



*(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 2018/19 Annual Results  
Positioning for the Next Growth Phase**

**ANNUAL RESULTS HIGHLIGHTS**

- Revenue grew year-on-year by 17.3% to HK\$6,842 million. All business divisions recorded growth.
- Revenue from the Group's recurring income business grew by 26.3% year-on-year. Hotel revenue grew by 18.2% primarily due to (i) RevPAR growth in Hong Kong; (ii) full year contribution from Dorsett City in London; and (iii) contribution from hotels under Trans World Corporation ("TWC"). Gaming operations started to make contribution to the Group following its acquisition of TWC.
- Net profit attributable to shareholders of the Company was HK\$1,714 million (FY2018: HK\$1,567 million), despite that the gain on disposal of a hotel property amounting to HK\$320 million and the higher-than-usual gross margin of the development in Shanghai in FY2018 were not repeated during the year. These were partly offset by a gain arising from a bargain purchase of TWC during FY2019 and value uplift of the Group's interest in BC Group Holdings Limited ("BCG").
- Pre-sales of residential properties remained robust with cumulative pre-sales value of properties under development amounted to approximately HK\$14.6 billion (HK\$13.4 billion as at 31 March 2018), despite having realized revenue of HK\$3.8 billion during FY2019. The Group's residential development pipeline (including inventories) amounted to HK\$48.1 billion as at 31 March 2019.
- Constructions on a number of significant projects were underway. The Group replenished its land resources in Singapore, Shanghai, Melbourne, Manchester and Sydney.
- Bank and cash balances and investment securities of the Group was at approximately HK\$7.1 billion as at 31 March 2019 (HK\$8.1 billion as at 31 March 2018).
- Net gearing ratio<sup>(i)</sup> was at a healthy 45.4% as at 31 March 2019, despite having incurred investment and acquisitions expenditures during FY2019.

- Earnings per share increased by 7.2% to HK\$0.74 during the year. Full year dividend for FY2019 was maintained at HK\$22.0 cents per share (FY2018: HK\$22.0 cents per share), representing a dividend payout ratio of 30.2%. The Group's dividend policy is to distribute 30% to 40% of net profit subject to anticipated capital expenditures.
- Net asset value<sup>(ii)</sup> per share as at 31 March 2019 grew to approximately HK\$13.29 per share (HK\$12.41 per share as at 31 March 2018), despite the adverse foreign currency movements on overseas investments.
- 12.7 million shares (HK\$52.5 million) were bought back during FY2019. The Group targets up to HK\$200 million of share buyback in FY2020.

(20 June, 2019, Hong Kong) – **Far East Consortium International Limited** (“FEC”, the “Company” or the “Group”, SEHK: 35) is pleased to announce its audited consolidated results for the financial year ended 31 March 2019 (“FY2019”).

The Company's consolidated revenue for FY2019 was approximately HK\$6.8 billion, an increase of 17.3% as compared with FY2018. Gross profit for FY2019 (before depreciation of hotel, car park and gaming assets) came in at HK\$3.0 billion representing a gross margin of 43.9%. Net profit attributable to shareholders of the Company was HK\$1,714 million for FY2019. Excluding the gain on disposal of the hotel, core cash profit for FY2018 would have been approximately HK\$1,329 million, with a 9.6% growth in FY2019. Within core cash profit for FY2019, approximately HK\$815 million was contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment), showing a growth of 32.7% from the HK\$614 million recorded for FY2018. Basic earnings per share increased by 7.2% to HK\$0.74 during the year. Net asset value<sup>(ii)</sup> per share for the Company as at 31 March 2019 was approximately HK\$13.29, showing a year-on-year growth of 7.1%. Including HK\$4.0 cents of interim dividend paid, total full year dividend for FY2019 was maintained at HK\$22.0 cents per share (FY2018: HK\$22.0 cents per share), representing a dividend payout ratio of 30.2%. The Group's dividend policy is to distribute 30% to 40% of net profit subject to anticipated capital expenditures.

Bank and cash balances and investment securities of the Group was approximately HK\$7.1 billion as at 31 March 2019 (HK\$8.1 billion as at 31 March 2018). As at 31 March 2019, the Group's net gearing ratio<sup>(i)</sup> was at 45.4%, the Group's undrawn banking facilities were approximately HK\$9.0 billion which were all committed banking facilities. In addition, a total of 8 hotel assets within the Group were unencumbered as at 31 March 2019, the capital value of which amounted to HK\$5.0 billion based on independent valuation assessed as at 31 March 2019. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

### **Property Development Division**

Revenue from sales of properties amounted to approximately HK\$3,811 million in FY2019, increased by 11.1% as compared with FY2018, as these were more project completion during the year.

During FY2019, the Group launched pre-sales of seven 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; (iv) Hornsey Town Hall in London; (v) Perth Hub in Perth; (vi) Manor Parc in Hong Kong; and (vii) MeadowSide (Plot 5) in Manchester. Having pre-sold residential units worth HK\$5.8 billion during FY2019, total attributable cumulative pre-sales value of the Group's residential properties under development amounted to approximately HK\$14.6 billion as at 31 March 2019 (HK\$13.4 billion as at 31 March 2018), indicating a solid pipeline of revenue together with significant cash inflows as the relevant projects are completed in the coming years.

### **Hotel Operations and Management Division**

Revenue from hotel operations and management amounted to approximately HK\$1,818 million during FY2019, an improvement of 18.2% as compared to FY2018. Hotel market, in particular in Hong Kong, continued its strong growth, while the addition of the newly opened Dorsett City in London (fully operated in February 2018) and the hotels under TWC also contributed to the Group's hotel revenue during 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 61.9% in FY2019, compared to 62.3% in FY2018. Gross profit margin of hotels under Dorsett Group expanded to 63.4% which was driven by better overall hotel average room rate and higher overall occupancy rate. As at 31 March 2019, the Group owns 28 operating hotels with approximately 7,500 rooms, having added a combined 572 rooms to the Group's portfolio through the acquisition of TWC in April 2018, with another 15 hotels in the development pipeline. When all the hotels in the pipeline become operational, the Group will own 43 hotels operating approximately 10,700 rooms.

### **Car Park Operations and Facilities Management**

For FY2019, revenue from car park operations and facilities management amounted to approximately HK\$720 million, an increase of 8.1% as compared to FY2018. This division has been achieving steady growth over the years, with the Group's portfolio under management growing into 494 car parks with approximately 99,143 car parking bays as at 31 March 2019, having added approximately 10,275 car parking bays during FY2019. Of the Group's 494 car parks, 35 were self-owned car parks comprising approximately 10,649 car parking bays, with the remaining 88,494 car parking bays in Australia, New Zealand, the United Kingdom, Hungary and Malaysia under management contracts entered into with third party car park owners, which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

## **Gaming Operations**

FY2019 was the first year 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 Limited ("The Star") which started to generate dividend income. Total revenue from gaming operations (net of gaming tax) was approximately HK\$259 million during the year.

## **Other business**

As an extension of our property development business, the Group established an international mortgage finance platform under the brand of BCG (the "BCG Business"). Assets under management of the BCG Business reached AUD617 million as at 31 March 2019 with an average loan-to-value ratio of 59.3%. Despite its initial stage of development, the BCG Business contributed HK\$36 million to the Group's profit during FY2019 excluding the value uplift of the Group's interest in BCG. Including interest income from funding, total contribution from BCG amounted to HK\$70 million. The Group will enjoy good risk-adjusted return with this investment given the quality of asset backing.

## **Post Balance Sheet Events**

In April 2019, the Group entered into an agreement for the acquisition of a property on Bourke Street in the Central Business District ("CBD") of Melbourne, which is near the Group's West Side Place development, at a consideration of AUD90 million. The property currently has approval to be redeveloped into a residential project with total gross floor area ("GFA") of approximately 940,000 square feet ("sq. ft."). The Group intends to redevelop the property into a residential tower. Completion of the acquisition is subject to the vendor providing vacant possession of the property and certain other obligations the vendor has to fulfill, and is expected to take place before the end of 2019.

**Mr. David CHIU, Chairman and Chief Executive Officer of FEC** said: "FEC's strategic positioning to target the 'Asian 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 maintain steady growth, further enhancing our recurring cash flows for the years ahead. Our car park portfolio will not only grow steadily as it has been for years, but will 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. Our long-term goal is to drive a higher return on equity through our capital structure optimization and capital reallocation initiatives. 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) *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.*

*(ii) Revaluation surplus on hotel assets of approximately HK\$17,838 million was based on independent valuation carried out as at 31 March 2019 (HK\$15,593 million as at 31 March 2018) and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and net gearing ratio.*

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### **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, 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.

#### **FEC official website:**

[www.fecil.com.hk](http://www.fecil.com.hk)

#### **FEC WeChat and Weibo:**

<http://www.weibo.com/u/5703712831>



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