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

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk

(Stock code：35.HK)

FEC Announces Annual Results
Strong Foundation for Future Growth

KEY ACHIEVEMENTS AND FINANCIAL HIGHLIGHTS

- Completed Privatization of Dorsett Hospitality International Limited ("Dorsett").

- Won Queen's Wharf development project.

- Cumulative presales value of properties under development reached a record high of approximately HK$7.5 billion as at 31 March 2016.

- Pipeline of development projects at approximately HK$39 billion as at 31 March 2016.

- Adjusting for hotel revaluation surplus and reflecting the completion of the privatization of Dorsett, net assets attributable to shareholders increased by 8.5% to HK$9.79 per share[i].

- Net gearing ratio was at 37.7%[i] [ii] and total cash and investment securities balances as at 31 March 2016 was at approximately HK$3.8 billion.

- Group achieved better overall gross profit margin of 42.7% (FY2015: 38.1%) driven by better margin on residential development projects.

- Net profit attributable to shareholders amounted to approximately HK$734 million, a decrease of 23.3% over the previous financial year ("FY2015"). Adjusted cash profit amounted[iii] to HK$853 million (FY2015: HK$836 million).

- Basic Earnings per share amounted to HK$0.37. Final dividend maintained at HK$0.13 per share (2015: HK$0.13 per share). The full year dividend was HK$0.16 per share (2015: HK$0.16 per share), representing an increase in dividend payout ratio to 43.2%, reflecting confidence in financial position of the Group.

(24 June 2016, Hong Kong) – Far East Consortium International Limited ("FEC" or the "Group", SEHK: 35) is pleased to announce its audited consolidated results for the financial year ended 31 March 2016 ("FY2016").

The Group recorded revenue of approximately HK$4.0 billion in FY2016. Gross profit for FY2016 was approximately HK$1,706 million. The Group achieved better overall gross profit margin of 42.7% (FY2015: 38.1%) driven by better margin on residential development projects. Net profit attributable to shareholders amounted to approximately HK$734 million. Basic earnings per share amounted to HK$0.37.

The Board has recommended the payment of a final dividend for the year ended 31 March 2016 of HK$0.13 per share (2015: HK$0.13 per share). Including an interim dividend of HK$0.03 per share, the full year dividend will be HK$0.16 per share in total (2015: HK$0.16 per share), representing an increase in dividend payout ratio to 43.2%, reflecting confidence in financial position of the Group.

Adjusted cash profit attributable to shareholders is calculated by adding depreciation and amortisation charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders of the Company amounted to HK$853 million (FY2015: HK$836 million). The figure is adjusted for minority interests.

Adjusting for revaluation surplus on hotel assets of approximately HK$10,732 million as at 31 March 2016 (HK$10,976 million as at 31 March 2015) and following completion of the privatisation of Dorsett, total net asset value of the Group reached approximately HK$20,872 million. Adjusted net asset value per share for the Company as at 31 March 2016 was approximately HK$9.79, representing an increase of 8.5% over the figure as at 31 March 2015.

During the year, the Group obtained a HK$1,350 million 3-year syndicated loan to refinance its CNY1,000,000,000 5.875% bonds due on 4 March 2016 and the general working capital requirements of the Group. The successful refinancing of the bonds reduce the overall finance costs of the Group substantially.

The Group has a favorable liquidity position at approximately HK$3.8 billion. Together with the available undrawn credit facility of HK$5.4 billion, of which approximately HK$3.5 billion were for construction and/or development purposes while the remaining balance of approximately HK$1.9 billion was for the Group's general corporate use, there is a significant war chest to support the growth of the Group. The net gearing ratio of 37.7% reflects the strength of the Group's balance sheet. The undrawn credit facility together with the sales proceeds from the Group's upcoming property development projects places the Group in a good financial position to fund not only its existing business and operations but also further expansion of its business. In addition, a total of 8 hotel assets with the Group were unencumbered, the capital value of which amounted to HK$3.0 billion as at 31 March 2016. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Property Division

The revenue and gross profit from sales of properties amounted to approximately HK$1,979 million and HK$1,002 million respectively in FY2016. Gross profit margin from sales of properties increased to 50.6% in FY2016 compared to 36.7% in FY2015. The increase in gross profit margin was mainly due to the high profit margin in sales of View Pavilion and King's Manor, both in

Shanghai.

In FY2016, the Group acquired two additional residential development sites, namely Shatin Heights in Hong Kong and Alexandra View in Singapore, both of which are currently under planning stage. As at 31 March 2016, 23 active residential property development projects were under various stages of development with total attributable saleable floor area of approximately 6.4 million sq. ft. across its geographical markets. In addition to its development pipeline, the Group has a land bank of approximately 4.8 million sq. ft. of floor area. With a total property development pipeline of approximately 11.2 million sq. ft., the Group's development is poised for continued growth in the coming years.

Total cumulative presales value of HK$7.5 billion and a development pipeline of HK$39 billion indicate a clear visibility of the Group's future potential profitability.

Hotel Operations and Management Division

The revenue from hotel operations and management amounted to approximately HK$1,321 million in FY2016. Gross profit from hotel operations and management amounted to approximately HK$541 million in FY2016, representing a decrease of 21.7% as compared to FY2015, mainly due to the reduction in revenue per available room in the Hong Kong hotels operation which is a major market for the Group's hotel operations and management. Although the hotel industry is facing a challenging environment, the Group's high responsiveness to fluctuations and changes in the markets and tactical strategy has led to an overall increase in occupancy rate in the United Kingdom and stable performance in Mainland China, Malaysia, and Singapore.

As at 31 March 2016, the Group operated 20 owned hotels, with approximately 6,000 rooms. The Group had 12 hotels in the development pipeline, of which two are Ritz Carlton hotels, located in Melbourne and Perth respectively. When all the hotels in the pipeline become operational, the Group will have 32 owned hotels operating more than 9,000 rooms.

Car Park Operations and Facilities Management

The revenue from car park operations and facilities management amounted to approximately HK$623 million in FY2016, an increase of 1.1% as compared to FY2015. Revenue increase as a result of the contribution of newly added car parks, with approximately 4,600 car park bays added to the Group's car park management portfolio during FY2016. Assuming constant exchange rate, revenue from the Group's car park operations increased by 11.5%. Gross profit contribution from car park operations and facilities management decreased by 5.6% to approximately HK$117 million for FY2016 due to a weaker Australian Dollar and Malaysian Ringgit against Hong Kong Dollar.

This business sector has been achieving steady growth over the years, with the Group's portfolio under management growing into 354 car parks with approximately 71,000 car parking bays as at 31 March 2016. During FY2016, we added approximately 4,600 car parking bays, including the acquisition of a car park with 473 car parking bays in New Zealand and another car park with 367 car parking bays in Brisbane, in which the Group has 25% interest.

With this division further expanding its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 46 contracts in relation to facilities management services as at 31 March 2016, it is expected that the car park operations and facilities management business will continue its steady growth.

Completion of Privatisation of Dorsett

The scheme of arrangement for the privatisation of Dorsett became effective on 14 October 2015. The Group is expected to benefit from the successful privatization of Dorsett by way of (1) enhancement of the Group's net asset value; (2) better flexibility in financing capability of the Group; (3) increase in the Company's trading liquidity; (4) elimination of the holding company discount; and (5) savings in some of the overlapped corporate functions.

Queen's Wharf Brisbane

In Australia, the Queen's Wharf Brisbane project is expected to contribute significantly to the recurring income and cash flow stream. The land is expected to be handed over to the Consortium by 2017 with construction anticipated to commence in 2017. The integrated resort component is expected to open by 2022.

Mr. Chris Hoong, Managing Director of the Company said: "The Group will continue to adhere to the regional diversification strategy focusing on "Chinese Wallet". We will seek to take advantage of different property cycles in the different markets. The Group's regional knowledge and local expertise enable it to develop and deliver products that target Asia's rapidly-expanding and increasingly affluent middle class. With the foundation that the Group has laid in the past, we are well-positioned for long-term and sustainable growth and we are ready to embrace the harvest season. Looking ahead, the Group will continue to create long term value and returns for its shareholders through enhancing its net asset value and maintaining its dividend payout policy."

Notes:

(i) Revaluation surplus on hotel assets of approximately HK$10,732 million was based on independent valuation carried out as at 31 March 2016 and was not recognized in the Company's consolidated financial statements, but was adjusted for calculation of net asset value per share and net gearing ratio.

(ii) Net gearing ratio is calculated by dividing total bank loans and bonds less bank and cash balances, and investment securities by the carrying amount of total equity and the unrecognised revaluation surplus on hotel assets.

(iii) Adjusted cash profit is calculated by adding depreciation and amortisation 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.

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About Far East Consortium International Limited

Far East Consortium International Limited was listed on the Hong Kong Stock Exchange in 1972 (HKEx stock code: 35). The Group is mainly engaged in property development and investment, hotel operation and management, as well as car park and facilities management. The Group adopts diversified regional strategy and the "Chinese Wallet" strategy with business covering Hong Kong, Mainland China, Australia, Malaysia, Singapore, the United Kingdom and New Zealand.

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