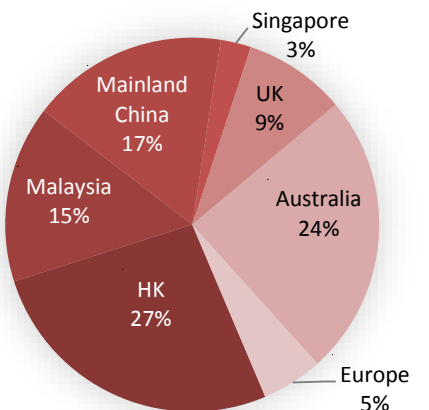


Pursue of “Asian Wallet” – A More Balanced Portfolio

Owned Hotel Rooms
as at 30.9.2018
(7,539 rooms)



Owned Hotel Rooms
by FY2024
(10,831 rooms)



3. Review of Operations

Car park operations

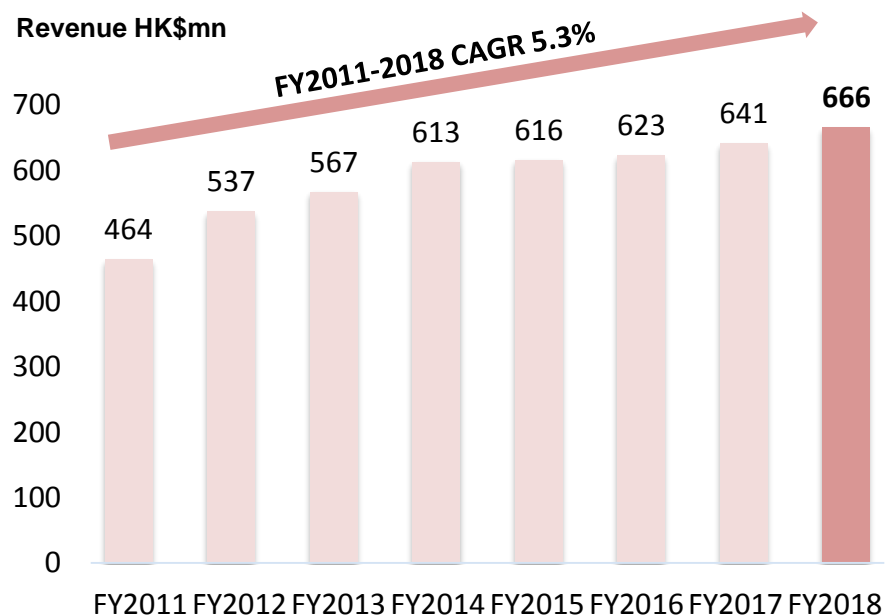


Organic Growth and Regional Diversification



- No. of Car Parks: +20; Bays: +3,872 bays
- Revenue for 1HFY2019: HK\$358mn, +7.4% YoY
- Organic growth in Australia, UK and Hungary with new management contracts

Revenue HK\$mn



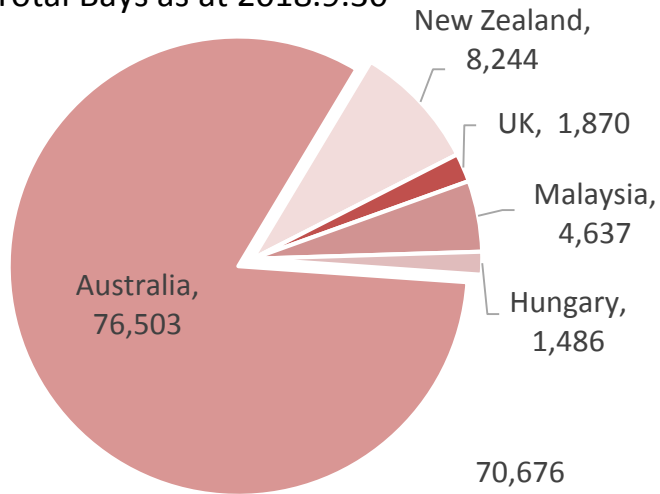
	30-Sep-18		31-Mar-18	
	No. of Car Park	No. of Bays	No. of Car Park	No. of Bays
Australia				
Owned and managed	22	4,038	23	4,073
Managed only	381	72,082	362	68,102
Joint Venture owned ⁽¹⁾	1	383	1	383
New Zealand				
Owned and managed	3	970	3	970
Managed only	39	7,274	38	7,417
United Kingdom				
Owned and managed	1	1,800	1	1,800
Managed only	1	70	-	-
Malaysia				
Owned and managed	2	2,066	2	2,066
Managed only	4	2,571	4	2,571
Hungary				
Owned and managed	6	1,392	6	1,392
Managed only	1	94	1	94
Total (at period end)	461	92,740	441	88,868

(1) Care Park has 25% stake

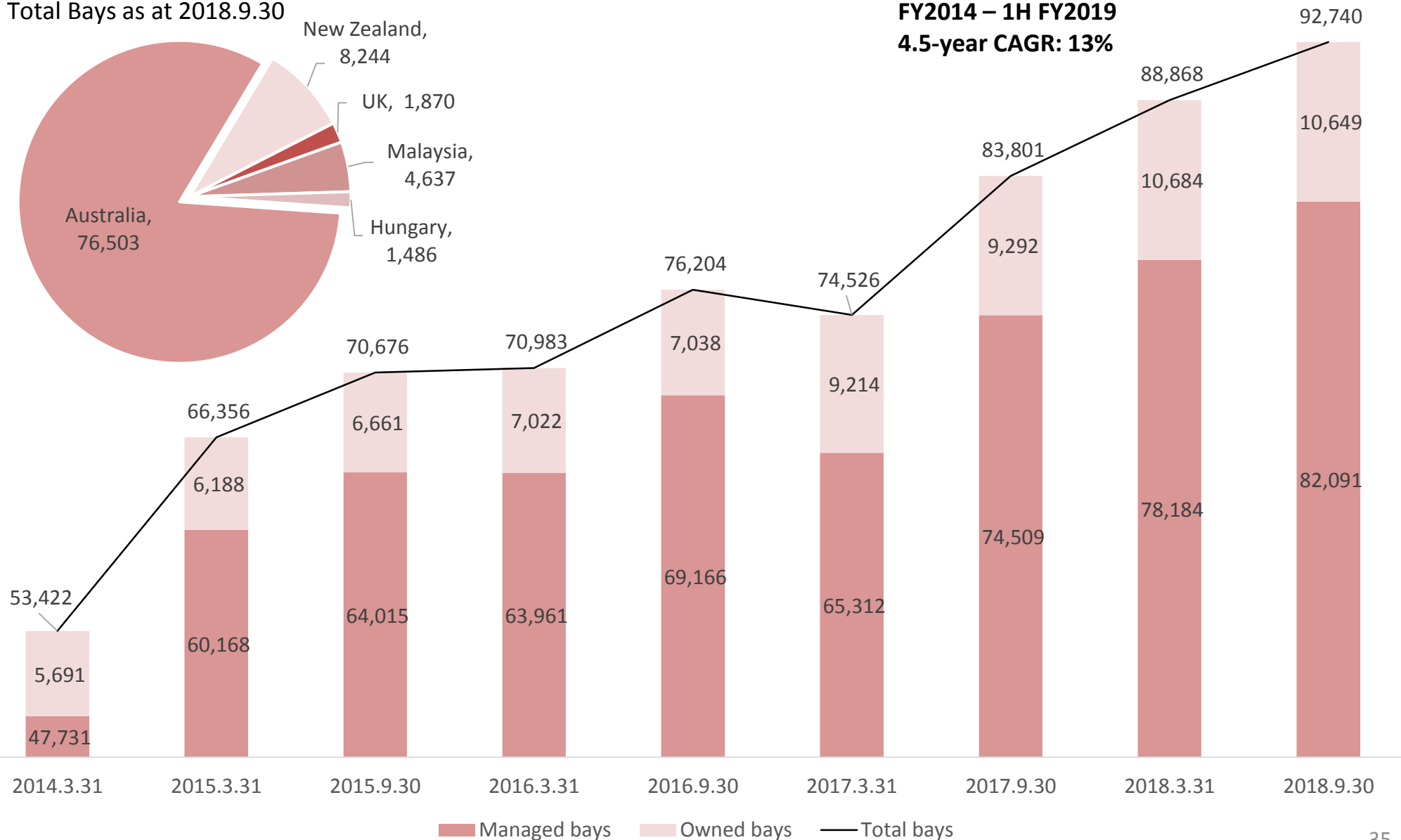
Growth Supported by Australian & Regional Expansion



Total Bays as at 2018.9.30



FY2014 – 1H FY2019
4.5-year CAGR: 13%



3. Review of Operations Gaming and Entertainment





TWC: Synergies Expected Through Integration With FEC Hospitality Operations



- Three best in class casinos under the brand **American Chance Casinos**
- Licenses:
 - Basic licenses: 6 years from Jan 2018
 - Local licenses: 3 years from Jan 2018
 - Renewable periodically
- Premium customer play expected in 2020
- Asian tour groups started recently

TWC Casino Operations (5 months ended 30.9.2018)	
Revenue	HK\$114mn
- Slot Machine	HK\$89mn
- Table Game	HK\$25mn
EBITDA ⁽¹⁾	HK\$20mn
Revenue per slot machine per day	HK\$1,161
Table game win rate ⁽²⁾	16.4%
No. of slot machines	508
No. of tables	59
<i>(1) After deduction of gaming tax</i>	
<i>(2) Table game win rate is defined as total win on the gaming table (total bets received less payouts made) divided by total amount of drop</i>	

Australian Casinos Comparison



City	Sydney	Melbourne	Brisbane	Gold Coast	Perth	Adelaide	Darwin	
City population('000)(2017)	4,742 (+2.1% yoy)	4,677 (+2.6% yoy)	2,327 (+2.0% yoy)	663 (+2.5% yoy)	2,005 (+1.0% yoy)	1,315 (+0.7%)	133 (+0.5% yoy)	
State/territory	New South Wales	Victoria	Queensland	Queensland	Western Aus.	South. Aus.	Northern Terr.	
Casino	The Star	Crown Melbourne	Queen's Wharf Brisbane	Treasury	Jupiters	Crown Perth	Adelaide Casino	SKYCITY Darwin
Owner	The Star	Crown	DBC	The Star	The Star	Crown	SKYCITY	SKYCITY
Licence expiry	2093	2050	2121	2070	Perpetual	2060	2085	2036
Current exclusivity period	Until 2019	n.a.	2047	n.a.	n.a.	n.a.	Until 2035	Until 2026
Revenue (FY18 norm ¹ , A\$m)	1,875 (+17.5% yoy)	2,279 (+14.2% yoy)	n.a.	820 (+10.5% yoy)		845 (+1.7% yoy)	174 (+3.0% yoy)	118 (+0.9% yoy)
EBITDA (FY18 norm ¹ , A\$m)	410 (+27.9% yoy)	645 (+9.5% yoy)	n.a.	178.1 (-8.4% yoy)		249 (+1.6% yoy)	27 (+12.7% yoy)	26 (-5.3% yoy)
Permitted tables	Unlimited (303 currently)	540	Unlimited	Unlimited (83 currently)	Unlimited (79 currently)	320	200	65 (currently)
Permitted EGMs	1,500	2,628	2,500	1,632 (1,450 currently installed)	1,651	2,500	1,500	633 (currently)
Permitted MTGMs	Unlimited (471 currently)	250	Unlimited	Under EGM licence cap (84 currently)	Under EGM licence cap (89 currently)	n.a.	300 ²	n.a.
Hotel rooms	647	1,604	>1,100	128	592	686	100	9
Food and Beverage venues	32	29	~50	13	14	12	150	13
EGM bet limits	\$10 (except 250 machines)	\$10 (except 1,000 machines)	No limit	No limit	No limit	\$5 (Range of limits depending on game)	\$10 (except premium room)	n.a.
EGM maximum note acceptors	\$100	\$50	\$100	\$100	\$100	\$100	“Coin in – Coin out”	\$100
Tax regime (% of gross gaming revenue)	VIP: 10% Non-VIP: 27.5% + super tax	VIP play: 10% Slots: 32.57% + super tax Tables: 22.25% + super tax	VIP: 10% Slots: 30% Tables: 20% (No super tax)	VIP: 10% Slots: 30% Tables: 20% (No super tax)	VIP: 10% Slots: 30% Tables: 20%	VIP: 12% Slots: 23.5% Tables: 19% MTGMs: 23%	Commission tables: 0.91% Slots: Clubs rate (max 41%) Tables: 3.41% MTGMs and commission slots: 10.91% ³	VIP: 9.09% Slots: 20% Tables: 12% ³

- Normalised results calculated using an average win rate and average number of turns of front money experienced over the last 5 years in VIP Rebate business, calculated on a rolling basis ended 30 June;
- 15 tables may be substituted for 300 MTGMs;
- Adelaide tax regime based on gaming revenue after 10% GST(goods and services tax) and any rebate expenses, Darwin tax regime based on gross profit less GST;

Queen's Wharf Brisbane: Construction Progressing



The Star: Strong and Growing Dividend Contribution



- An Australian listing company (Stock code: SGR.AX) owning and operating world-class integrated resorts with dominant position in Sydney, Gold Coast and Brisbane
- FY2018 final dividend of A\$0.13 per share declared during the period
- Dividend payout ratio at least 70% of normalised net profit after tax (NPAT)
- The Star FY2018 performance:

Normalised⁽²⁾ Revenue

A\$2.7bn +15.3%

FY2014-18 CAGR: 9.0%

Normalised⁽²⁾ EBITDA

A\$588mn +14.2%

Normalised⁽²⁾ NPAT

A\$258mn +20.3%

FY2014-18 CAGR: 19.2%

	The Star Sydney	The Star Gold Coast	Treasury Brisbane
Casino	Largest casino in Sydney	World-class casino, rebranding completed in 2017	Perpetual License
License	99-year until 2093 (exclusivity until 2019)	Perpetual	Perpetual (to be replaced by QWB's 99-year license with a 25-year exclusivity)
Permitted no. of tables/EGMs	Unlimited / 1,500	Unlimited / 1,651	Unlimited / 1,632 (QWB: Unlimited / 2,500)
Hospitality	Two five-star hotels and one serviced apartments	One newly opened six-star hotel, The Darling, and one premium hotel with refurbished rooms	One five-star heritage hotel of 127 rooms

(1) Source: The Star's financial results and results presentation

(2) Normalised results are adjusted using an average win rate of 1.35% of actual turnover

Strategic Benefits to FEC from the Strategic Alliance



- Strengthen already established relationship with The Star and CTF
- Forge partnership for potential mixed-use property projects; first right to participate in future The Star development; in principle commitment to participate in other Nominated Developments
- Increase exposure of the gaming business in Australia, synergistic to the gaming platform of the Group
- Benefit from The Star's future growth and increase in dividend payout

Existing co-operations:



Queen's Wharf, Brisbane



**The Star Gold Coast
Precinct**



The Star Sydney



**Sheraton Grand Mirage,
Gold Coast**

World-class integrated resort destination

One residential and hotel tower (Tower 1) and four additional new towers adjacent to The Star Gold Coast resort

One landmark residential and hotel tower adjacent to The Star Sydney, to be operated by The Ritz-Carlton

Gold Coast's only beachfront resort featuring 295 luxurious rooms

FEC's stake: 25%

FEC's stake: 33.3%

FEC's stake: 33.3%

FEC's stake: 25%

Hotels/Residential/Casino

Hotel/Residential

Hotel/Residential

Hotel

4. Prospects

An aerial night-time photograph of a modern architectural development on a waterfront peninsula. The central focus is a cluster of several high-rise buildings with distinctive, curved, and tiered facades, illuminated with warm golden light. These buildings are surrounded by landscaped green spaces, walkways, and a small plaza with a fountain. The peninsula is bordered by a dark body of water, with a bridge visible on the left. In the background, a dense urban skyline is visible, including other tall buildings and a beach area with waves under a dark sky. The overall scene conveys a sense of a futuristic and integrated urban environment.

Concept of The Star Gold Coast, Australia



Residential development

- New launches: Perth Hub, Manor Parc, MeadowSide Plot 5
- To be completed: Aspen Crest (remaining units), The Towers at Elizabeth Quay (first tower), Royal Riverside (remaining units), Astoria Crest, Marin Point, Manor Parc

Hotel

- Strong momentum remains
- Full period contribution of TWC's hotels

Car Park

- Portfolio continues growing

Gaming

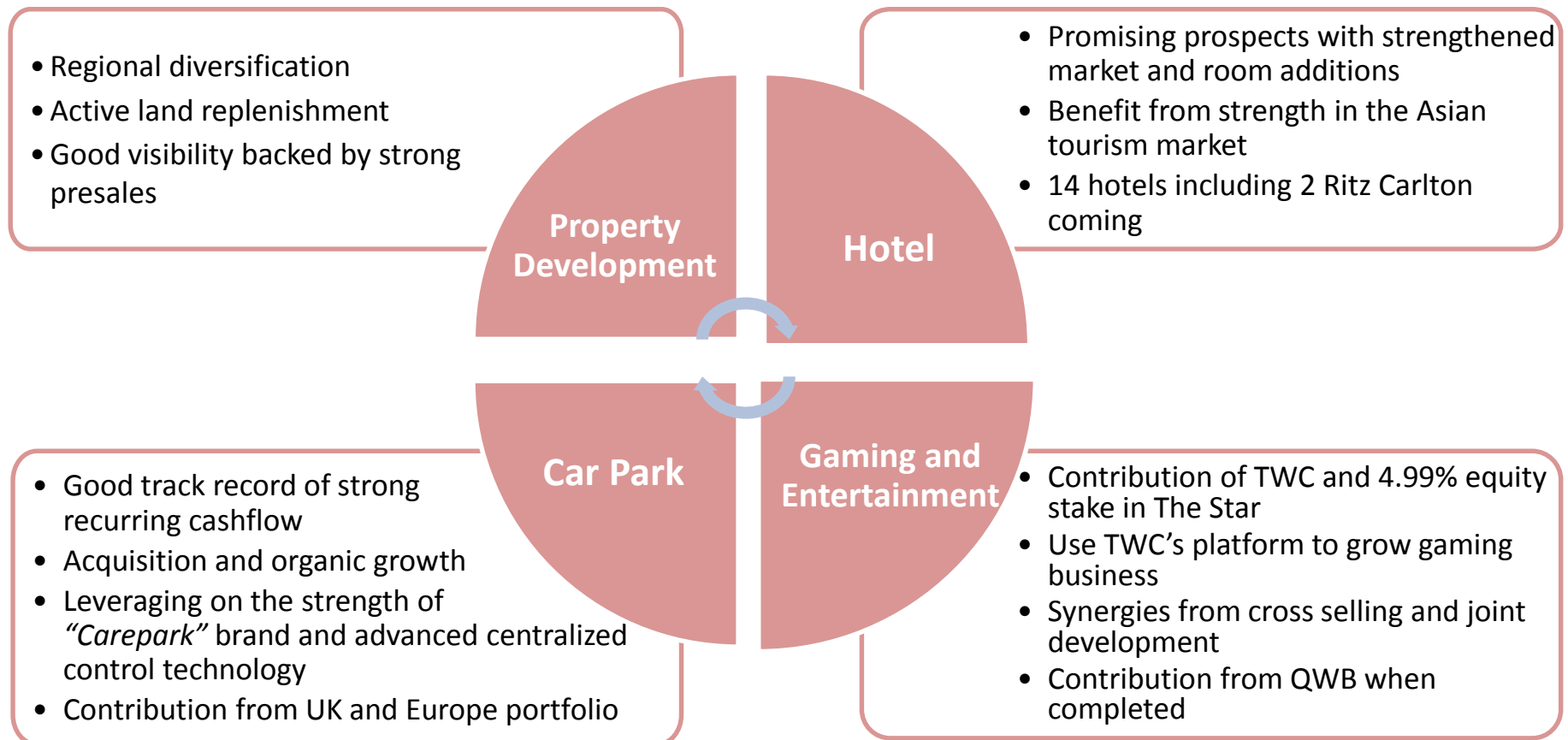
- Extracting synergies through strategic alliance with The Star and from TWC business
- Full period contribution of TWC's casinos

Company Outlook: Exciting Prospects



Strategies to generate new growth:

- **Deepen** regional diversification
- **Focus** on cities with strong population or tourism growth potential
- **Extract** synergies from recent investments in the casino business
- Extend “Chinese Wallet” Strategy to “**Asian Wallet**” **Strategy**, to capitalize on the growing affluence of the middle class in Asia
- Adopt **prudent** financial management policy and **optimize capital structure**



Company Awards Demonstrate Recognitions



2018 International ARC Awards	Silver Award (Traditional Annual Report)
	Bronze Award (Interior Design)
	Honors Award (Traditional Annual Report)
The Asset Corporate Award 2018	Platinum Award
Mercury Awards 2018	Gold Award: Annual Reports - Cover Design Category
	Silver Award: Websites/Mobile Media Category
	Bronze Award: Writing Category
	Bronze Award: Annual Reports Overall Presentation Category
	Honors Award: Annual Reports Overall Presentation Category
2018 4 th Investor Relations Awards by HKIRA	Best IR Company (Small Cap)
	Best IR by CFO – Angus Chan
	Best Digital IR
	Best IR in Corporate Transactions (Small Cap)
	Best Investor Meeting
8th Asian Excellence Award 2018	Asia's Best CEO in Investor Relations – Tan Sri Dato' David Chiu
	Best Investor Relations Company in Hong Kong
	Best Investor Relations Professional in Hong Kong – Venus Zhao
FinanceAsia	"Best Managed Companies 2018" - "Best Mid-Cap Company in Hong Kong"

Thank You

Questions & Answers

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