



遠東發展有限公司  
Far East Consortium International Limited



# **FY2016 Interim Results Presentation**

For the six months ended 30 September 2015



# Disclaimer

This document has been prepared by Far East Consortium International Limited (the "Company") solely for information purposes. By accepting this document, you agree to maintain absolute confidentiality regarding the information disclosed in this document.

This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to purchase or subscribe securities (the "Securities") of the Company or any of its subsidiaries or affiliates in any jurisdiction or an inducement to enter into investment activity. In particular, this document and the information contained herein are not an offer of the Securities for sale in the United States and are not for publication or distribution to persons in the United States. The document is being given to you on the basis that you have confirmed your representation that you are not located or resident in the United States and, to the extent you purchase the Securities described herein you will be doing so pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act").

The information contained in this document has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, reliability, accuracy, completeness or correctness of such information or opinions contained herein. The presentation should not be regarded by recipients as a substitute for the exercise of their own judgment. The information contained in this document should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation. None of the Company nor any of its affiliates, advisers or representatives accept any liability whatsoever (whether in contract, tort, strict liability or otherwise) for any direct, indirect, incidental, consequential, punitive or special damages howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

This document contains statements that reflect the Company's beliefs and expectations about the future. These forward-looking statements are based on a number of assumptions about the Company's operations and factors beyond the Company's control, and accordingly, actual results may differ materially from these forward-looking statements. The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

This presentation includes measures of financial performance which are not a measure of financial performance under HKFRS, such as "EBITDA". These measures are presented because the Company believes they are useful measures to determine the Company's operating cash flow and historical ability to meet debt service and capital expenditure requirements. "EBITDA" should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Company's operating performance on any other measure of performance derived in accordance with HKFRS. Because "EBITDA" is not a HKFRS measure, "EBITDA" may not be comparable to similarly titled measures presented by other companies.

This presentation contains no information or material which may result in it being deemed (1) to be a prospectus within the meaning of Section 2(1) of the Companies Ordinance (Chapter 32 of the laws of Hong Kong), or an advertisement or extract from or abridged version of a prospectus within the meaning of Section 38b of the Companies Ordinance or an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of Section 103 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or (2) in Hong Kong to have effected an offer to the public without compliance with the laws of Hong Kong or being able to invoke any exemption available under the laws of Hong Kong and subject to material change.

This document does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell or inviting offers to acquire, purchase or subscribe for any securities in Hong Kong or calculated to invite such offers or inducing or intended to induce subscription for or purchase of any securities in Hong Kong. This presentation is for distribution in Hong Kong only to persons who are "professional investors" as defined in Part 1 of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and any rules made thereunder and whose ordinary business is to buy and sell shares or debentures, whether as principal or agent.

All rights reserved. This document contains confidential and proprietary information and no part of it may be reproduced, redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organisation / firm) or published, in whole or in part, for any purpose.

An offering of securities may follow, subject to market conditions.

# Table of Contents

1. Business Update
2. FY2016 Interim Results Summary
3. Review of Operations
4. Prospects



An architectural rendering of a modern waterfront development. The scene features several tall, curved buildings with facades made of white and yellow geometric panels. A prominent curved walkway with a glass railing and a blue-tinted base runs along the side of one building. Below the buildings, there are landscaped areas with green trees, palm trees, and a row of pink-flowered trees. A multi-lane highway with cars is visible in the foreground, and a body of water with a bridge and city skyline in the background. The sky is blue with scattered clouds.

# 1. Business Update



# Business Update

- Development agreements on Queen's Wharf Brisbane signed on 16 November 2015. Project is expected to generate strong recurring cashflow stream for the Group
- Won tender of Alexandra View residential project in Singapore for S\$377mn in November 2015 (FEC 70% and NWD 30%)
- Privatisation of Dorsett became effective on 14 October 2015. The transaction strengthens the Group's balance sheet and increases the Group's exposure to the significant growth potential in the tourism sector
- 2 residential projects completed
  - Upper West Side Stage 3 – Midtown, Melbourne (282 apartments)
  - View Pavilion, Shanghai (306 apartments)
- 2 new residential projects launched
  - Aspen Crest, Hong Kong (234 apartments)
  - King's Manor (2<sup>nd</sup> Phase), Shanghai (479 apartments, 90 townhouses)
- 3 new residential projects expected to launch in 2HFY2016
  - Royal Crest II, Shanghai (180 apartments, 42 townhouses)
  - Royal Riverside, Guangzhou (600 apartments)
  - West Side Place (Phase 1), Melbourne (660 apartments)
- Added 15 car parks with 4,300 car parking bays in car park operations business

# Financial Highlights (1H FY2016)

- Revenue and gross profit decreased by 35.9% and 27.4% respectively to HK\$1,857 million and HK\$629 million respectively, compared with that in 1H FY2015. Results were affected by adverse currency exchange rate movements, lower booking of residential sales and lower contribution from hotel division in 1H
- Gross profit margin increased to 33.8% (29.9% for 1H FY2015)
- Net profit and EPS at HK\$263 million and HK13.7 cents, respectively (1H FY2015: HK\$401 million and HK21.6 cents respectively)
- Interim dividend maintained at HK3 cents / share
- Cumulative presale at HK\$7.5bn as at 30.9.2015, (HK\$6.5bn as at 31.3.2015) following successful launch of Aspen Crest in Hong Kong and King's Manor (2<sup>nd</sup> Phase) in Shanghai.
- Cash and liquidity positions of the Group increased to HK\$3.8bn as at 30.9.2015 (HK\$3.5bn as at 31.3.2015), providing a strong war chest for business expansion. Net debts<sup>(1)</sup> as at 30.9.2015 decreased to approximately HK\$5.6bn (HK\$6.3bn as at 31.3.2015)
- Net gearing ratio<sup>(2)</sup> reduced to 26.7% as at 30.9.2015 (29.8% as at 31.3.2015)
- Net asset value per share at HK\$11.35 (adjusted for hotel revaluation surplus<sup>(3)</sup> and assuming privatisation of Dorsett was completed on the date)

(1) Net debts represents total bank loans and bonds less bank and cash balances and investment securities

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

(3) Revaluation surplus on hotel assets of approximately HK\$11,042 million was based on independent valuation carried out as at 31 May 2015 and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and the net gearing ratio

# Queen's Wharf Brisbane Project



*L to R: The Star Entertainment Group Chief Executive Matt Bekier, Premier Anastacia Palaszczuk MP, Minister for State Development Dr Anthony Lynham MP, Far East Consortium Managing Director Chris Hoong, The Star Entertainment Group Chairman John O'Neill AO, and Chow Tai Fook Director Conrad Cheng.*



- **Development agreements and JV agreements signed on 16 November 2015**
- **Integrated Resort Component (IR) :** 5 world class hotels (including Ritz-Carlton Hotel owned by Echo) with approximately 1,100 new premium hotel rooms, high end food (50 restaurants) and commercial outlets and a casino in Brisbane's prime waterfront district
  - FEC, Chow Tai Fook Enterprises and Echo contribute the required capital on 25:25:50 basis
- **Residential Component:** 3 residential towers comprising approximately 2,000 apartments
  - FEC and Chow Tai Fook Enterprises contribute the required capital on 50:50 basis

# Queen's Wharf Brisbane Project

## Investment Plan

\$A million	Total	FEC's stake	FEC Portion
Total investment of IR (100%)	1,930	n/a	n/a
Bank financing of IR (60%)	1,157	n/a	n/a
Equity portion of IR (40%)	773	25%	<b>193</b>
Land premium for the residential component	65	50%	<b>33</b>
<b>FEC total capital commitment</b>			<b>226</b>

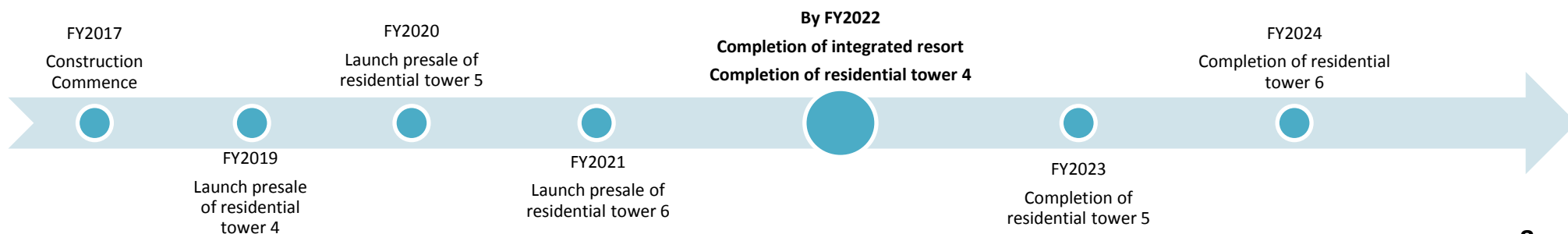
## GFA Breakdown (Approx., subject to planning)

Component	Expected GFA (sq.m.)
Residential	167,160
Hotel	89,130
Retail lettable area (include F&B)	37,108
Casino net area	21,145
Others infrastructure	230,057
<b>Total core development GFA</b>	<b>544,600</b>

## Casino Licence Term

- 99 years with a 25 year casino exclusivity period within 60 kilometers from the Brisbane CBD
- Gaming tax rates consistent with current levels
- Maximum approved electronic gaming machines of 2,500
- Unlimited gaming tables (including electronic derivations)

## Expected Yearly Timeline







# Overview of Australian Casino Environment

City	Sydney	Melbourne	Brisbane	Gold Coast	Perth	Adelaide	Darwin	
City population('000)(2014 June)	4,452 (+1.8% yoy)	4,269 (+2.2% yoy)	2,177 (+1.7% yoy)	614 (+1.6% yoy)	1,945 (+2.3% yoy)	1,277 (+1.0%)	123 (+1.7% yoy)	
State/territory	New South Wales	Victoria	Queensland	Queensland	Western Aus.	South. Aus.	Northern Terr.	
State gaming market (A\$m) (2013/14)	7,166	4,566	3,133	3,133	1,151	1,018	223	
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	2031
Current exclusivity period	Until 2019	n.a.	2047	n.a.	n.a.	n.a.	Until 2035	Until 2026
Revenue (FY15 norm <sup>2</sup> , A\$m)	1,639 (+25.7% yoy)	2,234 (+15.7% yoy)	n.a.	692 (+9.9%)		957 (+10.4% yoy)	174 (+4.8% yoy)	137 (+3.0% yoy)
EBITDA (FY15 norm <sup>2</sup> , A\$m)	356 (+25.5% yoy)	662 (+17.8% yoy)	n.a.	165 (+21.5%)		254 (+5.3% yoy)	27 (-19.2% yoy)	39 (+7.2% yoy)
Permitted tables	Unlimited (303 currently)	540	Unlimited	Unlimited (83 currently)	Unlimited (79 currently)	320	200	65 (currently)
Permitted EGMs <sup>1</sup>	1,500	2,628	2,500	1,632 (1,450 currently installed)	1,651	2,500	1,500	633 (currently)
Permitted MTGMs <sup>1</sup>	Unlimited (471 currently)	250	Unlimited	Under EGM licence cap (84 currently)	Under EGM licence cap (89 currently)	n.a.	300 <sup>3</sup>	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 <sup>5</sup>	VIP play: 10% Slots: 32.57% + super tax Tables: 22.25% + super tax <sup>5</sup>	VIP: 10% Slots: 30% Tables: 20% (No super tax <sup>5</sup> )	VIP: 10% Slots: 30% Tables: 20% (No super tax <sup>5</sup> )	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% <sup>4</sup>	VIP: 9.09% Slots: 20% Tables: 12% <sup>4</sup>

(1) EGM stand for electronic gaming machine and MTGM stand for multi-terminal gaming machine;

(2) 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 ending 30 June;

(3) 15 tables may be substituted for 300 MTGMs;

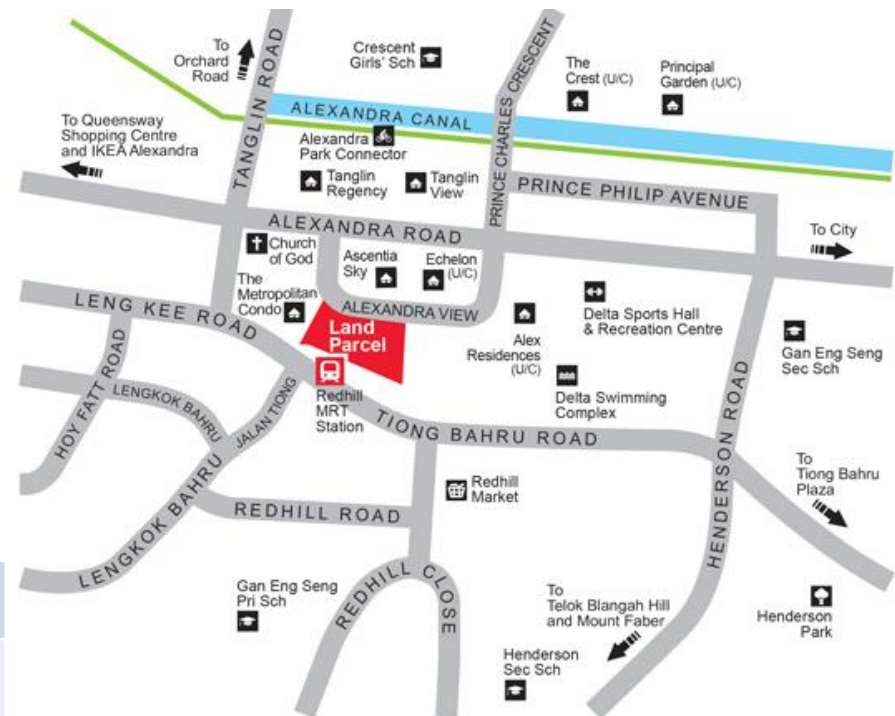
(4) Adelaide tax regime based on gaming revenue after 10% GST(goods and services tax) and any rebate expenses, Darwin tax regime based on gross profit less GST;

(5) Super tax is paid to employees to provide for their retirement

# Alexandra View Residential Project in Singapore

- Diversification of FEC development portfolio
- FEC has 70% stake of the project
- Land price @ approx. S\$850/sq. ft.

Location	Alexandra View, Singapore
Site Area	Plot 1: 8,398.5 sq.m. Plot 2: 30.8 sq.m.
Allowable Development	Residential with Commercial at 1st storey
Lease Period	99 years
Permissible Gross Floor Area	41,153 sq. m.
Sellable Floor Area (expected)	414,240 sq. ft.
Funding	Bank financing: 60% Equity: 40%





# Privatisation of Dorsett

- Privatisation of Dorsett completed in October 2015
- 153,772,358 new FEC shares issued (approximately 7.42% of the enlarged share capital) and HK\$394 million cash was paid to independent Dorsett's shareholders
- Privatisation Benefits
  - 7 unencumbered hotels
  - Dorsett capital can be redeployed to projects with higher IRRs
  - NAV enhancement
  - Expected to add trading liquidity
  - Elimination of the holding company discount
  - Savings in certain overlapped corporate functions

# NAV Enhancement after Privatisation of Dorsett

Enhancement of FEC net asset value (“NAV”)	Pre-deal HK\$'M	Post-deal HK\$'M
Equity attributable to shareholders of the Company (as at 30.9.2015)	8,855	8,855
Hotel revaluation surplus(HK\$11,042M@73.97%, as at 31.5.2015)	8,168	8,168
Other assets revaluation surplus (primarily land, car parks, etc, as at 31.5.2015)	3,027	3,027
Add Dorsett minority interest (as at 30.9.2015)	—	967
Add hotel revaluation surplus from minority shareholders (HK\$11,042M@26.03%, as at 31.5.2015)	—	2,874
Less cash distributed to Dorsett shareholders	—	(394)
<b>Total NAV</b>	<b>20,050</b>	<b>23,497</b>
Total shares in issue (‘million)	1,918	2,071
<b>Adjusted NAV per share (HK\$) as at 30.9.2015</b>	<b>10.45</b>	<b>11.35</b>
<b>NAV enhancement per share(HK\$)</b>		0.9



An architectural rendering of a modern waterfront development at dusk. The scene features several tall, curved buildings with facades made of reflective, metallic panels. The buildings are illuminated from within, and their lights reflect on the water. In the foreground, there is a large, open public space with a wide, curved walkway and a small, modern structure. The walkway is bordered by a low wall and has a series of steps leading down to a waterfront area. Several boats are docked at a pier. In the background, a city skyline is visible across the water, with a prominent, tall, thin tower. The sky is a mix of blue and purple, indicating the time is either dawn or dusk. The overall atmosphere is one of modernity and urban development.

## **2. FY2016 Interim Results Summary**

# Results Key Highlights

	1HFY2016	1HFY2015	YoY change
Revenue (HK\$ M)	<b>1,857</b>	2,895	-35.9%
Gross profit (HK\$ M)	<b>629</b>	865	-27.4%
Net profit attributable to shareholders (HK\$ M)	<b>263</b>	401	-34.3%
EPS (HK cents)			
- Basic	<b>13.7</b>	21.6	-36.6%
- Fully diluted	<b>13.7</b>	21.4	-36.0%
Dividend per share (HK cents)			
- Interim	<b>3</b>	3	-

	As at 30.9.2015	As at 31.3.2015	
Total cumulative presale (HK\$ M)	<b>7,463</b> <sup>(1)</sup>	6,496	+14.9%
Net asset value attributable to shareholder (HK\$ M)	<b>8,855</b>	9,144	-3.2%
Group cash and investment securities (HK\$ M)	<b>3,800</b>	3,487	9.0%
Net gearing ratio <sup>(2)</sup>	<b>26.7%</b>	29.8%	-3.1 ppts

(1) Comprises HK\$5.6bn contracted presales and HK\$1.8bn registered presale of The Towers at Elizabeth Quay, Perth, Australia. A registered presale is an expression of interest for an apartment where a booking fee has been paid to reserve that apartment. No sales and purchase agreement for that apartment has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for that reserved apartment

(2) Total bank loans and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus



# Impact of Exchange Rate Movements

- Unfavorable currency movements affected performance
- However, underlying performance remain resilient
- Local currency loan serves as natural hedge

## Currency exchange rate comparison

	30.9.2015	31.3.2015	% change		30.9.2015	30.9.2014	% change
	HK\$	HK\$			HK\$	HK\$	
HK\$/AUD	5.41	5.92	-8.6%		5.41	6.75	-19.9%
HK\$/RMB	1.22	1.25	-2.4%		1.22	1.26	-3.2%
HK\$/MYR	1.74	2.09	-16.7%		1.74	2.37	-26.6%
HK\$/GBP	11.72	11.46	2.3%		11.72	12.58	-6.8%
HK\$/SGD	5.42	5.63	-3.7%		5.42	6.09	-11.0%

# GP Margin Analysis

	1HFY2016				1HFY2015			
	Revenue	Gross profit (before depreciation)		Gross profit (after depreciation)	Revenue	Gross profit (before depreciation)		Gross profit (after depreciation)
	HK'M	HK'M	%	HK'M	HK'M	HK'M	%	HK'M
Sales of properties	889	299	33.6%	299	1,817	433	23.8%	433
Hotel operation and management	634	393	62.0%	252	715	463	64.8%	342
Car park operations and facilities management	299	66	22.2%	57	321	75	23.5%	64
Leasing and others	35	21	59.8%	21	43	26	61.7%	26
	1,857	779	42.0%	629	2,895	998	34.5%	865



# Dual Engine Strategy & Balanced Regional Portfolio

By Geography

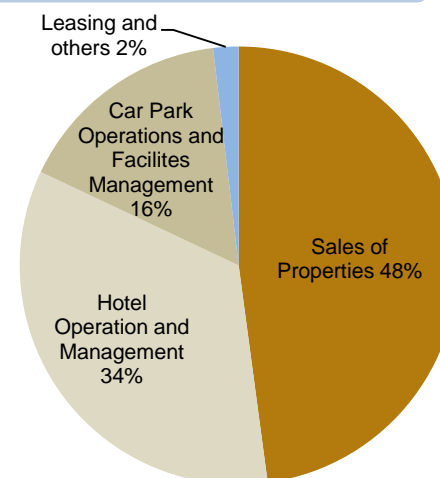
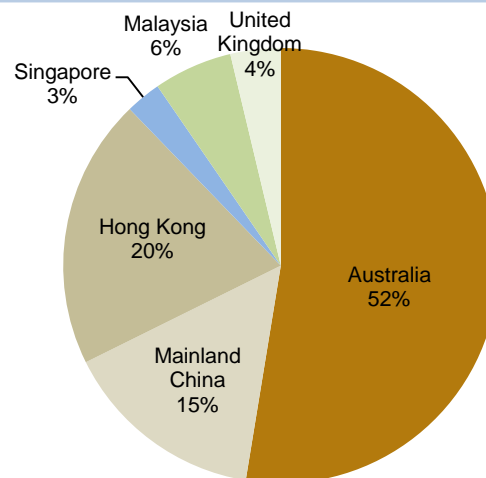
By Business

## Revenue Breakdown (1H FY2016)

### ➤ Dual Engine Strategy :

Residential property development:  
High growth potential

Hotel and Car Park and facilities  
management: Stable cash flow

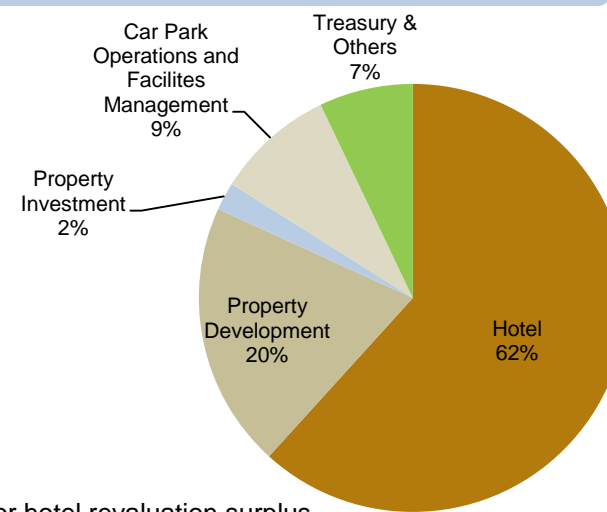
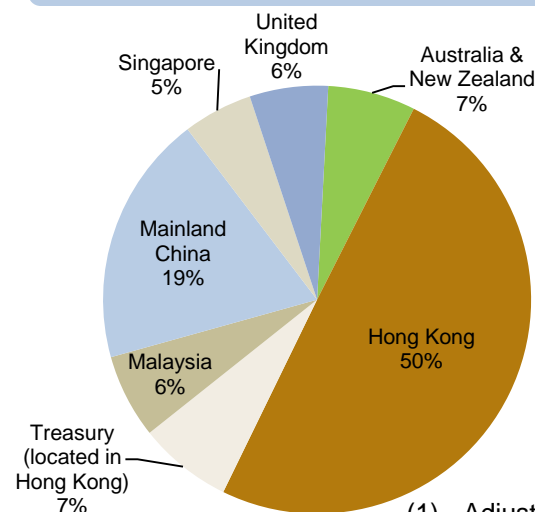


## Total Assets Breakdown (30.9.2015)<sup>(1)</sup>

### ➤ Regional approach:

Risk diversification

Take advantage of different  
property cycles in the different  
markets



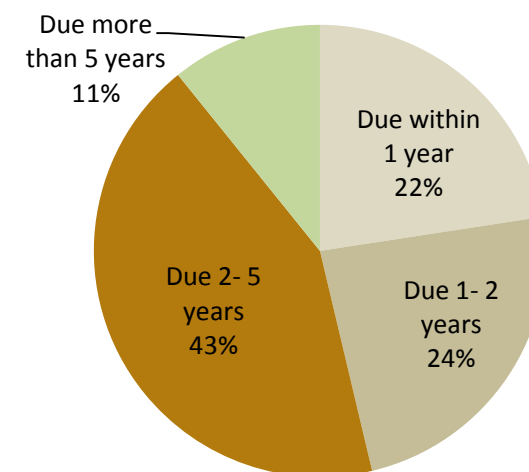
(1) Adjusted for hotel revaluation surplus

# Prudent Capital Management

## FEC consolidated

	As at 30.9.2015 HK\$ million	As at 31.3.2015 HK\$ million
Bank loans and bonds <sup>(1)</sup>		
Due within 1 year	2,124	3,821
Due 1-2 years	2,230	530
Due 2-5 years	4,036	5,167
Due more than 5 years	1,016	301
	<b>9,406</b>	<b>9,819</b>
Investment securities	1,416	1,151
Bank and cash balances	2,384	2,336
Liquidity position	3,800	3,487
Net debts <sup>(2)</sup>	<b>5,606</b>	<b>6,332</b>
Carrying amount of the total equity	9,928	10,261
Add: hotel revaluation surplus	11,042	10,976
Total equity adjusting for hotel revaluation surplus	<b>20,970</b>	<b>21,237</b>
Net gearing ratio (net debt to adjusted equity)	<b>26.7%</b>	<b>29.8%</b>

## FEC debt maturity profile



Syndicate Loan: H+1.9% p.a (all-in) [HK\$ 1.75bn, 5-year, due Jun 2018]

FEC CNY Bond: 4.67 % p.a. (Equivalent USD rate) [RMB1bn, 3-year, coupon 5.875%, due Mar 2016]

Dorsett CNY Bond: 4.97% p.a. (Equivalent USD rate) [RMB850mn, 5-year, coupon 6%, due Apr 2018]

- (1) The borrowings in the Company's consolidated statement of financial position include an amount of approximately HK\$950mn reflected as current liabilities as such sum is not repayable within one year. This sum is shown as current liabilities as the 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
- (2) Net debt represents total bank loans and bonds less bank and cash balances, and investment securities

# Substantial War Chest to Meet Capex Requirement

- Presales HK\$7.5bn provides clear visibility of cashflow stream
- War chest can be enhanced by leveraging unencumbered hotels

War chest		HK\$ M
Group cash and liquidity@30.9.2015		3,800
Undrawn banking facilities - Corporate use		2,100
Undrawn banking facilities - Construction Development		2,000
<b>Total war chest (excluding cashflow from presales)</b>		<b>7,900</b>

Market value@31.5.2015	Number	HK\$ M
Unencumbered hotel assets	7	2,500

Application of funds		
Singapore Alexandra View		575
Queen's Wharf integrated resort		1,069
Queen's Wharf land premium		180
Capex (committed@30.9.2015)		491
<b>Expected total capex</b>		<b>2,315</b>

Outstanding bonds	
FEC CNY Bond: 4.67 % p.a. (Equivalent USD rate) [RMB1bn, 3-year, coupon 5.875%, due Mar 2016]	To be refinanced by bank loan or MTN, subject to market conditions
Dorsett CNY Bond: 4.97% p.a. (Equivalent USD rate) [RMB850mn, 5-year, coupon 6%, due Apr 2018]	



# Healthy Interest Coverage

Financial year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>1HFY2016</u>	<u>1HFY2015</u>
<b>HK\$m</b>									
Profit before tax	222	493	555	718	1,024	1,246	1,328	<b>323</b>	538
Finance cost	126	110	186	166	168	281	224	<b>115</b>	102
Depreciation and amortisation	79	84	129	152	181	234	297	<b>164</b>	141
EBITDA	427	687	870	1,036	1,373	1,761	1,849	<b>602</b>	781
Interest Coverage (EBITDA / finance cost)	3.4	6.2	4.7	6.2	8.2	6.3	8.3	<b>5.2</b>	7.6

# Proven Track Record

## Financial Year ended 31 March

	2009	2010	2011	2012	2013	2014	2015	CAGR
Revenue (HK\$m)	1,733	2,342	1,654	1,761	3,732	4,066	5,110	19.8%
Sales of properties (HK\$m)	951	1,376	245	46	1,946	1,589	2,962	20.8%
Hotel operations and management (HK\$m)	679	616	867	1,096	1,153	1,785	1,454	13.5%
Car park operations (HK\$m)	n/a	279	464	537	567	613	616	17.2%
Gross profit (HK\$m)	728	799	756	848	1,027	1,553	1,946	17.8%
Profit before tax (HK\$m)	222	493	555	718	1,024	1,246	1,328	34.7%
Profit after tax (HK\$m)	105	358	446	615	1,078	1,026	998	45.5%
Net profit attributable to shareholders (HK\$m)	86	324	394	448	903	914	957	49.4%
Net assets value attributable to shareholders (HK\$m) (As at 31 March of the financial year ended)	4,744	6,126	7,027	7,452	8,013	8,750	9,144	11.6%
Net assets value attributable to shareholder (HK\$m) (adjusting for hotel revaluation surplus) (As at 31 March of the financial year ended)	7,671	11,126	11,397	13,117	14,942	16,864	17,263	14.5%
EPS (HK cents)								
- Basic	5	18	21	23	50	51	51	47.3%
- Diluted	2	18	21	23	50	51	51	71.6%
Dividend per share (HK cents)								
- Interim	1	2	2	1	2	3	3	
- Final	2	4	5	5	11	12	13	
- Total	3	6	7	6	13	15	16	32.2%

### **3. Review of Operations**

#### **Property Development**





# Summary of Project Presales/Pipeline

Projects under presale @30.9.2015	Location	Cumulative presale (HK\$m)	Expected attributable saleable floor Area <sup>(1)</sup> (sq. ft.)	Expected attributable GDV <sup>(1)</sup> (HK\$m)	Expected completion <sup>(2)</sup>	Cumulative presale as % of GDV
1 View Pavilion (remaining)	Shanghai	178	61,000	189	FY2016	94%
2 Eivissa Crest	Hong Kong	629	36,000	765	FY2016	82%
3 King's Manor	Shanghai	1,095	712,000	2,675	FY2016/17	41%
4 UWS stage 4 - Manhattan	Melbourne	1,588	388,000	1,588	FY2017	100%
5 Dorsett Bukit Bintang	Kuala Lumpur	279	215,000	731	FY2017	38%
6 The FIFTH	Melbourne	1,103	284,000	1,117	FY2018	99%
7 Aspen Crest	Hong Kong	756	64,000	1,060	FY2019	71%
<b>Sub-total: Cumulative contracted presales</b>		<b>5,628</b>	<b>1,760,000</b>	<b>8,126</b>		<b>69%</b>
8 The Towers at Elizabeth Quay	Perth	1,835 <sup>(3)</sup>	320,000	2,591	FY2020	71%
<b>Total presales value</b>		<b>7,463</b>	<b>2,080,000</b>	<b>10,717</b>		<b>70%</b>

## Other active development pipeline

Active Projects (acquired on or before 30.9.2015)	Location	Expected presale Launch Time <sup>(1)</sup>	Expected attributable saleable floor Area <sup>(1)</sup> (sq. ft.)	Expected attributable GDV <sup>(1)</sup> (HK\$ M)	Expected completion <sup>(2)</sup>
9 Royal Riverside	Guangzhou	FY2016	688,000	2,098	FY2017/18
10 The Royal Crest II	Shanghai	FY2016	259,000	915	FY2017/18
11 Tan Kwai Tsuen	Hong Kong	FY2017	48,000	800	FY2017/18
12 Sha Tau Kok	Hong Kong	FY2017	99,000	795	FY2018/19
13 Tai Wai	Hong Kong	FY2017/18	33,000	407	Planning
14 Sham Shui Po	Hong Kong	FY2017/18	28,000	497	Planning
15 Tower 1		FY2016	524,000	2,766	Planning
16 West Side Place Tower 2	Melbourne	Planning	500,000	2,890	Planning
17 Tower 3		Planning	400,000	2,312	Planning
18 Tower 4		Planning	576,000	3,328	Planning
19 Alpha Square	London	Planning	387,000	4,535	Planning
<b>Projects (acquired after 30.9.2015)</b>					
20 Queen's Wharf <sup>(4)</sup> (residential) Tower 4		Planning	259,000	1,303	Planning
Tower 5	Brisbane	Planning	236,000	1,294	Planning
Tower 6		Planning	211,000	1,159	Planning
21 Alexandra View <sup>(5)</sup>	Singapore	Planning	290,000	2,682	Planning
<b>Sub total (pipeline)</b>			<b>4,538,000</b>	<b>27,781</b>	
<b>Total (presales+ pipeline)</b>			<b>6,618,000</b>	<b>38,497</b>	

(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 which subject to construction program and relevant authority permits obtained

(3) The amount represents registered presales. A registered presales is an expression of interest for an apartment where a booking fee has been paid to reserve an apartment. No sale and purchase agreement has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for the reserved apartment

(4) Tower 1, 2 & 3 are hotel towers. This residential development consists of a total floor area of approximately 1,400,000 sq. ft.. The Group has 50% interest in the development

(5) This development was acquired post 30.9.2015. Total floor area is approximately 400,000 sq. ft. The Group has 70% interests in the development

# Clear Visibility of Cashflow Stream

Expected completion in 2H FY2016/2017



View Pavilion, Shanghai (remaining)  
58 apartments  
61,000 sq. ft. SFA  
94% presold



King's Manor, Shanghai  
479 apartments and 90 townhouses  
712,000 sq. ft. SFA  
41% pre-sold



Eivissa Crest, Hong Kong  
106 apartments  
36,000 sq. ft. SFA  
82% pre-sold

Expected completion in FY2017



Upper West Side Stage 4, Melbourne  
641 apartments  
388,000 sq. ft. SFA  
100% pre-sold



Royal Riverside, Guangzhou  
5 residential tower  
688,000 sq. ft., SFA  
600 apartments  
Expected launch in FY2016



Tan Kwai Tsuen, Hong Kong  
24 town houses  
48,000 sq.ft SFA  
Expected launch in FY2017



Dorsett Bukit Bintang,  
Kuala Lumpur  
252 apartments  
215,000 sq. ft. SFA  
38% pre-sold

# Mid Term Pipeline is Robust

Expected completion in FY2018 and thereafter



The Fifth, Melbourne  
402 apartments  
284,000 sq. ft. SFA  
99% pre-sold  
Expected completion in FY2018



The Towers at Elizabeth Quay, Perth  
400 apartments,  
320,000 sq. ft. SFA  
71% registered pre-sold\*  
Expected completion in FY2020  
Ritz Carlton Hotel with >200 rooms



Aspen Crest, Hong Kong  
234 apartments  
64,000 sq.ft. SFA  
71% presold  
Expected completion in FY2019



The Royal Crest II, Shanghai  
180 apartments and 42 townhouses  
259,000 sq.ft. SFA  
Expected launch in FY2016



Sha Tau Kok, Hong Kong  
263 apartments  
99,000 sq.ft. SFA  
Expected launch in FY2017



Sham Shui Po, Hong Kong  
28,000 sq.ft., SFA  
72 apartments  
Expected launch in FY2017/18

\*The amount represents registered presales. A registered presales is an expression of interest for an apartment where a booking fee has been paid to reserve an apartment. No sale and purchase agreement has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for the reserved apartment



# Mid Term Pipeline is Robust

Expected completion in FY2018 and thereafter (Cont'd)



Tai Wai, Hong Kong  
Residential 33,000 sq.ft. SFA  
~118 apartments  
Expected launch in FY2017/18



Queen's Wharf, Brisbane  
~2,000 residential apartments (50% stake)  
706,000 sq.ft. attributable SFA  
4 Hotels with 1,004 rooms (25% stake)



West Side Place, Melbourne  
~2,500 residential apartments  
2,000,000 sq.ft. SFA  
Expected launch (Tower 1) in FY2016  
Ritz Carlton Hotel with ~240 rooms

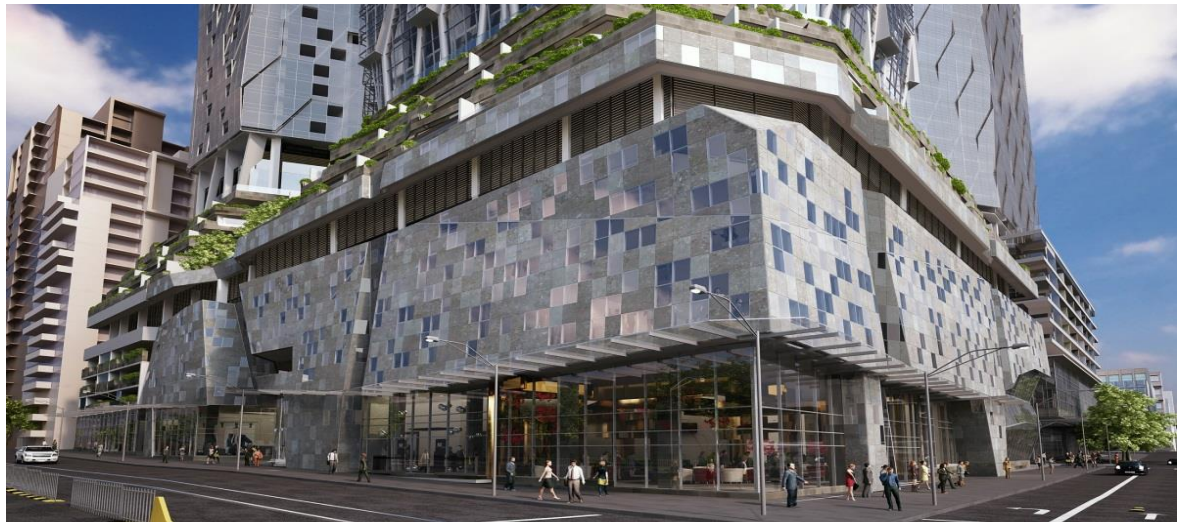
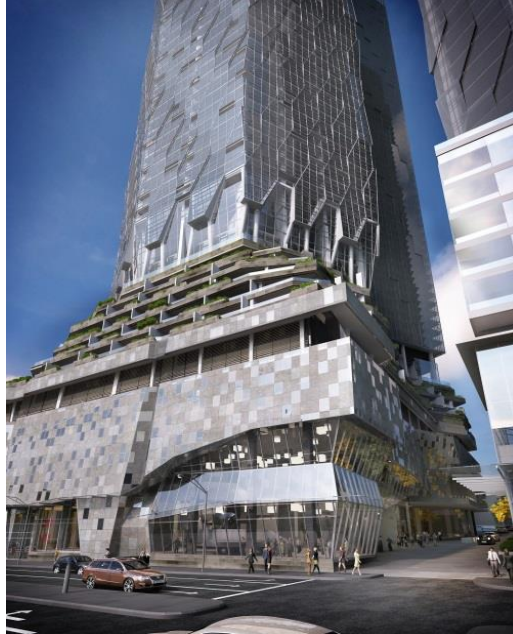


Alpha Square, London  
Two sites combined to form Alpha Square  
387,000 sq. ft. SFA,  
Mixed use development  
Under planning stage



Alexandra View, Singapore  
Won the tender in Nov 2015  
290,000 sq. ft. attributable SFA (70% stake)  
Under planning stage

# West Side Place – Melbourne





# Land Bank

Land Bank	Location	Gross Floor Area (sq.ft.)
Fong Lok Wai	Hong Kong	410,000 <sup>(1)</sup>
California Garden - remaining	Shanghai	3,800,000 <sup>(2)</sup>
Gangtonyuan	Guangzhou	500,000
New Times Plaza	Guangzhou	115,000 <sup>(3)</sup>
		<hr/> 4,825,000

(1) FEC has a 25.33% stake. Gross floor area indicated is the portion attributable to FEC

(2) Subject to planning permit approval

(3) FEC has a 50% stake. Gross floor area indicated is the portion attributable to FEC



# Growth in Rental / Investment Properties

	GFA		Attributable GFA
Current Investment Properties	(sq.ft.)	Pipeline Investment Properties	(sq.ft.)
FEC Building, Central, Hong Kong (O)	16,000	Upper West Side Retail, Melbourne (R)	15,000
FEC Building, Nathan Road, Hong Kong (O)	38,000	West Side Place, Melbourne (R)	84,000
Basement to 5th floor, Silka Far East Hotel, Tsuen Wan, Hong Kong (R)	38,000	Elizabeth Quay, Perth (R)	18,000
Tsuen Wan Garden, Hong Kong (R)	41,000	Alpha Square, London (R)	10,000
Xintiandi Shopping Mall, California Garden, Shanghai (R)	250,000	Aspen Crest (R)	16,000
Rebecca Walk, Melbourne (R)	8,700	Queen's Wharf Brisbane <sup>(1)</sup> (R)	100,000
Upper West Side Stage 1, Melbourne (R)	8,200	Alexandra View <sup>(2)</sup> (R)	14,000
Upper West Side Stage 2, Melbourne (R)	7,000	<b>Total</b>	<b>257,000</b>
Star Ruby retail, Hong Kong (R)	10,000		
Wuhan Shopping Mall (R)	423,000		
Dorsett, Singapore (R)	7,000	Note: (R) – Retail (O) – Office	
Dorsett, Shanghai (R)	19,000	(1) FEC owned 25% stake of this project	
<b>Total</b>	<b>865,900</b>	(2) FEC owned 70% stake of this project	





# 3. Review of Operations

## Hotel operations and management



# Hotel Recurring EBITDA

	Six months ended 30 September		
	2015	2014	
	HK\$'000	HK\$'000	Growth
Reported revenue	634,058	714,615	
Dividend / interest from securities and financial products investment	(11,978)	(9,724)	
<b>Recurring revenue</b>	<b>622,080</b>	<b>704,891</b>	<b>-11.7%</b>
Profit before taxation	44,755	88,416	
Interest income	(1,431)	(1,040)	
Finance cost	90,703	79,408	
Depreciation and amortisation	141,387	120,852	
<b>Reported EBITDA</b>	<b>275,414</b>	<b>287,636</b>	<b>-4.2%</b>
Pre-opening expenses	-	8,578	
Fair value gains of investment properties	(48,466)	(47,177)	
Dividend / interest from securities and financial products investment net of treasury management expenses	(11,942)	(2,072)	
Change in fair value of investment securities	22,923	4,512	
Change in fair value of derivative financial instrument	(1,348)	-	
<b>Recurring EBITDA</b>	<b>236,581</b>	<b>251,477</b>	<b>-5.9%</b>
<b>Recurring EBITDA margin</b>	<b>38.0%</b>	<b>35.7%</b>	

# Hotel Operating Statistics

	1HFY2016	1HFY2015
<b>Hong Kong</b>		
Occupancy rate <sup>(i)</sup>	85.7%	93.6%
Average room rate (HK\$) <sup>(i)</sup>	679	831
RevPAR (HK\$) <sup>(i)</sup>	582	778
<b>Malaysia</b>		
Occupancy rate	66.2%	63.4%
Average room rate (HK\$)	364	542
RevPAR (HK\$)	241	344
<b>Mainland China</b>		
Occupancy rate	51.1%	51.4%
Average room rate (HK\$)	528	541
RevPAR (HK\$)	270	278
<b>Singapore</b>		
Occupancy rate	80.9%	77.2%
Average room rate (HK\$)	1,057	1,218
RevPAR (HK\$)	855	940
<b>United Kingdom</b>		
Occupancy rate	90.0%	56.0%
Average room rate (HK\$)	1,136	1,173
RevPAR (HK\$)	1,022	657
<b>Group Total</b>		
Occupancy rate	73.2%	74.8%
Average room rate (HK\$)	641	753
RevPAR (HK\$)	469	563

- Strength in HK\$ affected overall performance
- Decrease in RevPAR in Hong Kong was due to the decline in number of overnight visitors' arrivals in Hong Kong
- Dorsett Shepherd's Bush, London preformed well since opening a year ago, reaching 90% occupancy rate
- Hotel operations in Singapore and Shanghai are satisfactory
- Proactive promotion and marketing initiatives amid the challenging environment

Noted:

(i) Included only hotels owned by the Group. RevPAR = Occupancy rate x average room rate



# Proactive Steps Taken to Streamline Hotel Operations

- Cluster hotel management to reduce overheads
- Streamlining of overlapped functions following privatisation
  - Listing
  - Accounting/Auditing
  - Legal
- Reallocation of capital into higher return projects



Cost Savings + Higher Return on Capital Employed



# Substantial Development Profit Not on Balance Sheet

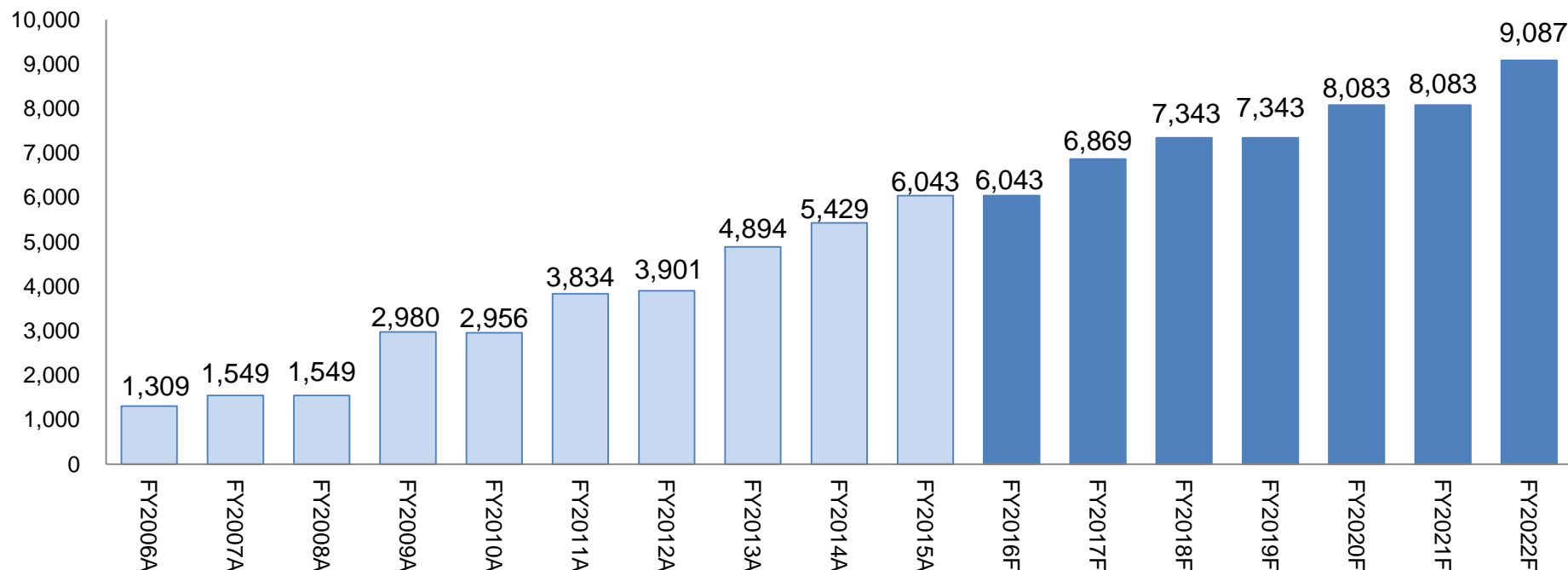
	City	Description	Rooms	Capital Value (HK\$m)	Book Value (HK\$m)	Revaluation Surplus (HK\$m)	
Hotels in operation				@31.5.2015			
<u>Hong Kong</u>							
1	Cosmopolitan Hotel, Hong Kong	Hong Kong	Near Wanchai and Causeway Bay	454	2,623	357	2,266
2	Silka West Kowloon, Hong Kong	Hong Kong	Booming new city in Hong Kong	141	427	111	316
3	Cosmo Hotel, Hong Kong	Hong Kong	Hong Kong's prime business area	142	683	127	556
4	Lan Kwai Fong Hotel@Kau U Fong	Hong Kong	CBD & premiere dining and entertainment zone	162	1,020	181	839
5	Silka Seaview, Hong Kong	Hong Kong	Close to Yau Ma Tei station next to Jade market	268	960	408	552
6	Silka Far East, Hong Kong	Hong Kong	Easy access to commercial hubs of Central & TST	240	656	142	514
7	Dorsett Mongkok, Hong Kong	Hong Kong	Shopping neighbourhood of Mong Kok	285	1,085	242	843
8	Dorsett Kwun Tong, Hong Kong	Hong Kong	Located in the heart of Hong Kong East	361	1,120	324	796
9	Dorsett Tsuen Wan, Hong Kong	Hong Kong	Easy access to airport	547	1,505	918	587
<u>Malaysia</u>							
10	Dorsett Regency Kuala Lumpur	Kuala Lumpur	Heart of Kuala Lumpur's Golden Triangle	320	326	121	205
11	Grand Dorsett Subang	Subang Jaya	Commercial hub of Subang Jaya	478	744	262	482
12	Grand Dorsett Labuan	Labuan	Revitalised business district of Labuan	178	174	102	72
13	Silka Maytower Hotel & Serviced Residences	Kuala Lumpur	Central Kuala Lumpur	179	174	180	(6)
14	Silka Johor Bahru	Johor	Gateway between Singapore and Malaysia	252	170	117	53
<u>Mainland China</u>							
15	Dorsett Regency Wuhan	Wuhan	Heart of downtown	317	929	603	326
16	Dorsett Shanghai	Shanghai	Heart of Pudong	264	600	363	237
17	Dorsett Grand Chengdu	Chengdu	Famous historical Luoma Market	556	1,013	485	528
18	Lushan Resort	Lushan	Well know tourist destination	297	238	229	9
<u>Singapore</u>							
19	Dorsett Singapore	Singapore	Singapore's central business district	285	1,501	636	865
<u>United Kingdom</u>							
20	Dorsett Shepherd's Bush, London	London	Close to Westfield Shopping Centre, Earls Court and Olympia Exhibition Centres	317	872	588	283
Owned hotels under development							
21	Silka Tsuen Wan, Hong Kong	Hong Kong	Densely populated Kwai Chung district	410	540	315	225
22	Dorsett Zhongshan	Zhongshan	Heart of the business district	416	275	130	145
23	Dorsett City, London	London	Situated above the Aldgate tube station	270	544	230	314
24	Dorsett Shepherd's Bush, London II	London	Close to Westfield Shopping Centre, Earls Court and Olympia Exhibition Centres	54	119	85	34
25 - 28	Destination Brisbane Consortium *	Brisbane	4 world class hotels including Dorsett and Rosewood	1,004	n/a	n/a	n/a
29	Alpha Square	London	Part of Mixed-used Development including private and affordable residential units, school, health centre and retail unit	300	n/a	n/a	n/a
30	Ritz Carlton Hotel	Melbourne	Occupies the top 18 floors of the West Side Place(phase 1) with the hotel reception and restaurant at the top of the tower	240	n/a	n/a	n/a
31	Ritz Carlton Hotel	Perth	"The Ritz-Carlton, Perth", which is part of the iconic luxury chain of Ritz-Carlton hotels and resorts	200	n/a	n/a	n/a
32	Sri Jati Service Apartment	Kuala Lumpur	n/a	150	n/a	n/a	n/a
Total as at 31.5.2015				9,087	18,297	7,255	11,042

\*This is a part of Queen's Wharf Brisbane, in which the Group has 25% interests

Revaluation  
surplus of  
**HK\$11.0bn**  
in hotel portfolio  
as at 31.5.2015

# Consistent Delivery of Room Growth

No. of rooms



- As at 30 September 2015, the Group operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London) with approximately 6,000 rooms and had 9 owned hotels in the development pipeline
- When all the hotels in the pipeline become operational, the Group will have 32 owned hotels with more than 9,000\* rooms
- The Group seek to continue to expand its hotel portfolio and its network coverage consistent with its “Chinese wallet” strategy

\*Include 1,004 rooms of Queen’s Wharf Brisbane project, in which the Group has 25% interests

# Consistent Delivery of Room Growth (Cont'd)

## Currently Owns 20 Hotels with additional 12 Hotels in Pipeline

Number of hotel rooms is expected to grow by 50% over the next 6 years

Region	No. of Owned and Operating Rooms as at 30.9.2015	No. of rooms in the pipeline for the next 6 yrs <sup>(1)</sup>	Current Portfolio and Existing Pipeline no. of Rooms by 2022
Hong Kong	2,600	410	3,010
Malaysia	1,407	150	1,557
Mainland China	1,434	416	1,850
Singapore	285	0	285
UK	317	624	941
Australia	0	1,444	1,444
<b>Total</b>	<b>6,043</b>	<b>3,044</b>	<b>9,087</b>

## Hotel in Development Pipeline

Number of Hotel	Location	No. of rooms <sup>(1)</sup>	Hotel operators <sup>(2)</sup>
1	Hong Kong	410	to be managed by Dorsett
1	Mainland China	416	to be managed by Dorsett
3	London	624	to be managed by Dorsett
1	Kuala Lumpur	150	to be managed by Dorsett
1	Melbourne	240	to be managed by Ritz Carlton
1	Perth	200	to be managed by Ritz Carlton
4	Brisbane <sup>(3)</sup>	1,004	to be managed by Dorsett and other brand operators
<b>12</b>		<b>3,044</b>	

(1) Number of rooms may change, subject to planning approval and finalization of the master and building plan

(2) Hotel operators may change, subject to finalization of the operating agreement and other terms

(3) This is a part of Queen's Wharf Brisbane, in which the Group has 25% interest (the integrated resort component). Other than Ritz Carlton Hotel (owned by Echo) 4 hotels with 1,004 rooms will be built in this component



## Car park operations and facilities management

## and facilities management

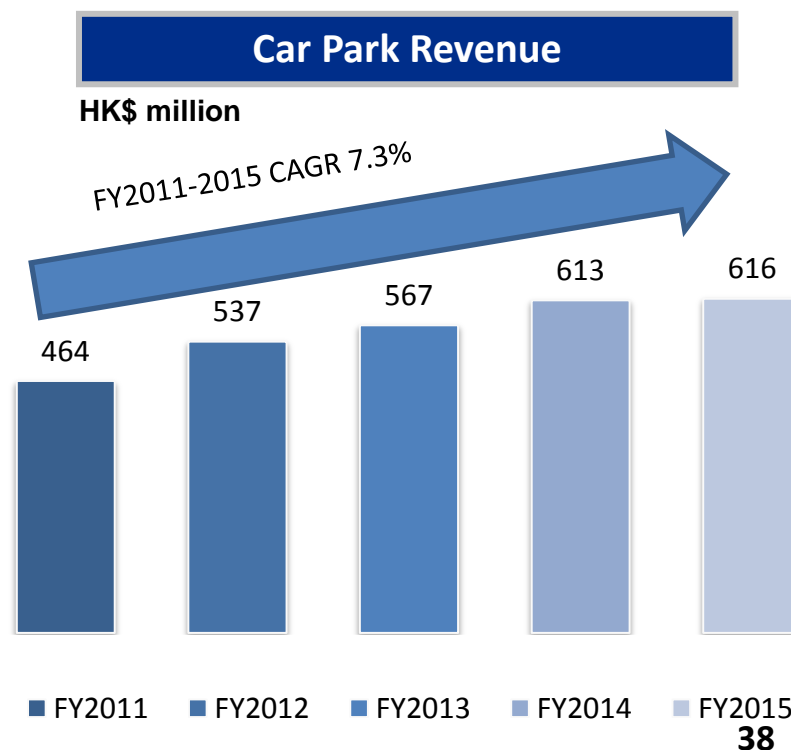


# Steady Contribution from Car Park Business – Care Park

- Approx. 4,300 car park bays added to the car park management portfolio
- Assuming constant exchange rate, revenue from this division increased by 14.3%
- Third party owners include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings



	As at 30 September 2015		As at 31 March 2015	
	No. of Car Park	No. of Bays	No. of Car Park	No. of Bays
<b>Australia</b>				
Owned and managed	19	3,521	19	3,521
Managed only	282	54,272	269	52,649
<b>New Zealand</b>				
Owned and managed	3	970	2	497
Managed only	43	7,099	44	7,519
<b>Malaysia</b>				
Owned and managed	2	2,170	2	2,170
Managed only	2	2,644	0	0
<b>Total</b>	<b>351</b>	<b>70,676</b>	<b>336</b>	<b>66,356</b>





# Car Park Business – Care Park (Cont'd)

## Advanced Technology

### CARE ASSIST CONTROL ROOM SERVICES



### AUTOMATION



## Our Clients

<b>MELBOURNE CRICKET CLUB</b> Corporate Partner since 2010 Yarra Park / MCG Precinct parking operations 	<b>READING ENTERTAINMENT</b> Corporate Partner since 2000 3 sites operated throughout Australia and New Zealand 	<b>CITY OF MELBOURNE</b> Corporate Partner since 2011 Queen Victoria Market car park operation 
<b>TAURANGA CITY COUNCIL</b> Corporate Partner since 2009 2 sites operated throughout New Zealand 	<b>VICTRACK</b> Corporate Partner since 2007 8 sites operated throughout Victoria 	<b>UNIVERSAL COLLEGE OF LEARNING</b> Corporate Partner since 2014 UCOL car park operation 
<b>MELBOURNE CONVENTION EXHIBITION CENTRE</b> Corporate Partner since 2014 MCEC car park operation 	<b>WINTERC</b> Corporate Partner since 2014 2 sites operated throughout New Zealand 	<b>CENTRO PROPERTIES GROUP</b> Corporate Partner since 2006 2 sites operated throughout Australia 
<b>DEPARTMENT OF HEALTH</b> Corporate Partner since 2003 Launceston General Hospital car park operation 	<b>SALTA PROPERTIES</b> Corporate Partner since 2006 5 sites operated throughout Victoria 	<b>HOBART CITY COUNCIL</b> Corporate Partner since 2006 Cash collection contract 
<b>ARCHDIOCESE OF WELLINGTON</b> Corporate Partner since 2000 Hill Street car park operation 	<b>OFFICEWORKS</b> Corporate Partner since 2006 11 sites operated throughout Australia 	<b>CENTREPORT</b> Corporate Partner since 2006 3 sites operated throughout New Zealand 
<b>LEND LEASE</b> Corporate Partner since September 2012 EXO Docklands car park operation 	<b>SPOTLIGHT GROUP</b> Corporate Partner since July 2004 7 sites operated throughout Australia 	



# Facilities Management Services - APM



- Asset light business model
- Expanded operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Babru, Malaysia
- Facilities management expected to grow steadily
- As at 30 September 2015, the Group has 36 contracts in relation to facilities management services under the brand of Australian Property Management (APM)
- Our clients:



## NorthBank

- 188 apartments, 16 floors
- Services Provided: Building Management, Cleaning, Security & Car Park Management



## Upper West Side

- "UWS" is a 2,200 apartment development located in the heart of Melbourne's CBD, situated between Spencer Street, Bourke Street and Lonsdale Streets



## Vogue

- 505 apartments, 30 floors
- Services Provided: Building Management, Owners Corporation Management, Cleaning, Security, Car Park Management & Concierge Services



## 4. Prospects



# Company Outlook

- Group will continue with regional diversification strategy
  - Recent additions to development pipeline in Brisbane and Singapore are good examples
- Group well positioned to benefit in long term growth of hospitality sector
  - Dorsett now 100% owned
  - More than 3,000 rooms will be added to current room inventory of 6,043 rooms
  - Queen's Wharf Brisbane project will diversify and add significantly to recurring cashflow stream
- Liquidity position of HK\$3.8bn plus undrawn credit facilities of HK\$4.1bn provides significant war chest to grow
- Net gearing ratio at 26.7% indicates strength of balance sheet
- Presales of HK\$7.5bn and project in development pipeline amounted to HK\$38bn provides high visibility of mid-term cashflow stream and profitability



# Company Award 2015



Mr. Chris Hoong, MD of FEC (Middle) accepted the "2015 Asiamoney Best Managed Company Awards in Hong Kong, Small Cap" in Hong Kong." on September 16, 2015 at the Hong Kong JW Marriott Hotel

AsiaMoney	Best Small Cap Companies 2015
iNova	Corporate Website Bronze Award 2015
IR Magazine	Top 3 in Grand Prix for Overall Investor Relations (small cap)
IR Magazine	Top 3 in Best Investor Relations Officer (small & mid cap)
IR Magazine	Top 3 in Best in Sector: Real Estate
Travel Weekly Asia	Best Regional Hotel Chain award





# **Thank You**

## **Questions & Answers**

**FEC Official WeChat**

