

# Far East Consortium

## Earnings Update

### The value of diversification

#### The ability to take advantage of different cycles across different markets

FY18 net profit grew by 40% yoy to HK\$ 1.57bn. Full year DPS increased to HK\$ 22 cents in FY18 from HK\$ 18.5 cents in FY17. Revenue grew by 16.5% yoy to HK\$ 5.8bn. Overall GPM increased from 39.8% in FY17 to 45.2% in FY18. The company has a diversified property development portfolio and hotel portfolio in Australia, Singapore, UK&Europe, China, HK and Malaysia and has demonstrated its ability to time different cycles in different markets. In FY18, the company has turned more bullish in Singapore and UK and increased land purchases in light of potential slowdown in other markets. To increase recurring income, the company has also significantly increased its resources in gaming sector. Despite the risks associated with a rising rates environment, we believe the company's ability to weather cycles should be valued.

#### Improving gross margin across all segments

Revenue grew by 16.5% yoy to HK\$ 5.8bn. Overall GPM increased from 39.8% in FY17 to 45.2% in FY18. GPM of property development was boosted by projects in Shanghai and Guangzhou, up to 49.7% from 43.3%. It could be difficult to maintain such a high development margin as contribution from China projects could gradually decrease. GPM of hotel operations improved from 39.6% in FY17 to 42% in FY18, thanks to a strong improvement in RevPAR (+12.4% yoy).

#### HK\$ 13.4bn of unbooked presale & HK\$ 32.7bn of saleable resource

We estimate FY18 contracted sales was HK\$ 5.6bn. As of Mar-18, FEC has HK\$13.4bn unbooked presale. Within this, HK\$ 5.8bn will be delivered in FY19/20 compared to a HK\$ 3.4bn development segment revenue. On the other hand, FEC has over HK\$ 32.7bn of saleable resource (including projects acquired after Mar-18) planning to launch in the next 5 years. Most importantly, FEC has increased exposures in UK and Singapore to take advantage of a relatively low land price there. From Apr-Jun 2018 it acquired three pieces of lands in Singapore with attributable sellable value of HK\$5.0bn. It further expanded its land in Northern Gateway, Manchester with total attributable sellable value of HK\$10.7bn in Manchester. These land resources could provide a buffer in light of potential market slowdown in other major markets.

#### Gaming sector increasingly important

In FY18, FEC has significantly increased resources in gaming sector. This is part of the company's strategy to capture the booming tourism in Australia. Apart from the 25% stake in Queen's Wharf Brisbane (open in FY22), FEC acquired 4.99% stake in its long-time partner in Australia The Star in Mar-18 which may give it more opportunities to participate in other projects in Australia. FEC also acquired Trans World Corporation to gain expertise in gaming operations.

#### Price target upgrade to HK\$5.69 (23% upside); hidden gem with deep NAV discount

Sufficient saleable resource in diversified markets and relatively low gearing are reasons that we maintain 'Buy' for FEC. We upgrade our PT to HK\$5.69 from HK\$5.34 to reflect newly acquired development projects and improved RevPAR. Our PT is derived by using sum-of-the-parts method. Current share price implies a 62% discount to our estimated Mar-19 Net Asset Value (NAV).

Stock code: 35.HK

Rating: Buy

Price target (HK\$)	5.69
Previous Price target (HK\$)	5.34
Current price (HK\$, 27 Jun 2018)	4.62
Upside/downside %	23%
Market cap (HK\$ m)	10,611
Market cap (US\$ m)	1,360
Avg daily turnover (HK\$ m)	4.98

Source: Bloomberg, AMTD estimates

#### Key forecasts

(HK\$ m)	FY17	FY18	FY19e	FY20e
Net profit	1,118	1,569	1,590	1,671
yoy %	52%	40%	1%	5%
Revenue	5,005	5,831	6,372	10,388
yoy %	25%	16%	9%	63%
EBITDA	2,051	2,717	2,854	2,937
Net gearing	31%	29%	29%	20%
EPS	0.51	0.70	0.70	0.74
BPS	4.82	5.72	6.19	6.67
DPS	0.18	0.22	0.23	0.26

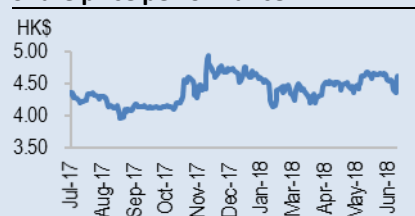
Source: Company data, AMTD estimates

#### Valuation

(HK\$ m)	FY17	FY18	FY19e	FY20e
P/E (x)		6.8	6.7	6.3
P/BV (x)		0.81	0.75	0.69
Div yield		4.8%	5.0%	5.6%
ROE	10.7%	13.2%	11.8%	11.5%
ROA	4.1%	5.0%	4.3%	3.9%

Source: Bloomberg, AMTD estimates

#### Share price performance



Source: Bloomberg

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Figure 1: FY18 results vs forecast

P&L, HK\$ m	FY16	FY17	FY18	FY18e	Actual vs forecast %	FY18 YoY %
<b>Revenue</b>	<b>3,995</b>	<b>5,005</b>	<b>5,831</b>	<b>5,908</b>	<b>-1%</b>	<b>16%</b>
Property development	1,971	2,937	3,431	3,416	0%	17%
Hotel	1,285	1,309	1,538	1,655	-7%	17%
Car park	623	641	666	674	-1%	4%
Property investment	59	55	66	64	3%	20%
Others	58	64	130	100	30%	105%
Cost of sales and services	(1,990)	(2,709)	(2,855)	(3,020)	-5%	5%
Depreciation and amortisation of hotel and car park assets	(299)	(307)	(342)	(329)	4%	12%
<b>Gross profit</b>	<b>1,706</b>	<b>1,990</b>	<b>2,634</b>	<b>2,558</b>	<b>3%</b>	<b>32%</b>
Property development	1,002	1,272	1,705	1,602	6%	34%
Hotel	541	518	645	717	-10%	25%
Car park	117	114	122	119	2%	7%
Leasing and others	46	86	162	119	35%	87%
Other income	23	25	32	0		
Other gains and losses	181	368	505	486	4%	37%
Administrative expenses	(598)	(584)	(661)	(602)	10%	13%
Selling and marketing expenses	(105)	(46)	(128)	(118)	8%	176%
<b>EBIT</b>	<b>1,206</b>	<b>1,744</b>	<b>2,375</b>	<b>2,325</b>	<b>2%</b>	<b>36%</b>
Finance costs	(228)	(173)	(229)	(284)	-19%	32%
<b>Profit before tax</b>	<b>979</b>	<b>1,567</b>	<b>2,156</b>	<b>2,041</b>	<b>6%</b>	<b>38%</b>
Income tax expense	(221)	(434)	(571)	(551)	4%	32%
<b>Profit for the year</b>	<b>758</b>	<b>1,133</b>	<b>1,585</b>	<b>1,490</b>	<b>6%</b>	<b>40%</b>
Minority interest	24	15	17	17	0%	10%
<b>Attributable net profit</b>	<b>734</b>	<b>1,118</b>	<b>1,569</b>	<b>1,473</b>	<b>6%</b>	<b>40%</b>
Tax rate	22.6%	27.7%	26.5%	27.0%		-4%
Adjusted cash profit	853	1,157	1,643			42%
Dividend payout ratio	47%	37%	32%	33%		
DPS		0.18	0.22	0.22	1%	
EPS		0.51	0.70	0.66	6%	

Source: Company data, AMTD estimates

Figure 2: FEC key ratios

Ratios	FY16	FY17	FY18	FY19e	FY20e
Gross margin	43%	40%	45%	47%	30%
Gross debt	11,669	13,270	16,366	15,989	14,989
Net debt	7,931	7,654	8,280	8,545	6,128
EBIT	1,206	1,744	2,375	2,498	2,581
EBITDA	1,505	2,051	2,717	2,854	2,937
Gearing ratio ex. Hotel revaluation gains (x)	78%	71%	64%	61%	41%
Gearing ratio (x)	38%	31%	29%	29%	20%
Net debt/EBITDA (x)	5.3	3.7	3.0	3.0	2.1
EBITDA cover (x)	6.6	11.8	11.9	9.7	11.1
Selling and marketing expense % of revenue	2.6%	0.9%	2.2%	2.0%	1.5%
Admin expense % of revenue	15%	12%	11%	11%	7%
Avg interest cost	3.5%	2.6%	3.5%	3.5%	3.5%
ROA	3.0%	4.1%	5.0%	4.3%	3.9%
ROE	7.6%	10.7%	13.2%	11.8%	11.5%

Source: Company data, AMTD estimates

**Figure 3: Profit & loss forecast**

HK\$ m					
P&L	FY16	FY17	FY18	FY19e	FY20e
<b>Revenue</b>	<b>3,995</b>	<b>5,005</b>	<b>5,831</b>	<b>6,372</b>	<b>10,388</b>
Property development	1,971	2,937	3,431	3,678	7,600
Hotel	1,285	1,309	1,538	1,796	1,845
Car park	623	641	666	700	735
Property investment	59	55	66	69	79
Others	58	64	130	130	130
Cost of sales and services	(1,990)	(2,709)	(2,855)	(3,011)	(6,621)
Depreciation and amortisation of hotel and car park assets	(299)	(307)	(342)	(356)	(357)
<b>Gross profit</b>	<b>1,706</b>	<b>1,990</b>	<b>2,634</b>	<b>3,005</b>	<b>3,131</b>
Property development	1,002	1,272	1,705	1,928	1,972
Hotel	541	518	645	786	852
Car park	117	114	122	128	135
Leasing and others	46	86	162	164	172
Other income	23	25	32	0	0
Other gains and losses	181	368	505	300	300
Administrative expenses	(598)	(584)	(661)	(680)	(694)
Selling and marketing expenses	(105)	(46)	(128)	(127)	(156)
<b>EBIT</b>	<b>1,206</b>	<b>1,744</b>	<b>2,375</b>	<b>2,498</b>	<b>2,581</b>
Finance costs	(228)	(173)	(229)	(294)	(264)
<b>Profit before tax</b>	<b>979</b>	<b>1,567</b>	<b>2,156</b>	<b>2,204</b>	<b>2,317</b>
Income tax expense	(221)	(434)	(571)	(595)	(626)
<b>Profit for the year</b>	<b>758</b>	<b>1,133</b>	<b>1,585</b>	<b>1,609</b>	<b>1,691</b>
Minority interest	24	15	17	18	20
<b>Attributable net profit</b>	<b>734</b>	<b>1,118</b>	<b>1,569</b>	<b>1,590</b>	<b>1,671</b>
Tax rate	22.6%	27.7%	26.5%	27.0%	27.0%
Adjusted cash profit	853	1,157	1,643	1,946	2,028
Dividend payout ratio	47%	37%	32%	33%	35%
DPS	0.16	0.18	0.22	0.23	0.26
EPS	0.37	0.51	0.70	0.70	0.74

Source: Company data, AMTD estimates

**Figure 4: Balance sheet forecast**

<b>Balance sheet, HK\$ m</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19e</b>	<b>FY20e</b>
<b>Non-current Assets</b>	<b>12,460</b>	<b>12,509</b>	<b>13,807</b>	<b>14,018</b>	<b>14,290</b>
Investment properties	3,304	3,002	3,229	3,472	3,799
Property, plant and equipment	7,720	7,482	8,175	8,143	8,088
Prepaid lease payments	522	486	519	519	519
Goodwill	68	68	68	68	68
Others	845	1,470	1,816	1,816	1,816
<b>Current Assets</b>	<b>13,701</b>	<b>15,891</b>	<b>20,682</b>	<b>25,830</b>	<b>31,730</b>
Properties for sale	8,640	9,170	11,243	17,034	21,517
Completed properties	584	280	1,148	1,148	1,148
Properties for/under development	8,056	8,890	10,095	15,886	20,368
Debtors, deposits and prepayments	527	375	523	523	523
Deposits receivable from stakeholders	587	252	513	513	513
Investment securities	1,218	1,466	3,506	3,506	3,506
Pledged deposits	25	25	18	18	18
Restricted bank deposits	162	268	1,548	1,548	1,548
Bank balances and cash	2,358	3,882	3,032	2,389	3,807
Others	183	452	300	300	300
<b>Total assets</b>	<b>26,161</b>	<b>28,400</b>	<b>34,489</b>	<b>39,849</b>	<b>46,020</b>
<b>Current Liabilities</b>	<b>6,471</b>	<b>6,181</b>	<b>10,283</b>	<b>14,936</b>	<b>21,001</b>
Creditors and accruals	829	889	1,725	1,725	1,725
Customers' deposits received	2,460	2,110	1,937	6,590	12,655
Obligations under finance leases	3	4	6	6	6
Tax payable	183	359	361	361	361
Bank borrowings	2,933	2,755	5,286	5,286	5,286
Bonds	-	-	908	908	908
Others	63	64	60	60	60
<b>Non-current Liabilities</b>	<b>9,422</b>	<b>11,275</b>	<b>11,062</b>	<b>10,685</b>	<b>9,685</b>
Bank borrowings	7,863	7,376	6,662	7,162	5,662
Obligations under finance leases	5	8	12	12	12
Amounts due to shareholders of non-wholly owned subsidiaries	247	247	269	269	269
Bonds	868	3,131	3,499	2,622	3,122
Derivative financial instruments	77	119	37	37	37
Deferred tax liabilities	362	395	583	583	583
<b>Total liabilities</b>	<b>15,893</b>	<b>17,456</b>	<b>21,345</b>	<b>25,621</b>	<b>30,686</b>
<b>Equity</b>					
Share capital	213	224	230	230	230
Share premium	3,731	4,034	4,298	4,298	4,298
Reserves	6,196	6,534	8,443	9,508	10,595
<b>Shareholder's equity</b>	<b>10,140</b>	<b>10,792</b>	<b>12,971</b>	<b>14,036</b>	<b>15,122</b>
Minority interest	127	152	173	191	212
<b>Total equity</b>	<b>10,267</b>	<b>10,944</b>	<b>13,144</b>	<b>14,228</b>	<b>15,334</b>
Hotel revaluation surplus	10,732	13,354	15,593	15,593	15,593
Adjusted shareholder's equity	20,999	24,298	28,737	29,821	30,927

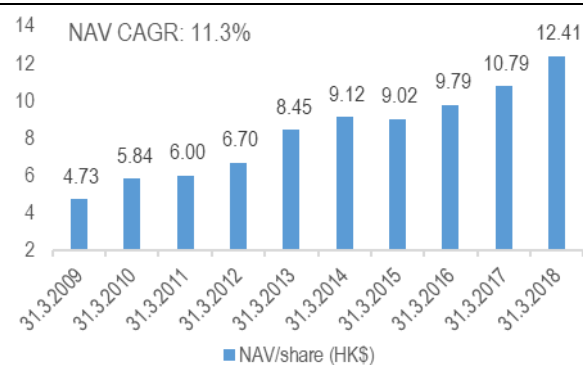
Source: Company data, AMTD estimates

**Figure 5: FEC price target derivation**

HK\$ m	NAV per share (HK\$)	Multiple applied	Target valuation	Valuation per share (HK\$)
Property development	10.76	55% discount	10,322	4.84
Hotel	4.34	15% discount	8,322	3.90
Car parks	0.35	9.3x PE	742	0.35
Property investment	0.75	20% discount	1,279	0.60
<b>Total valuation</b>	<b>16.20</b>	<b>0</b>	<b>20,664</b>	<b>9.69</b>
Net debt	(4.01)	0	(8,545)	-4.01
<b>Net valuation (Mar-19)</b>	<b>12.19</b>		<b>12,119</b>	<b>5.69</b>
<b>Price target (Mar-19)</b>				<b>5.69</b>
Current share price (HK\$, 27 June 2018)				4.62
<b>Implied upside</b>				<b>0.23</b>
<b>Share price discount to NAV</b>				<b>62%</b>

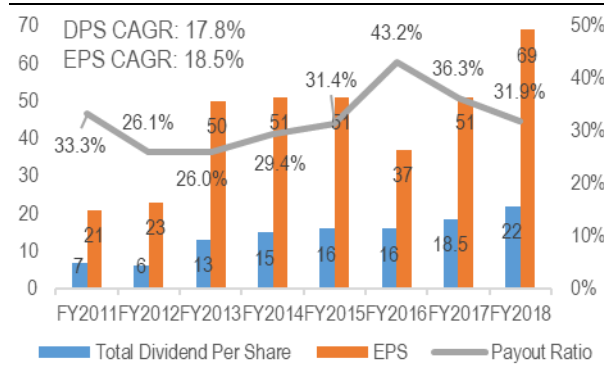
Source: AMTD Equity Research estimates

**Figure 6: Consistent NAV creation**



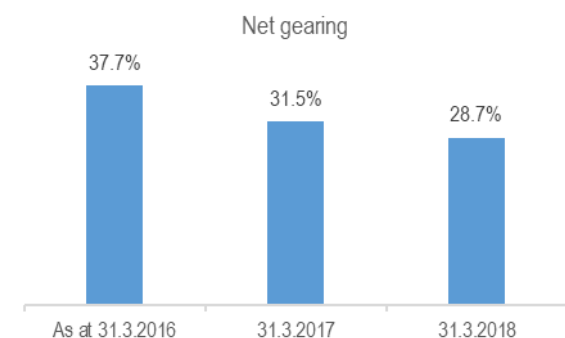
Source: Company data

**Figure 7: Consistent dividend growth**



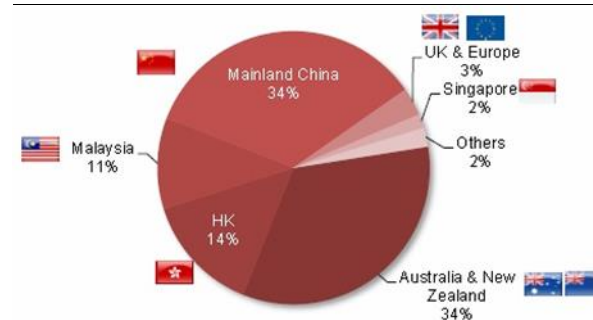
Source: Company data

**Figure 8: Net gearing**



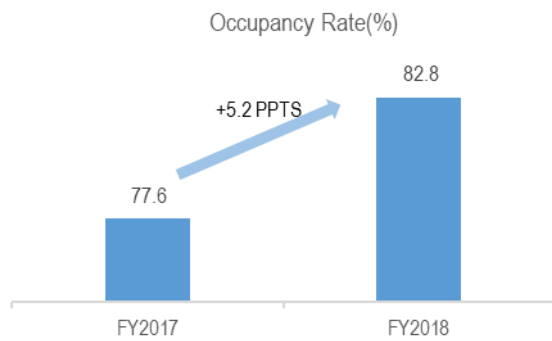
Source: Company data; Note: Net gearing ratio is calculated by dividing total bank loans, notes and bonds less bank and cash balances, and investment securities by the carrying amount of total equity and the unrecognized revaluation surplus on hotel assets. Adjusted for post year-end acquisitions, the Group's net gearing ratio would reach low 40%.

**Figure 9: Total revenue by geography**



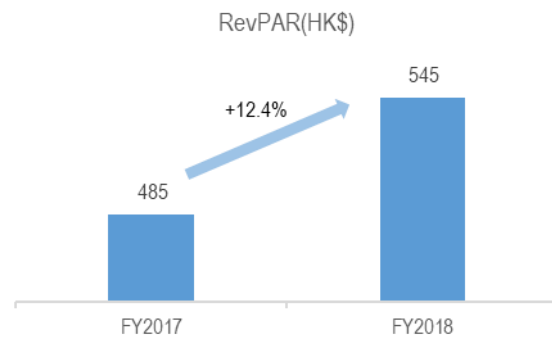
Source: Company data; Note: As at 31 Mar 2018, adjusted for hotel revaluation surplus.

**Figure 10: Hotel occupancy rate**



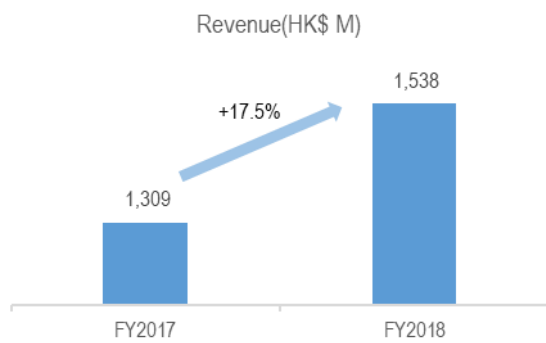
Source: Company data

**Figure 11: Solid RevPAR growth**



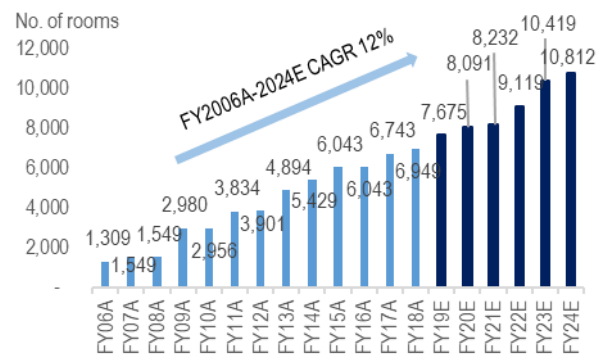
Source: Company data

**Figure 12: Hotel revenue**



Source: Company data

**Figure 13: Number of hotel rooms**



Source: Company data

**Figure 14: Property development – significant pipeline in place**

Projects completed	Land Replenishment	New Launches		
The FIFTH, Melbourne	Perth: Perth City Link Lots 3B, 6 and 7 (Preferred Proponent)	Apr 2017	Artra	Singapore
Royal Crest II, Shanghai		May 2017	Marin Point	Hong Kong
Dorsett Bukit Bintang, Kuala Lumpur	Manchester: Northern Gateway	Jun 2017	West Side Place (Tower 4)	Melbourne
Royal Riverside, Guangzhou (Towers 1 to 4)*		Jun 2017	Royal Riverside (Tower 3)	Guangzhou
# Partially completed with remaining units to be delivered in FY2019.	Singapore: Holland Road Site	Sept 2017	The Star Residences	Gold Coast
		Oct 2017	MeadowSide (Plots 2&3)	Manchester
		Dec 2017	Astoria Crest	Hong Kong

Source: Company data

Figure 15: Strong pipeline for property development

Projects under presale @31.3.2018		Location	Cumulative presales (HK\$ M)	Expected attr. SFA <sup>(1)</sup> (sq. ft.)	Expected attr. GDV <sup>(1)</sup> (HK\$ M)	Expected Completion <sup>(2)</sup>	Cumulative presale as % of GDV
1	Aspen Crest	Hong Kong	1,060	64,000	1,060	FY2019	100%
2	The Towers at Elizabeth Quay	Perth	2,030	391,000	2,876	FY2019/20	71%
3	West Side Place (Towers 1 and 2)	Melbourne	5,072	1,050,000	5,658	FY2021	90%
4	West Side Place (Tower 4)	Melbourne	1,751	572,000	2,928	FY2022/23	60%
5	Artra <sup>(3)</sup>	Singapore	1,753	286,000	2,812	FY2021	62%
6	Marin Point	Hong Kong	212	103,000	1,078	FY2019	20%
7	The Star Residences <sup>(4)</sup>	Gold Coast	333	98,000	539	FY2022	62%
8	MeadowSide (Plots 2 and 3)	Manchester	277	220,000	1,019	FY2021	27%
9	Astoria Crest	Hong Kong	370	20,000	420	FY2019	88%
10a	Royal Riverside (Towers 1,2,3 & 4) <sup>(5)</sup>	Guangzhou	516	254,000	870	FY2019	59%
<b>Total presales value</b>			<b>13,374</b>	<b>3,058,000</b>	<b>19,260</b>		<b>69%</b>
Other active development pipeline		Location	Expected presale launch time <sup>(2)</sup>	Expected attr. SFA <sup>(1)</sup> (sq. ft.)	Expected attr. GDV <sup>(1)</sup> (HK\$ M)	Expected completion <sup>(2)</sup>	
10b	Royal Riverside (Tower 5)	Guangzhou	FY2019	207,000	817	FY2019	
11	MeadowSide (Plot 4)	Manchester	Planning	238,000	1,223	Planning	
12	MeadowSide (Plot 5)	Manchester	FY2020	99,000	449	FY2021	
13	Tan Kwai Tsuen	Hong Kong	FY2019	48,000	532	FY2019	
14	The Garrison	Hong Kong	FY2019	27,000	573	FY2019	
15	Shatin Heights	Hong Kong	FY2020	81,000	1,292	FY2021	
16	West Side Place (Tower 3)	Melbourne	FY2019	584,000	2,919	FY2022/23	
17-19	Queen's Wharf <sup>(6)</sup>	Brisbane Tower 4 Tower 5 Tower 6	FY2019	259,000	1,115	FY2023	
	Planning		224,000	1,131	Planning		
	Planning		224,000	1,131	Planning		
20	Perth City Link - (Lot 2 and 3A)	Perth	FY2019	224,000	847	FY2023	
21	Alpha Square	London	FY2019	377,000	4,546	FY2024	
22	Hornsey Townhall	London	FY2019	107,000	1,025	FY2021	
23	Northern Gateway <sup>(7)</sup>	Manchester	Planning	1,768,000	7,393	Planning	
<b>Subtotal (pipeline)</b>				<b>4,467,000</b>	<b>24,993</b>		
<b>Total (presales + pipeline)</b>				<b>7,525,000</b>	<b>44,253</b>		
<b>Completed development available for sale</b>							
1	King's Manor	Shanghai		51,000	340		
2	The Royal Crest II	Shanghai		80,000	454		
3	Dorsett Bukit Bintang	Kuala Lumpur		50,000	215		
4	The FIFTH <sup>(8)</sup>	Melbourne		23,000	99		
5	Hong Kong projects	Hong Kong		3,000	66		
<b>Subtotal (completed development)</b>				<b>207,000</b>	<b>1,174</b>		
<b>Total (presales + pipeline + inventory) as at 31.3.2018</b>				<b>7,732,000</b>	<b>45,427</b>		
<b>Additional pipeline post 31.3.2018</b>							
1	Holland Road <sup>(9)</sup>	Singapore	Planning	192,000	3,275	Planning	
2	Northern Gateway <sup>(7)</sup>	Manchester	Planning	396,000	1,637	Planning	
3	Cuscaden Road <sup>(10)</sup>	Singapore	Planning	19,000	408	Planning	
4	21 Anderson Road	Singapore	Planning	86,000	1,277	Planning	
<b>Subtotal (additional pipeline post 31.3.2018)</b>				<b>693,000</b>	<b>6,597</b>		
<b>Total (presales + pipeline + inventory) as at 26.6.2018</b>				<b>8,425,000</b>	<b>52,024</b>		

Source: Company data

Figure 16: Hotel portfolio

	City	Description	Rooms	Capital Value @ 31.3.2018 (HK\$ M)	Book Value @ 31.3.2018 (HK\$ M)	Revaluation Surplus (HK\$ M)	
<b>Hotels in operation</b>							
<b>Hong Kong</b>							
1	Dorsett Wanchai	Hong Kong	Near Wanchai and Causeway Bay	454	3,595	327	3,268
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	1,000	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
<b>Malaysia</b>							
10	Dorsett Kuala Lumpur	Kuala Lumpur	Heart of Kuala Lumpur's Golden Triangle	322	473	115	358
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	330	90	249
13	Silka Maytower Hotel & Serviced Residences	Kuala Lumpur	Central Kuala Lumpur	179	188	172	(8)
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	80	n/a	n/a	n/a
<b>Mainland China</b>							
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
<b>Singapore</b>							
20	Dorsett Singapore	Singapore	Singapore's CBD	285	1,535	583	952
<b>United Kingdom</b>							
21	Dorsett Shepherds Bush	London	Close to Westfield Shopping Centre and Olympia Exhibition Centres	317	995	495	500
22	Dorsett City, London	London	Situated above the Aldgate tube station	267	1,287	623	664
<b>Australia</b>							
23	Sheraton Mirage (25% stake)	Gold Coast	Beach front property complementing Queen's Wharf Brisbane	295	n/a	n/a	n/a
<b>Subtotal of hotels in operation</b>				<b>6,949</b>	<b>22,452</b>	<b>7,033</b>	<b>15,419</b>
<b>Owned hotels under development</b>							
24	Dorsett Zhongshan <sup>(1)</sup>	Zhongshan	Heart of business district	416	275	101	174
25	Dorsett Shepherd's Bush II	London	Close to Westfield Shopping Centre and Earls Court	74	120	120	-
26-29	Destination Brisbane Consortium (25% stake)	Brisbane	4 world class hotels including Dorsett and Rosewood	991	n/a	n/a	n/a
30	Alpha Square	London	Mixed-used development including residential units and retail unit	231	n/a	n/a	n/a
31	Ritz Carlton Hotel	Melbourne	Occupies the top 18 floors of the West Side Place (Tower 1)	257	n/a	n/a	n/a
32	Dorsett Melbourne	Melbourne	At Tower 3 of West Side Place	312	n/a	n/a	n/a
33	Ritz Carlton Hotel	Perth	Part of the iconic luxury chain of Ritz-Carlton hotels and resorts	205	n/a	n/a	n/a
34	Dorsett at Perth City Link	Perth	n/a	268	n/a	n/a	n/a
35	Dorsett Gold Coast (33% stake)	Gold Coast	JV with the Star ad CTF	318	n/a	n/a	n/a
36	Sri Jati Services Apartment	Kuala Lumpur	n/a	154	n/a	n/a	n/a
37	Hornsey Town Hall	London	Boutique hotel at Hornsey Townhall, North London	67	n/a	n/a	n/a
<b>Total as at 31.3.2018 (including pipeline hotels)</b>				<b>10,240</b>	<b>22,847</b>	<b>7,254</b>	<b>15,593</b>
38	Hotel Columbus <sup>(2)</sup>	Germany	4-star rated in Seligenstadt	117	n/a	n/a	n/a
39	Hotel Freizeit Auefeld <sup>(2)</sup>	Germany	4-star rated in Hann Münden	93	n/a	n/a	n/a
40	Hotel Kranichhöhe <sup>(2)</sup>	Germany	3-star rated in Much, to be upgraded to 4-star in FY2019	107	n/a	n/a	n/a
41	Hotel Donauwelle <sup>(2)</sup>	Austria	4-star rated in Linz	178	n/a	n/a	n/a
42	Hotel Savannah <sup>(2)</sup>	Czech Republic	4-star rated at Czech-Austrian Border, adjacent to Route 59	79	n/a	n/a	n/a
<b>Total hotels (including pipeline hotels and hotels acquired post 31.3.2018)</b>				<b>10,812</b>	<b>22,847</b>	<b>7,254</b>	<b>15,593</b>

Source: Company data



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<b>Buy</b>	Stock with potential return of over 20% over the next 12 months
<b>Hold</b>	Stock with potential return of -20% to +20% over the next 12 months
<b>Sell</b>	Stock with potential loss of over 20% over the next 12 months

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I, Michelle Li, hereby certify that (i) all of the views expressed in this research report reflect accurately my personal views about the subject company or companies and its or their securities; and (ii) no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

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