FEC遠東發展

ANNUAL REPORT 2018

BUILDING VALUE

遠東發展有限公司

Far East Consortium International Limited

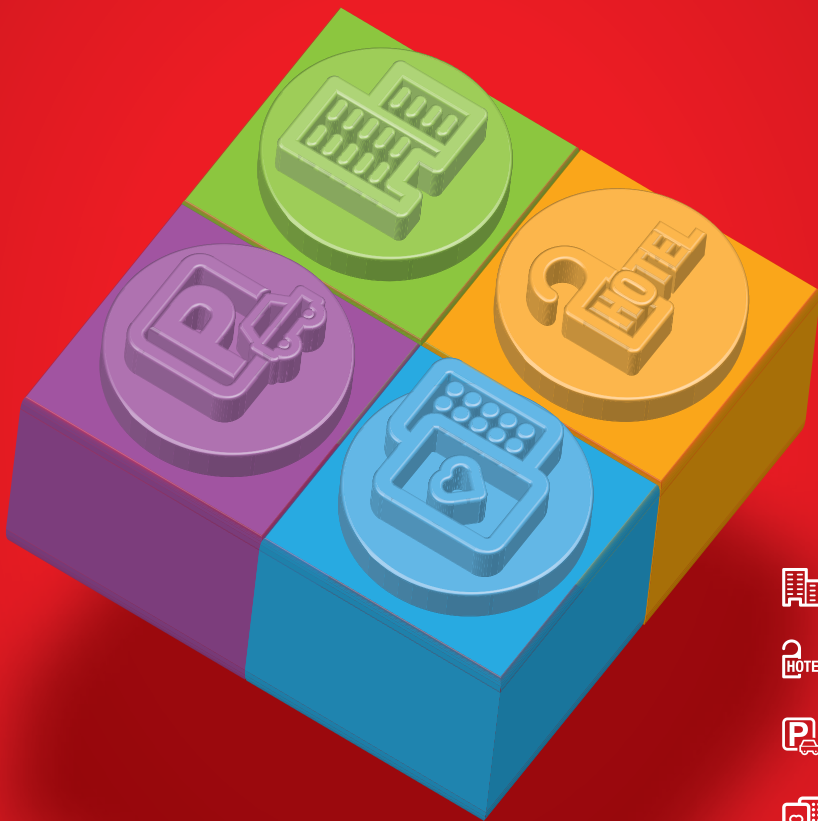
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 035

CORE STRATEGY

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

The Star Residences Gold Coast



PROPERTY DEVELOPMENT

HOTEL OPERATIONS

CAR PARK OPERATIONS AND FACILITIES MANAGEMENT

GAMING AND ENTERTAINMENT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)
Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B.ENG. (CIVIL)

Independent Non-Executive Directors

Kwok Wai CHAN
Peter Man Kong WONG, J.P.
Kwong Siu LAM

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)
Peter Man Kong WONG
Kwong Siu LAM

NOMINATION COMMITTEE

David CHIU (Chairman)
Kwok Wai CHAN
Peter Man Kong WONG
Kwong Siu LAM

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)
David CHIU
Peter Man Kong WONG

EXECUTIVE COMMITTEE

David CHIU
Cheong Thard HOONG
Dennis CHIU
Craig Grenfell WILLIAMS
Ka Pong CHAN

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Ka Pong CHAN

COMPANY SECRETARY

Ka Pong CHAN

AUTHORISED REPRESENTATIVES

David CHIU
Ka Pong CHAN

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
Reed Smith Richards Butler
Maples and Calder
HWL Ebsworth Lawyers
Lo & Lo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited
Wing Lung Bank, Limited

Malaysia

Public Bank Berhad
OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad
Oversea-Chinese Banking Corporate Limited
The Bank of East Asia, Limited, Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited

Australia

Australia and New Zealand Banking Group Limited
Bank of China Limited
Bank of Western Australia
Commonwealth Bank of Australia Limited
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Westpac Banking Corporation

Mainland China

China Construction Bank Corporation
Dah Sing Bank (China) Limited
HSBC Bank (China) Company Limited
Industrial and Commercial Bank of China Limited
Public Bank (Hong Kong) Limited
Shanghai Pudong Development Bank
Wing Lung Bank Limited

United Kingdom

Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

P.O. Box 1043, Whitehall House,
238 North Church Street,
George Town,
Grand Cayman KY1-1102,
Cayman Islands

PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
3.75% USD Medium Term Notes 2021 (Code: 4310)
4.5% USD Medium Term Notes 2023 (Code: 5011)
The Stock Exchange of Hong Kong Limited

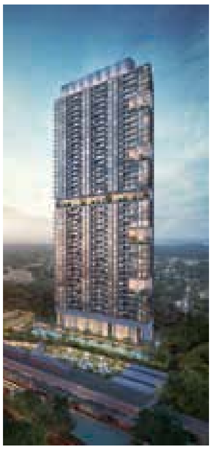
WEBSITE

http://www.fecil.com.hk

MAJOR EVENTS OF FINANCIAL YEAR 2018

APRIL 2017

Artra at Singapore launched



The Group was selected to work with the Manchester City Council in the United Kingdom to jointly deliver the Northern Gateway development project. This project will deliver more than 15,000 new homes over the next decade

SEPTEMBER 2017

The Star Residences at Gold Coast, Australia launched

Care Park, a subsidiary of the Group, was awarded as the Parking Organisation of the Year in the 2017 Parking Industry Awards organised by Parking Australia and Care Park is also the first company in Australia to achieve the Accredited Operator Scheme (AOS) accreditation launched by Parking Australia

MAY 2017

Silka West Kowloon, Hong Kong was sold at HK$450 million realizing a gain of approx. HK$320 million

Marin Point at Sha Tau Kok, Hong Kong launched

JUNE 2017

The Group was selected as a preferred proponent to develop Lots 3B, 6 and 7 of Perth City Link in Perth, Australia

West Side Place (Tower 4) at Melbourne, Australia launched

MeadowSide (Plots 2&3) at Manchester, UK launched

The Group acquired a portfolio of 6 car parks with approximately 1,400 parking spaces in Budapest, Hungary at the consideration of EUR21 million

The Group acquired a plot of land for the Northern Gateway development project in the UK

Astoria Crest at Sham Shui Po, Hong Kong launched

DECEMBER 2017

OCTOBER 2017

MARCH 2018

The Group was awarded the tender for a property at Holland Road in Singapore

The Group entered into an agreement to acquire TWOC, which is mainly engaged in hotel and gaming operations in the Czech Republic, Germany and Austria

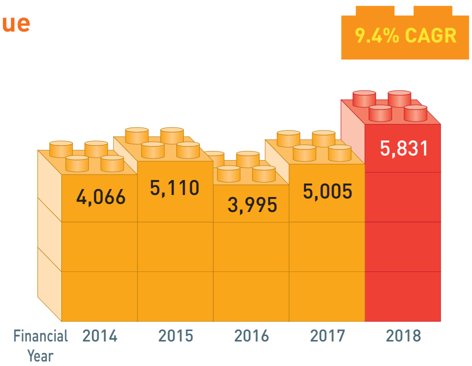
The Group entered into a strategic alliance with The Star, one of the largest gaming operators in Australia, and CTF

STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

	For the financial year ended 31 March					
	2014	2015	2016	2017	2018	CAGR
Revenue (HK$m)	4,066	5,110	3,995	5,005	5,831	9.4%
Gross profit (HK$m)	1,553	1,946	1,706	1,990	2,634	14.1%
Net profit attributable to shareholders (HK$m)	914	957	734	1,118	1,567	14.4%
Adjusted cash profit[1] (HK$m)	890	836	853	1,157	1,643	16.6%
Adjusted cash profit[1] margin	21.9%	16.4%	21.4%	23.1%	28.2%	n/a
Total dividend (HK cents)	15.0	16.0	16.0	18.5	22.0	10.0%

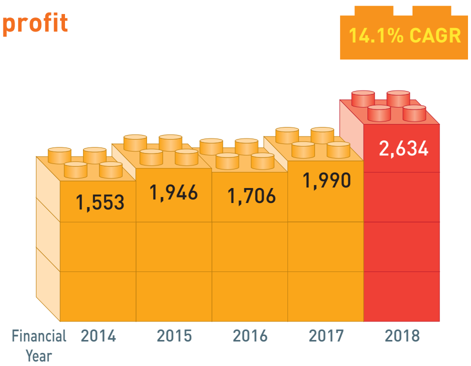
Revenue

(HK$m)



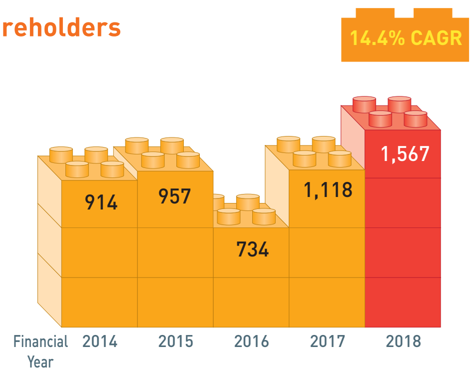
Gross profit

(HK$m)



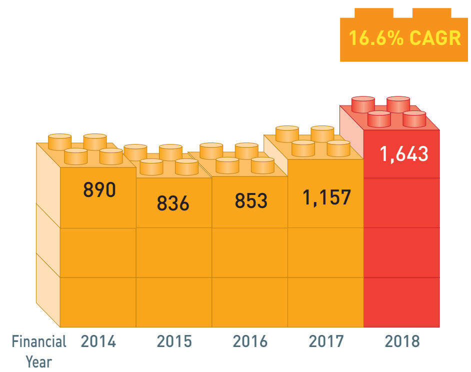
Net Profit Attributable to Shareholders

(HK$m)

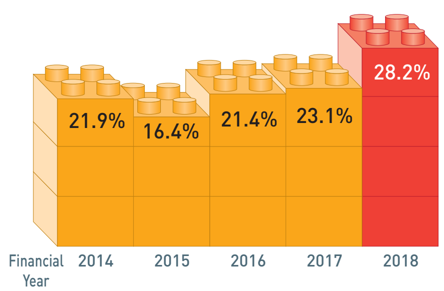


Adjusted Cash Profit[1]

(HK$m)

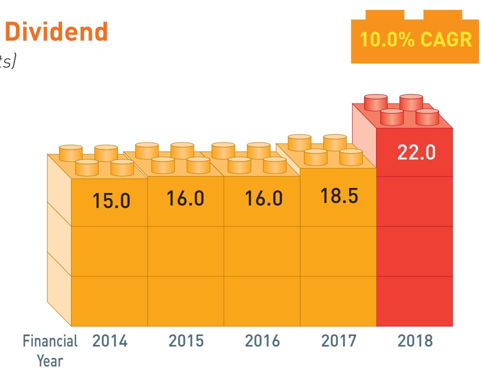


Adjusted Cash Profit[1] Margin



Total Dividend

(HK cents)



Note

(1) 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. The amount is adjusted for minority interests.

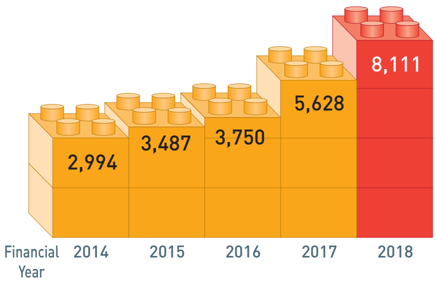
STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	As at 31 March					
	2014	2015	2016	2017	2018	CAGR
Cash balance and investment securities (HK$m)	2,994	3,487	3,750	5,628	8,111	28.3%
Current ratio	1.64	1.67	2.12	2.57	2.01	n/a
Net gearing ratio[1]	32.7%	29.8%	37.7%	31.5%	28.7%	n/a
Total assets (HK$m)	21,986	22,216	26,160	28,400	34,489	11.9%
Adjusted net assets value attributable to shareholders[2] (HK$m)	16,864	17,263	20,872	24,146	28,564	14.1%
Adjusted net assets value per share[2] (HK$)	9.12	9.02	9.79	10.79	12.41	8.0%

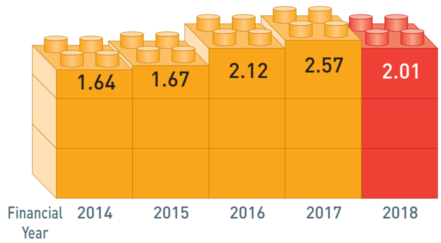
Cash Balance and Investment Securities

28.3% CAGR

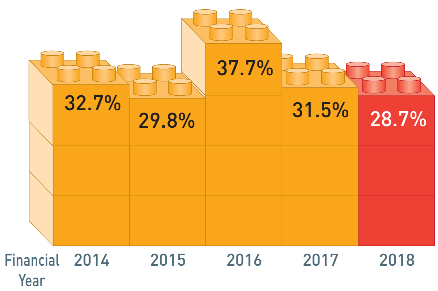
(HK$m)



Current Ratio



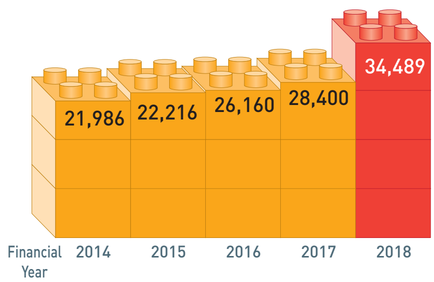
Net Gearing Ratio [1]



Total Assets

(HK$m)

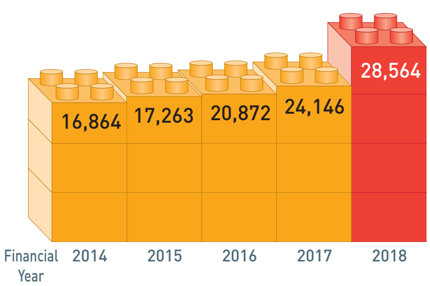
11.9% CAGR



Adjusted Net Assets Value Attributable To Shareholders [2]

14.1% CAGR

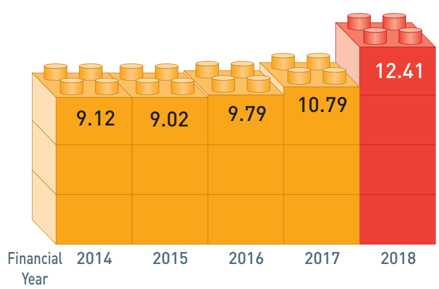
(HK$m)



Adjusted Net Assets Value Per Share [2]

8.0% CAGR

(HK$)



Note

(1) 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 unrecognised revaluation surplus on hotel assets.

(2) Adjusted for hotel revaluation surplus.

FROM STRENGTH TO STRENGTH

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

During the current financial year, the Group experienced continuous growth by implementing a series of effective business strategies. Specifically, the Group's four property development projects in Shanghai, Kuala Lumpur, Melbourne and Guangzhou, have completed construction and contributed their share to the Group's earnings. The Group also recorded satisfactory sales from its seven new property development projects launched successively in Manchester, Hong Kong, Melbourne, Gold Coast, Singapore and Guangzhou. In addition, the Group replenished its land bank in Perth, Manchester and Singapore to meet its future development needs. We sustained our "Dual-Engine" strategy by securing business growth and quick turnover in our property development, and at the same time putting great efforts to develop hotels, car parks, entertainment and gaming operations to increase a stable long-term revenue stream. We foresee a high-speed growth for hotel operations as our new hotels in London and Malaysia are now in operation and 14 hotels with approximately 3,300 rooms are expected to be launched in succession over the next six years. In respect of our car park operations, we continued with our expansion in Europe, pursuing high-return car park acquisitions. During the year, we acquired six car parks in Budapest, Hungary. Together with our own business growth, our car park operations recorded a steady growth. Subsequent to the financial year, we completed the acquisition of TWOC, as part of our drive to expand the entertainment and gaming operations in Europe. Meanwhile, construction has commenced for our Queen's Wharf integrated resort in Brisbane. Together, we expect our entry into the entertainment and gaming sector will generate a stable recurring cash flow for us. Our strategy, featuring regional diversification, enabled us to gain higher return on equity than our industry peers. Aside from that, we also outperformed other real estate developers through stable growth regardless of the industry cycles. With such effective execution of business strategies, we recorded a historic high in our net profit for the year, which amounted to HK$1,567 million and represented a substantial increase of 40.2% compared with last year.

Property development remains a core business to the Group. We have built a strong property development portfolio to maintain continuous growth of the Group by taking advantage of the real estate industry cycle in different regions, while still keeping the gearing ratio low. Although, our regional diversification requires additional time and extensive energy from management teams, our management model has been proven to be effective in our operations. During the year, we set historic high in our cumulative pre-sales of properties under development, which amounted to HK$13.4 billion. Such figures indicated a clear prospect for the Group's property sales in the years to come. Subsequent to the current financial year, the Group continued to acquire a number of land parcels in Singapore and Manchester. Currently the gross development value of our pipeline exceeds HK$50 billion which is sufficient for the development of the Group in the next decade.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

With 20 years of history behind, FEC has grown into one of the largest developers in Melbourne. We believe that today's Manchester resembles the Melbourne two decades ago, brimming with development potential and opportunities. Out of all the cities worldwide, we have chosen Manchester because it resembles Melbourne in a number of ways. It is an education hub with a long history and renowned culture. It is also the second metropolis in Britain and a core city under the "Northern Powerhouse" scheme. Great infrastructure works are well underway in the city, including the ongoing airport expansion and the construction of the second phase of the British high-speed railway (HS2) that connects Manchester with London with an investment of £14 billion, which will be completed in 2033. In addition, authorities are expected to expand the local light railway system and carry out a renewal plan for downtown Manchester. Beijing and Hong Kong have launched direct flights to Manchester, as it stands out with its connectivity to Asia. Large population influx has resulted in housing shortage, which demands for large-scale downtown renewal to meet the increasing local population. However, the living cost in Manchester is only half of London's which makes it one of the most affordable and attractive cities. With that in mind, I am sanguine about Manchester.

Another city I have a growing expectation for is Singapore. Its real estate market has just emerged from a five-year stagnation and shown signs of recovery for the first time. Once started, this recovery trend is expected to continue for a certain period of time. Leveraging on the distinctive vision of the Group, we have been prepositioning in Singapore from two years ago, enabling the Group to take the preemptive opportunities during the uptrend.

Hong Kong, our headquarter and hometown, always stands as a unique and charismatic city, where we are bound to confront three challenges: 1. the current SAR Government is determined to increase land supply, which we believe will happen albeit no easy feat; 2. ultra-high land price is beyond public affordability, which will result in a more challenging market; 3. for the first time, we have spotted an increase in the inventory of properties for first home buyers recently, together with some diluted profit margin. We will remain prudently optimistic when we approach different markets which have different property cycles. On the positive side, backed by Mainland China, Hong Kong receives constant support from the central government and will benefit from the development of the Greater Bay Area. From a long-term perspective, such support and development will help the city to achieve a breakthrough in addressing the land problem. In the short term, we remain cautious about the land price in Hong Kong.

In respect of hotel operations, I am delighted to report that our hotel operations in Hong Kong experienced continuous growth after a bottom-out last year, due to an increase in tourist arrivals from Mainland China and the world. As a result, the Group recorded an impressive double-digit growth in RevPAR. For overseas hotel markets, our hotel operations also continued to benefit from more frequent travel and greater consumption from the middle class in Asia. Benefitting from the strong recovery of its hotel operations in Hong Kong, a notable rise of RevPAR in multiple cities around the world, together with the increase of over 3,000 rooms in the next several years, the Group remains optimistic about the prospects of its hotel operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

The Group regards car park operations as its core business with a great potential for regional expansion. From a long-term perspective, the Group plans to leverage the operational advantage of the Care Park brand to not only continuously consolidate its market leadership in Australia and New Zealand, but also seek business expansion in Europe. In addition, the development of the business segment will be boosted through growth of the Group's existing car parks, as well as acquisition of new car parks. Car park operations will continue to provide stable cash flow for the Group.

The Group entered the gaming and entertainment industry during the year mainly in consideration of its business nature of long-term stable cash flow. Meanwhile, we are convinced that the hotel and entertainment part of our gaming and entertainment business will benefit from the huge growth of middle-class in the "Asian Wallet". The Group acquired approximately 5% equity interest in The Star for its stable dividend income and cash flow, enterprising management and the potential increase in the Group's land bank in Australia. The Star specializes in gaming and entertainment whereas FEC focuses on residential and hotel operations. Furthermore, the Group has acquired TWOC to expand its entertainment and gaming presence in Europe and started the construction of its Queen's Wharf integrated resort in Brisbane, a project planned to be completed in Financial Year 2022. From a long-term view, we hope that such development in gaming and entertainment operations will produce synergies through cross-marketing, VIP Member Loyalty Program and joint promotion. Equipped with such synergetic drive, we seek to bring our loyal VIPs to different cities worldwide for accessing our tourism, hotel and entertainment services as well as property investment. We have the conviction that our self-disciplinary spirit and pursuit for cash flow will always remain unchanged.

While developing its business, the Group is also committed to striking a balance between making profit and delivering sustainable development. We believe that an outstanding business environment, society and corporate governance are the most critical components of maintaining long-term sustainable success. During the year, the Group won a number of international awards in relation to corporate governance, corporate management, investor relations, environmental responsibility and social responsibility, as part of its efforts to gain social recognition. In addition, the market capitalization of the Group exceeded HK$10 billion for the first time, demonstrating the confidence of investors and the general public in the Group's development prospects and corporate governance.

As for the future outlook, the cycle of interest rate hikes has started across the global economy, which may have effect on the real estate sector in the long run. On the other hand, the new leadership in China has the courage and willingness to confront and resolve its domestic issues including anti-corruption and deepening the supply-side structural reform, with a series of measures in place to reduce production capacity and inventory, de-leverage the economy, simplify investment procedures and improve weak links. These efforts gave me more confidence in the Chinese economy and business environment. The new era of industrialization and the transition to the information age will help to absorb the excessive inventory in China, the world's factory. The Chinese manufacturing industry will shift its orientation from production workshops to global allocation, and China will gradually transform into a consumer-led economy, providing a more quality development space in the long-term. Meanwhile, the Chinese manufacturing industry transforms itself from "Made in China" to "Created in China" in the information-based and "Internet+" era, producing products that are equipped with improving technology. Shenzhen, as one of the core cities in the Chinese technology information industry, will bring great benefits to Hong Kong's economy. On the demand side, China and Southeast Asia still enjoy high growth compared to other countries. Despite an excessively high debt level of certain local governments and businesses, high growth in the economy can address excessive inventory in general. The population of the Chinese middle class is expected to grow from the current 300 million to over 600 million, providing even greater spending power which is bound to generate more opportunities for the real estate and tourism sectors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

The "Asian Wallet" strategy and business diversification will allow the Group to obtain an enormous amount of property sales income and a continuous stream of recurring revenue from hotel, car park as well as gaming and entertainment operations, the four pillars of its business. Such strategy and business model will also enable the Group to capture early opportunities during the fluctuating economic cycles from various markets, and deliver stable growth. Furthermore, greater synergy will appear among the four pillars. This will benefit the Group in developing large-scale integrated projects and working with local governments to create employment and tourism opportunities, which in turn will equip the Group with an advantage in acquiring lands. In the future, we will sustain our focus on cities that have robust population growth and tourism development potential, and enhance our localization team to cope with the development of various regions. Meanwhile, we have a strong balance sheet and sufficient cash flow to tackle challenges ahead and conduct acquisitions and expansions in key development areas. While generating high equity returns, our diverse geographical presence, four business pillars, as well as the "Asian Wallet" and "Dual-Engine" strategies will bring decent returns for our shareholders. With the right business models, the Group is able to maintain stable dividend payout and grow steadily and sustainably in the long run. The Group will reward its shareholders by continuously boosting its net asset value and maintaining stable dividend payout.

We take pride in our reliable, professional and mature management teams across all the cities where we operate. On behalf of the Group, I would like to thank our shareholders, partners, customers and 3,500 employees for their concerted effort, which have yielded sustainable and steady development of our business. They are the top contributors to the Group's success.

Chairman and Chief Executive Officer
David CHIU

26 June 2018

ASIAN WALLET STRATEGY

MANAGING DIRECTOR'S REPORT

FROM STRENGTH TO STRENGTH

FY2018 Key Achievements

FY2018 was an exciting year for the Group with the implementation of a number of major developments as well as key initiatives. The Group recorded a healthy increase in both revenue and net profit resulting from the completion of a number of major residential projects together with better overall performance in our hotel and car parking operations. The privatisation of Dorsett Group a few years ago has allowed greater capital allocation flexibility for the wider group to achieve higher return on equity and sow the seed for a number of larger initiatives which we believe will bring significant longer term financial reward to the Group.

In summary:

- The Group broke its record achieving the highest level of profitability in history
- The Group's market cap exceeded US$1 billion for the first time and increased to approximately HK$10.3 billion as at 26 June 2018
- We completed four projects, including Royal Crest II in Shanghai, Dorsett Bukit Bintang in Kuala Lumpur, The FIFTH in Melbourne, and Royal Riverside (Towers 1 to 4) in Guangzhou
- We launched seven new projects, including MeadowSide (Plots 2 and 3) in Manchester, Astoria Crest and Marin Point in Hong Kong, West Side Place Tower 4 (Gold Release) in Melbourne, The Star Residences in Gold Coast, Artra in Singapore, and Royal Riverside (Tower 3) in Guangzhou
- The Group's cumulative contracted presales as at 31 March 2018 amounted to a record-breaking HK$13.4 billion
- We made a number of land acquisitions including Perth City Link Lots 3B, 6 and 7 in Perth, Northern Gateway in Manchester, and Holland Road in Singapore, to replenish our land bank and add to our development pipeline
- We signed the development contract for the Northern Gateway project in Manchester, with a plan to deliver in excess of 10,000 residential units over a 10-year timeframe
- We opened Dorsett City Hotel and Dorsett Residence Bukit Bintang, both of which have been well received by our customers. Construction of 9 new hotels in Australia are under way with the Ritz Carlton Perth scheduled to open in 2019
- We completed the sale of Silka West Kowloon in Hong Kong recognizing a gain of HK$320 million and allowing the capital to be recycled towards other projects
- We expanded our car parking operations in Europe with the acquisition of 6 car parks in Budapest, Hungary with 1,400 parking bays
- We issued US$150 million 4.5% 5.5-year notes due 2023 under our medium term note program extending our debt maturity

- We invested in BC Securities, which specializes in providing residential mortgages to international buyers with the objective of complementing our international residential development business. BC Securities has secured A$500 million non-recourse third party financing to support its operations

- We strengthened our management team with the appointment of a number of senior executives and established a new regional office in Manchester

Post year end:

- We formed strategic alliance with and completed our strategic investment in The Star, taking approximately 5% equity stake in The Star

- We completed the acquisition of TWOC, which the Group intends to use as its gaming operation platform

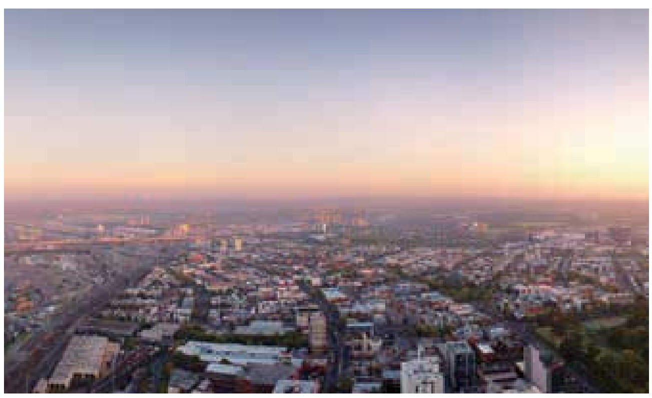
- Construction of Queen's Wharf Brisbane Integrated Resort Project advanced smoothly with Plan of Development approval issued in December 2017. Demolition has been completed, and excavation and shoring are under progress. The project is expected to be completed in FY2022

- We replenished four parcels of land, including the Estoril site at Holland Road, GLS site on Cuscaden Road, and 21 Anderson Road, all in Singapore, and a new site of Northern Gateway in Manchester

- We launched four projects including West Side Place (Tower 3) in Melbourne, Hornsey Town Hall in London, Royal Riverside (Tower 5) in Guangzhou, and The Garrison in Tai Wai, Hong Kong

Hornsey Town Hall, London

The Garrison in Tai Wai, Hong Kong



From the roof top of West Side Place (Tower 3), Melbourne

MANAGING DIRECTOR'S REPORT

Results Highlights

For FY2018, the Group recorded revenue of HK$5,831 million (FY2017: HK$5,005 million), a 16.5% increase as compared to FY2017. This significant growth was due to a strong sales performance in residential developments and an equally impressive performance in recurring income business.

Net profit for FY2018 was HK$1,567 million (FY2017: HK1,118 million), an increase of 40.2% mainly as a result of the improved performance in both the property development and hotel divisions, and the gain from disposal of Silka West Kowloon.

Reflecting confidence in the financial position of the Company, the Board recommended a final dividend of HK$18 cents per share. Together with an interim dividend of HK$4 cents per share, total dividend for the year will amount to HK$22 cents per share, an increase of 18.9% compared to last year, representing a payout ratio of 31.9%.

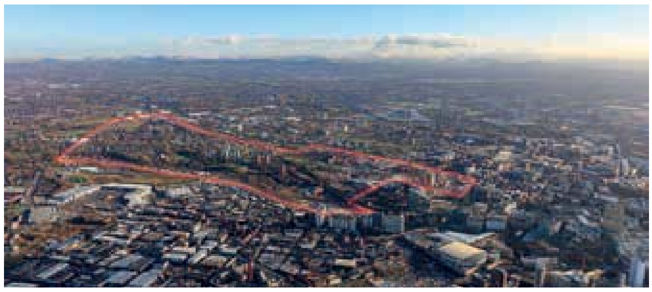
A stronger FEC

With the recent investment in gaming business, we have established a new gaming division to complement our hospitality business. Our established "Chinese Wallet" strategy has now been extended to "Asian Wallet" strategy whereby we target middle class customers in Asia for tourism and other hospitality offerings as well as their growing appetite for property investment internationally. We believe that there remain significant long-term opportunities in these market segments and we will continue with our regionalisation approach. We will also allocate more capital to the car parking business as we believe this business will continue to bring solid cashflow streams and in certain cases offer redevelopment upside. We have established four core pillars of growth, namely Residential Property Development, Hotel Development and Operations, Car Parking Business and the newly added Gaming Operations.

We believe that prudently allocating our capital across the different divisions and regions will allow us to generate higher returns on equity compared to our peer groups in Hong Kong and therefore should drive share price out-performance. We are optimistic about our future with new growth drivers being put in place.

MANAGING DIRECTOR'S REPORT


West Side Place, Melbourne


Northern Gateway, Manchester


Queen's Wharf, Brisbane

During the year, the Group launched a number of residential projects. As at 31 March 2018, the Group recorded cumulative pre-sales of HK$13.4 billion and total gross development value of the Group's active pipeline was of HK$45 billion, a record high in the Company's history providing good visibility for the Group's property sales in the coming years. Post year end, the Group further acquired three parcels of land in Singapore, namely The Estoril, Cuscaden Road and 21 Anderson Road, and a new site of Northern Gateway in Manchester. The total GDV of the Group's residential pipeline now exceeds HK$50 billion, sufficient for the Group's developments in the next decade.

Revenue from hotel operations and management amounted to approximately HK$1,538 million during FY2018, an increase of 17.5% as compared to FY2017, primarily due to strong recovery of the hotel sector in Hong Kong, solid RevPAR growth in our business regions, and new hotel openings. Likewise, revenue from car park operations and facilities management increased 3.9% as compared to FY2017 to approximately HK$666 million for FY2018. We expanded into Europe with the acquisition of 6 car parks in Hungary and this year also saw the start of our UK car park operations. Our car park division has grown strongly in the past year through both acquisitions and organic growth.

For more details on business review, please refer to the section entitled "Management Discussion and Analysis".

Capital Structure and Balance Sheet Management

Adhering to prudent financial management, the Group continued to optimize its capital structure.

The Group issued US$150 million 4.5 percent 5.5-year notes due 2023 under the medium term note programme, representing a very successful fundraising by the Company in the international capital markets.

As at 31 March 2018, the Group's cash and liquidity position amounted to HK$8.1 billion (HK$5.6 billion as at 31 March 2017). In addition, the Group's undrawn banking facilities was at HK$6.9 billion and the Group had 6 unencumbered hotel assets with capital value of HK$2.3 billion, which can be used as collateral for further bank borrowings and can provide further liquidity to the Group, should this be necessary.

Net gearing ratio (adjusting for hotel revaluation surplus of HK$15,593 million which was not recognized on the balance sheet) was at 28.7%, which provides room for further leverage without significantly affecting the Group's credit standing.

MANAGING DIRECTOR'S REPORT

To unlock value tied up in the Group' hotel portfolio, the Group successfully completed the sale of Silka West Kowloon Hotel, recording a gain from the sale of approximately HK$320 million. Through the exercise of continually evaluating options to monetize certain non-core hotel assets, we hope to further improve the liquidity position of the Group whilst demonstrating to our shareholders the underlying value of our hotel portfolio.

Corporate Governance and Corporate Social Responsibility

The Group firmly believes that a high standard of corporate governance is the key to improving corporate profit and facilitating sustainable development. In recognition of the Group's efforts to enhance its investor relations functions and to improve corporate governance and corporate social responsibility, the Group received a number of international awards. These include awards in the areas of company management, investor relations, and corporate governance and corporate social responsibilities, which reflected the confidence of investors and general public in the Group.

Examples of awards include:

- Platinum Award at *"The Asset Corporate Awards 2017"* for outstanding performance in Governance, Social Responsibility, Environmental Responsibility, Financial Performance and Investor Relations for the second consecutive year

- Three top awards at Corporate Governance Asia's *"8th Asian Excellence Award 2018"*, including "Asia's Best CEO in Investor Relations – Tan Sri Dato' David Chiu, "Best Investor Relations Company in Hong Kong" and"Best Investor Relations Professional in Hong Kong – Ms. Venus Zhao"

- Five award nominations and two top awards at *IR Magazine Awards – Greater China 2017*, highlighted by "Best in Sector: Real Estate" for the third consecutive year, and "Best Investor Relations Officer (small to mid-cap) – Ms. Venus Zhao" for the third consecutive year

- "Best Investor Relations Professional Second Place Nominated by Buy-side – Ms. Venus Zhao" in *"Institutional Investor Magazine 2017"* for the third consecutive year

- Five top honours at the *Hong Kong Investor Relations Association 4th IR Awards,* including "Best IR Company (Small Cap)" for the second consecutive year, "Best IR by CFO (Small Cap) – Mr. Angus Chan", "Best IR in Corporate Transactions (Small Cap)", "Best Digital IR" and "Best Investor Meeting"

- "Best Listed Company at Investor Relations Management" in *Golden Hong Kong Stocks Awards 2017*

- Two awards in the *First China Excellent IR Award,* including "Best Innovation Award" and "Best Director Award – Ms. Venus Zhao"

The ESG (Environmental, Social and Governance) report, focusing on the efforts and achievements of the Group is incorporated and published in this annual report.

Prospects

The Group has been positioning itself for continued growth through a program of active replenishment of land bank, car park acquisitions, continued development of its hotel pipeline and, more recently, a number of strategic investments in the casino gaming sector.

The privatisation of Dorsett Group in 2015 has given the Group a greater degree of flexibility in capital allocation which has enabled the Group to accelerate its growth. We are now a business with four core pillars of highly synergistic operations; namely, residential development, hotel development and operations, car parking and casino gaming. Our long-term goal is to achieve sustainable growth in earnings as well as driving a higher return on equity through our capital structure optimization and capital reallocation initiatives.

MANAGING DIRECTOR'S REPORT

Although the global economic environment is uncertain with interest rates likely to increase in a number of markets, the Group's diverse portfolio of business serves to mitigate concentration risk and our regionalization and capital reallocation strategy allow us to continue to take advantage of the cyclicality in different markets. We will stay vigilant and will continue to take advantage of suitable opportunities that arise.

Our recent land acquisitions in Singapore and the United Kingdom, and the joint venture arrangement with The Star in Australia have strengthened our development pipeline in different locations. We continue to see good business opportunities in these regions which are driven by domestic demand as well as growing interest in international investment by the Asian customer base. With contracted pre-sales reaching HK$13.4 billion as at 31 March 2018, the visibility of contributions from the property development division remains good. We will continue to de-risk development projects through pre-sales of properties before construction. We will also seek to make selective land acquisitions to add to our pipeline. We now have a strong pipeline in a good mix of geographies and we are optimistic that the regionalisation strategy can result in better returns on equity as compared to our peer groups in Hong Kong.

Following a strong recovery in Hong Kong last year, the hotel division is set to continue to benefit from the strength in the Asian tourism market. In addition, we expect new room additions to drive revenue growth in the division in both the shorter and longer term future. New hotels under construction include the Ritz Carlton in Perth with 205 rooms and the Ritz Carlton in Melbourne with 257 rooms. The Walkabout which will be an extension of Dorsett Shepherds Bush will add approximately 74 rooms and the redevelopment of Hornsey Town Hall into a boutique hotel contributing approximately 67 rooms will soon commence construction. Growth in number of rooms will also be spurred immediately by the additional 572 rooms as part of the TWOC transaction. With the strength in the market and the expected room additions, the prospects of this division look promising.

Our car park division has grown strongly in the past year through a number of acquisitions and organic growth. Our initiative in entering into the European market, leveraging on the strength of the Care Park brand and the advanced car park centralised control and management technology developed and owned by Care Park, will help drive further growth in the business. With a combination of organic growth and contribution from the European business in both Hungary and the United Kingdom following our recent investments, we are confident the division can maintain its good track record of generating strong recurring cashflow.

Care Park Operation Center

MANAGING DIRECTOR'S REPORT

American Chance Casino, Ceska Kubice, Czech Republic under TWOC


Route 59, Czech Republic-Austria Border

As for the casino gaming business, we expect that the acquisition of TWOC and our approximately 5% equity stake in The Star, will start to contribute to the Group's results from FY2019 onwards. We intend to use the TWOC platform to grow our casino gaming business leveraging on the connections we have in Asia. In addition to contribution from existing operations, in the long run, we see synergies resulting from cross selling and joint developments which will drive higher profitability. Longer term, when the Queen's Wharf Brisbane development which is currently under construction, commences operation, this segment is expected to contribute significantly to the overall profitability of the Group.

The Group's liquidity position remains strong at HK$8.1 billion with HK$6.9 billion undrawn credit facilities. Whilst we feel there is scope to increase the Group's net gearing ratio which stood at 28.7% at 31 March 2018, in particular due to having a significant asset base which is unencumbered, the Group will be prudent in managing its balance sheet in order that its good credit strength as acknowledged by the debt market and the banking community is not affected.

In summary, the Group will continue to implement the following strategies to generate new growth:

- Deepen regional diversification through strengthening of local execution team

- Focus on cities with strong population or tourism growth potential

- Extract synergies from recent investments in the casino gaming business

- Extend our "Chinese Wallet" Strategy to an "Asian Wallet" Strategy to capitalize on the growing affluence of the middle class segment in Asia

- Adopt a prudent financial management policy and optimize capital structure through active capital reallocation with the aim to drive higher return on equity

In conclusion, I am very delighted to see FEC going from strength to strength. The Group is now on a strong footing and the prospects are exciting. We will aim to reward our shareholders for their relentless support through consistent dividend payouts and growth in net asset value per Share as we have demonstrated in the past.

Cheong Thard HOONG
Managing Director

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

TAN SRI DATO' DAVID CHIU, B.SC.

(Executive Director, Chairman & Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 64, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of various Subsidiaries. Besides, he is a non-executive director of Dorsett. Currently, he is the chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097).

In regard to Tan Sri Dato' David CHIU's devotion to community services in China and Hong Kong, he was appointed as the member of the 13th Chinese People's Political Consultative Conference, the vice chairman of All-China Federation of Industry and Commerce in 2017 and the chairman of Mid-Autumn Festival Celebration-People and Forces' Committee in 2008. Currently, he is a trustee member of The Better Hong Kong Foundation, an honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a counsellor of China-United States Exchange Foundation, an honorary chairman of Guangdong Chamber of Foreign Investors, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a member of Friends of Hong Kong Association Ltd, a member of Pacific Basin Economic Council and a director of three Ju Ching Chu Schools in Hong Kong. In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013. He is the brother of Mr. Dennis CHIU (Executive Director of the Company).

MR. CHEONG THARD HOONG, B.ENG., ACA

(Executive Director & Managing Director)

Mr. HOONG, aged 49, was appointed as an Executive Director of the Company in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 1371). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he has retired as a non-executive director of the company with effect from 1 June 2017. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is a director of various Subsidiaries. He is also a non-executive director of Dorsett. Besides, he is a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia. Mr. HOONG was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until March 2017. Currently, he is a non-executive director of i-CABLE Communications Limited (stock code: 1097).

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

MR. DENNIS CHIU, B.A.

(Executive Director)

Mr. CHIU, aged 59, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. Mr. CHIU is a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company).

MR. CRAIG GRENFELL WILLIAMS, B.ENG. (CIVIL)

(Executive Director)

Mr. WILLIAMS, aged 66, was appointed as an Executive Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc. He is a director of various Subsidiaries.

MR. KWOK WAI CHAN

(Independent Non-executive Director)

Mr. CHAN, aged 59, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities and Investment Institute and a member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

MR. PETER MAN KONG WONG, J.P.

(Independent Non-executive Director)

Mr. WONG, aged 69, was appointed as an Independent Non-executive Director of the Company in May 2007. He graduated from the University of California at Berkeley with a Bachelor of Science Degree and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. He has over 40 years of experience in industrial, commercial and public service. Mr. WONG is the chairman of M.K. Corporation Limited, North West Development Limited, Cultural Resources Development Co. Ltd, Silk Road Hotel Management Co. Ltd. and Silk Road Travel Management Ltd. He is an independent non-executive director of China Travel International Investment Hong Kong Limited (stock code: 308), Glorious Sun Enterprises Limited (stock code: 393), MGM China Holdings Limited (stock code: 2282), New Times Energy Corporation Limited (stock code: 166), Sino Hotels (Holdings) Limited (stock code: 1221) and Sun Hung Kai & Co., Limited (stock code: 86). He is also a non-executive director of Hong Kong Ferry (Holdings) Company Limited (stock code: 50). Mr. WONG was an independent non-executive director of Chinney Investments Limited (stock code: 216), until August 2017. Mr. WONG is a deputy of the 13th National People's Congress of Mainland China. Mr. WONG was awarded the HKSAR Bronze Bauhinia Star in 2003.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

MR. KWONG SIU LAM

(Independent Non-executive Director)

Mr. LAM, aged 84, was appointed as an Independent Non-executive Director of the Company in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688), Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Properties Company Limited (stock code: 1628). Mr. LAM was appointed as an independent non-executive director of Vico International Holdings Limited (stock code: 1621) on 16 January 2018. Mr. LAM was awarded the HKSAR Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years.

MR. KA PONG CHAN

(Chief Financial Officer & Company Secretary)

Mr. CHAN, aged 38, joined the Company as Finance Director in May 2016 and was thereafter appointed as Chief Financial Officer and Company Secretary. He is responsible for financial management and company secretarial matters of the Group. He is currently a director of various Subsidiaries.

Prior to joining the Group, Mr. CHAN was the general manager of corporate finance and communications at China Merchants Holdings (International) Company Limited (now named as China Merchants Port Holdings Company Limited, stock code: 144), and chief financial officer and company secretary of China Green (Holdings) Limited (stock code: 904). He also held positions in PricewaterhouseCoopers for 10 years specializing in audit and capital market transactions.

Mr. CHAN graduated from the Chinese University of Hong Kong with a Bachelor's degree in Professional Accountancy in 2001. He is a qualified accountant and a member of the HKICPA.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
RESULTS					
Revenue	4,066,494	5,109,780	3,995,090	5,005,309	5,831,127
Profit before taxation	1,245,886	1,328,354	979,309	1,566,639	2,156,133
Income tax expense	(219,851)	(330,406)	(221,347)	(433,780)	(570,735)
Profit for the year	1,026,035	997,948	757,962	1,132,859	1,585,398
Basic earnings per share	51 cents	51 cents	37 cents	51 cents	69 cents

	As at 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES					
Total assets	21,985,291	22,215,596	26,160,621	28,399,961	34,488,949
Total liabilities	(12,034,461)	(11,954,667)	(15,893,366)	(17,456,246)	(21,345,067)
	9,950,830	10,260,929	10,267,255	10,943,715	13,143,882
Non-controlling interests	(1,200,927)	(1,117,279)	(127,123)	(151,913)	(173,070)
Shareholders' funds	8,749,903	9,143,650	10,140,132	10,791,802	12,970,812

REGIONAL DIVERSIFICATION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MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS HIGHLIGHTS


Artra, Singapore

- Revenue and net profit attributable to shareholders of the Company for FY2018 increased by 16.5% and 40.2% respectively to approximately HK$5,831 million and HK$1,567 million respectively as compared to FY2017 primarily due to strong recorded sales in residential developments, a solid recovery of the Group's hotel business, a steadily expanding car park portfolio, as well as a gain on sale of one of the non-core hotels of the Group.

- Adjusted cash profit[i] reached a record high at HK$1,643 million, a year-on-year increase by 42.0% from HK$1,157 million.

- Presale of residential properties remained robust with cumulative presales value of properties under development amounting to approximately HK$13.4 billion as at 31 March 2018 (HK$10.7 billion as at 31 March 2017) following the successful launch of Artra in Singapore, Marin Point in Hong Kong, West Side Place (Tower 4) in Melbourne, Royal Riverside (Tower 3) in Guangzhou, The Star Residences in Gold Coast, MeadowSide (Plots 2 and 3) in Manchester and Astoria Crest in Hong Kong. Including projects secured post year-end, the Group's residential development pipeline grew to HK$52 billion in projected gross development value.

- Bank and cash balances and investment securities of the Group increased to approximately HK$8.1 billion as at 31 March 2018 (HK$5.6 billion as at 31 March 2017).

- Net gearing ratio[ii][iii] was 28.7% as at 31 March 2018 (31.5% as at 31 March 2017).

- Basic earnings per share amounted to HK$0.69 (FY2017: HK$0.51 per share). Final dividend increased to HK$0.18 per share (FY2017: HK$0.15 per share). Including HK$0.040 of interim dividend paid, total full year dividend will amount to HK$0.22 per share (FY2017: HK$0.185 per share), representing a dividend payout ratio of 31.9%, reflecting confidence in the financial position of the Group.

- Net asset value per share[iii] as at 31 March 2018 increased by HK$1.62 and reached approximately HK$12.41 per share (HK$10.79 as at 31 March 2017).

Notes:

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

(ii) 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.

(iii) Revaluation surplus on hotel assets of approximately HK$15,593 million was based on independent valuation carried out as at 31 March 2018 (HK$13,354 million as at 31 March 2017) 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.

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for FY2018 was approximately HK$5.8 billion, an increase of 16.5% as compared with FY2017. Gross profit (before depreciation of hotel and car park assets) came in at HK$3.0 billion, showing a strong growth of 29.6% from HK$2.3 billion during FY2017. A breakdown of the Group's revenue and gross profit is shown below:

	Property development HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Others HK$'000	Total HK$'000
For FY2018					
Revenue	3,430,795	1,537,802	666,380	196,150	5,831,127
Gross profit	1,705,216	645,152	122,129	161,738	2,634,235
Depreciation	–	313,609	28,516	–	342,125
Adjusted gross profit	1,705,216	958,761	150,645	161,738	2,976,360
Adjusted gross profit margin	49.7%	62.3%	22.6%	82.5%	51.0%
For FY2017					
Revenue	2,936,701	1,308,954	641,441	118,213	5,005,309
Gross profit	1,271,897	517,713	113,616	86,369	1,989,595
Depreciation	–	283,240	23,461	–	306,701
Adjusted gross profit	1,271,897	800,953	137,077	86,369	2,296,296
Adjusted gross profit margin	43.3%	61.2%	21.4%	73.1%	45.9%

Revenue from sales of properties amounted to approximately HK$3,431 million in FY2018, up 16.8% as compared with FY2017 owing to the completion of a number of projects in the Group's pipeline, with gross profit climbing from HK$1,272 million in FY2017 to HK$1,705 million for FY2018, representing a 34.1% increase. During FY2018, four projects were completed, namely Royal Crest II in Shanghai, Dorsett Bukit Bintang in Kuala Lumpur, The FIFTH in Melbourne and Royal Riverside (Towers 1 to 4) in Guangzhou with partial revenue recognised.

Revenue from hotel operations and management amounted to approximately HK$1,538 million in FY2018, an improvement of 17.5% as compared to FY2017, thanks to the solid recovery of the hotel market, in particular in Hong Kong, and the addition of new hotels to the Group's portfolio, namely Silka Tsuen Wan in Hong Kong (opened in February 2017) and Dorsett City in London (opened in July 2017). Gross margin from the Group's hotel operations and management (before depreciation and amortisation) improved from 61.2% in FY2017 to 62.3% in FY2018, due to higher overall OCC as well as ARR.

Revenue from car park operations and facilities management amounted to approximately HK$666 million in FY2018, an increase of 3.9% as compared to FY2017, with adjusted gross profit increasing from HK$137 million for FY2017 to HK$151 million for FY2018, a 9.9% year-on-year growth, as the Group continued to allocate more resources to self-owned car parks which have higher margin compared to third-party car park management contracts. During FY2018, approximately 14,342 car parking bays were added to the Group's car park management portfolio, including 1,392 car parking bays through the acquisition of a portfolio of car parks in Budapest, Hungary in October 2017, the Group's first ever acquisition of car parks in continental Europe.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to shareholders of the Company amounted to HK$1,567 million, as a result of the completion of a number of high margin projects, a strong recovery of the hotel business, a steadily expanding car park portfolio, as well as a gain on sale of one of the non-core hotels of the Group during FY2018.

Adjusted cash profit[i] was at HK$1,643 million for FY2018 which represented a growth of 42.0% from HK$1,157 million for FY2017, demonstrating the Group's strong ability to continuously generate cash flow which provides ammunition for the Group's future growth.

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

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2018.

	As at 31 March 2018 HK$ million	As at 31 March 2017 HK$ million
Bank loans, notes and bonds		
Due within 1 year[i]	5,005	1,431
Due 1–2 years	1,848	4,482
Due 2–5 years	7,699	6,547
Due more than 5 years	1,820	814
Total bank loans, notes and bonds	16,372	13,274
Investment securities	3,520	1,467
Bank and cash balances	4,591	4,161
Liquidity position	8,111	5,628
Net debts[ii]	8,261	7,646
Carrying amount of the total equity	13,144	10,944
Add: hotel revaluation surplus	15,593	13,354
Total adjusted equity	28,737	24,298
Net gearing ratio (net debts to total adjusted equity)	28.7%	31.5%

Note (i) The Group's borrowings amounting to HK$2.6 billion due within 1 year has been either repaid or re-financed with long-term borrowings post year-end.

Note (ii) Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

To better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities and investments in fixed income funds.

MANAGEMENT DISCUSSION AND ANALYSIS

In November 2017, the Company issued US$150 million 4.50 percent 5.5-year notes (the "Issue") due on 13 May 2023 under the US$1,000 million medium term note programme which is listed on the Stock Exchange. The Issue represented a highly successful fundraising by the Group in the international capital markets, and helped to extend the debt maturity profile of the Group. The proceeds from the Issue will be used for the Group's business development and general corporate purposes.

The liquidity position of the Group as at 31 March 2018 was approximately HK$8.1 billion, representing an increase of 44.1% from the balance as at 31 March 2017, primarily due to the collection of sales proceeds upon completion of the Group's residential developments during FY2018, stable cash inflow from the Group's recurring income business, the net proceeds from the Issue, as well as the proceeds from the sale of Silka West Kowloon hotel at a consideration of approximately HK$450 million, and offset by repayment of bank borrowings and certain capital expenditure.

During FY2018, the Group's net debts increased by approximately HK$615 million to HK$8,261 million. The Group will continue to repay development construction loans when the relevant projects are completed and to repay loans with shorter maturity and higher cost of funding, with an aim of locking in longer dated funding. The Group's average cost of borrowing was approximately 3.19% for FY2018 (2.68% for FY2017).

The table below shows the Group's debts profile.

	As at 31 March 2018 HK$ million	As at 31 March 2017 HK$ million
The Company's notes	3,499	2,311
Dorsett bonds*	908	820
Unsecured bank loans	1,437	1,744
Secured bank loans		
– Property development and investment	3,954	3,418
– Hotel operations and management	5,787	4,572
– Car park operations and facilities management	576	398
– Others	211	11
Total bank loans, notes and bonds	16,372	13,274

* fully repaid after 31 March 2018

The carrying amounts of the total bank loans, notes and bonds in the Company's consolidated statement of financial position as at 31 March 2018 include an amount of approximately HK$1,194 million (as at 31 March 2017: HK$1,329 million) which is reflected as current liabilities even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

As at 31 March 2018, the Group's undrawn banking facilities were approximately HK$6.9 billion which were all committed banking facilities, of which approximately HK$3.3 billion was in relation to construction development while the balance of approximately HK$3.6 billion was for the Group's general corporate use. The available banking facilities together with sale proceeds to be generated from the Group's upcoming property development projects place the Group in a solid financial position to not only fund its existing business and operations but also to further expand its business.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, upon completion of the disposal of Silka West Kowloon hotel, a total of 6 hotel assets within the Group remain unencumbered. The capital value of these 6 hotels amounted to HK$2.3 billion based on independent valuation assessed as at 31 March 2018. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Adjusting for the unrecognized hotel revaluation surplus of approximately HK$15,593 million, based on independent valuation assessed as at 31 March 2018 (HK$13,354 million as at 31 March 2017), the Group's total consolidated equity as at 31 March 2018 was approximately HK$28,737 million. The net gearing ratio of the Group was at 28.7%.

3. Foreign exchange management

In general, contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar. The table below sets forth the exchange rates of Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate as at	As at 31 March 2018	As at 31 March 2017	Change
HK$/AUD	5.99	5.93	1.0%
HK$/RMB	1.25	1.13	10.6%
HK$/MYR	2.03	1.75	16.0%
HK$/GBP	11.02	9.67	14.0%
HK$/SGD	5.97	5.56	7.4%
Average rates for	**FY2018**	**FY2017**	**Change**
HK$/AUD	5.96	5.93	0.5%
HK$/RMB	1.19	1.17	1.7%
HK$/MYR	1.89	1.86	1.6%
HK$/GBP	10.35	10.40	(0.5%)
HK$/SGD	5.77	5.65	2.1%

The Group adopted a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currencies of the countries where such investments are made. The impact of movement in the above currencies to the Group's profit attributable to shareholders for FY2018 is analysed below:

	HK$ million
Increase (decrease) to the Group's profit attributable to shareholders for FY2018 assuming exchange rates of the following currencies against Hong Kong dollars remained constant during the year:	
AUD	(1.4)
RMB	(10.3)
MYR	(2.8)
GBP	0.1
SGD	1
Total impact	(13.4)

4. Net asset value per share

	As at 31 March 2018 HK$ million	As at 31 March 2017 HK$ million
Equity attributable to shareholders of the Company	12,971	10,792
Add: Hotel revaluation surplus	15,593	13,354
Total net asset value	28,564	24,146
Number of shares issued (million)	2,302	2,238
Net asset value per share	HK$12.41	HK$10.79

Total net asset value of the Group reached approximately HK$28,564 million after adjusting for revaluation surplus on hotel assets of approximately HK$15,593 million, based on independent valuation assessed as at 31 March 2018 (HK$13,354 million as at 31 March 2017). Net asset value per share as at 31 March 2018 increased by HK$1.62 during the financial year and reached approximately HK$12.41.

5. Capital expenditure

The Group's capital expenditure consists of expenditure for acquisition, development and refurbishment of hotel properties, plant and equipment.

During FY2018, the Group's capital expenditure amounted to approximately HK$936 million primarily attributable to the construction works of Ritz Carlton in Perth and Dorsett City in London (opened in July 2017). The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at 31 March 2018 HK$ million	As at 31 March 2017 HK$ million
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	1,596	1,175
Others	31	6
	1,627	1,181

7. Post balance sheet events

Award of tender for The Estoril, Singapore

In April 2018, FEC Properties Pte. Limited ("FEC Properties"), an indirect wholly-owned Subsidiary, submitted a form of tender for a property currently known as The Estoril ("The Estoril"), which is located along Holland Road of Singapore, adjacent to the site currently known as Hollandia for which the Group was awarded the tender in March 2018. Subsequently, FEC Properties received a tender acceptance letter issued by the solicitors of the owners of The Estoril accepting the submitted tender at the tendered sale price of SGD223.9 million. The two acquisitions enable the Group to replenish its landbank and add to the Group's overall development pipeline in Singapore following the successful launch of Artra during FY2018.

The Estoril is situated in the prime District 10 in Singapore. It enjoys an unparalleled location close to Orchard Road and Singapore Botanic Garden and is bound by Holland Village, Farrer Road and the Dempsey Cluster which are popular among both locals and expatriates. It is currently comprised of two blocks of 6-storey residential apartments with total freehold site area of 85,000 sq. ft.. The Group intends to redevelop The Estoril together with Hollandia as a combined development with a total saleable floor area of 241,000 sq. ft, allowing the Group greater flexibility in the overall planning and design and therefore creating a better residential product for the market.

Completion of the subscription of shares in The Star Entertainment Group Limited

In March 2018, the Company, CTF and The Star entered into:

- a subscription agreement (the "Subscription Agreement"), pursuant to which the Group and CTF will each subscribe for 45,825,000 fully paid ordinary shares in The Star, which, immediately after the subscription will each represent 4.99% of the total fully paid ordinary shares in The Star, at a subscription price of approximately AUD245.2 million each.

- A strategic alliance agreement (the "Strategic Alliance Agreement"), under which the parties agree to form a strategic alliance to facilitate mutual business growth and enable each party to benefit from each other's capabilities and scale and to leverage each party's experience and expertise to assist in the future growth and development of each of the parties' business.

The Subscription Agreement was completed in April 2018. For more details of the Subscription Agreement and the Strategic Alliance Agreement, please refer to the Company's announcements dated 28 March 2018 and 16 April 2018.

Completion of the acquisition of TWOC

In March 2018, the Group signed an agreement with TWOC whereby the Group agreed to acquire 100% of the equity interest in TWOC (the "TWOC Acquisition") in the form of a merger between FEC Investment (US) Limited, an indirectly wholly-owned subsidiary of the Group, and TWOC, at a consideration of USD42 million. The TWOC Acquisition was completed in April 2018.

For more details of the TWOC Acquisition and of TWOC, please refer to the Company's announcements dated 5 March 2018 and 1 May 2018, and in the section headed "Business Review – Gaming Operations and Management" below.

Auction for the Dantzic Street Site, Manchester

In April 2018, the Group was named winner at an online auction to acquire a 1.96-acre Dantzic Street site (the "Dantzic Street Site") in central Manchester, the United Kingdom, for GBP5.2 million.

For more details of the Dantzic Street Site, please refer to the section headed "Business Review – Property Division" below.

Award of tender for Cuscaden Road, Singapore

In May 2018, a consortium in which the Group has a 10% interest was awarded the tender for a residential development site on Cuscaden Road, Singapore with an attributable saleable floor area of 19,000 sq. ft, further adding to the Group's pipeline in Singapore.

Acquisition of 21 Anderson Road, Singapore

In June 2018, the Group entered into an agreement to acquire 100% interest, in the form of equity and shareholder's loan, in Highest Reach Investments Limited, which owns, through its wholly-owned subsidiaries, the development on 21 Anderson Road of Singapore, at a consideration of approximately SGD93 million, with the assumption of bank loans of approximately SGD103 million.

BUSINESS REVIEW

1. Property division

The Group's property division includes property investment and property development.

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China and Australia. For FY2018, a fair value gain of investment properties of approximately HK$277 million was recognized, as a result of an increase in fair value of the investment properties in Shanghai, Hong Kong and Melbourne (following completion of the commercial units of The FIFTH). As at 31 March 2018, valuation of investment properties reached approximately HK$3.2 billion (31 March 2017: HK$3.0 billion), up 7.6% as compared to the balance as at 31 March 2017.

The Group has a diversified portfolio in residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the United Kingdom. To carry out property development in the various markets, the Group has established strong local teams in each of these markets which, coupled with the regionalisation approach, allow the Group to take advantage of the different property cycles in different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. The Group's property developments are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$13.4 billion as at 31 March 2018. Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed and the revenue of the relevant projects is then recognized.

The Star Residences, Gold Coast

MANAGEMENT DISCUSSION AND ANALYSIS

The following table shows a breakdown of the Group's total cumulative presales value of residential properties under development as at 31 March 2018.

Developments	**Location**	**Attributable presales HK$ million**	**Expected financial year of completion**
Aspen Crest	Hong Kong	1,060	FY2019
Marin Point	Hong Kong	212	FY2019
Astoria Crest	Hong Kong	370	FY2019
Artra	Singapore	1,753	FY2021
West Side Place (Towers 1 and 2)	Melbourne	5,072	FY2021
West Side Place (Tower 4)	Melbourne	1,751	FY2022/23
The Towers at Elizabeth Quay	Perth	2,030	FY2019/20
The Star Residences	Gold Coast	333	FY2022
MeadowSide (Plots 2 and 3)	Manchester	277	FY2021
Royal Riverside (Towers 1, 2, 3 and 4)	Guangzhou	516	FY2019
Total attributable cumulative presales		13,374	

During FY2018, the Group launched presales of seven of its residential development projects, namely (i) Artra in Singapore; (ii) Marin Point in Hong Kong; (iii) West Side Place (Tower 4) in Melbourne; (iv) Royal Riverside (Tower 3) in Guangzhou; (v) The Star Residences in Gold Coast; (vi) MeadowSide (Plots 2 and 3) in Manchester; and (vii) Astoria Crest in Hong Kong. Total expected attributable GDV and attributable saleable floor area of these seven development projects are approximately HK$9.1 billion and 1.4 million sq. ft. respectively.

As at 31 March 2018, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 7.5 million sq. ft..

Post year-end, the Group further replenished its development pipeline in Singapore by entering into the following transactions:

- In April 2018, the Group won the bid for a residential development site, currently known as The Estoril in Singapore, which can be co-developed with the adjacent site currently known as Hollandia for which the Group also won the bid in March 2018, in a combined development with a total expected attributable saleable floor area of 192,000 sq. ft..

- In May 2018, a consortium in which the Group has a 10% interest was awarded the tender for a residential development site on Cuscaden Road, Singapore with an attributable saleable floor area of 19,000 sq. ft..

- In June 2018, the Group entered into a sale and purchase agreement to acquire the development currently known as "21 Anderson Royal Oak Residence" on Anderson Road, Singapore, which comprises 34 residential units with saleable floor area of approximately 86,000 sq. ft..

Details of the Group's current pipeline are shown below.

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Pipeline development				
Melbourne				
West Side Place				
– Towers 1 & 2	1,050,000	5,658	Launched	FY2021
– Tower 3	584,000	2,919	FY2019	FY2022/23
– Tower 4	572,000	2,928	Launched	FY2022/23
Perth				
The Towers at Elizabeth Quay	391,000	2,876	Launched	FY2019/20
Perth City Link (Lots 2 and 3A)	224,000	847	FY2019	FY2023
Brisbane				
Queen's Wharf Brisbane[iii]				
– Tower 4	259,000	1,115	FY2019	FY2023
– Tower 5	224,000	1,131	Planning	Planning
– Tower 6	224,000	1,131	Planning	Planning
Gold Coast				
The Star Residences[iv]	98,000	539	Launched	FY2022
Guangzhou				
Royal Riverside				
– Towers 1, 2, 3 & 4[v]	254,000	870	Launched	FY2019
– Tower 5	207,000	817	FY2019	FY2019
Hong Kong				
Aspen Crest	64,000	1,060	Launched	FY2019
Tan Kwai Tsuen	48,000	532	FY2019	FY2019
Marin Point	103,000	1,078	Launched	FY2019
Astoria Crest	20,000	420	Launched	FY2019
The Garrison	27,000	573	FY2019	FY2019
Shatin Heights	81,000	1,292	FY2020	FY2021

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
London				
Alpha Square	377,000	4,546	FY2019	FY2024
Hornsey Townhall	107,000	1,025	FY2019	FY2021
Manchester				
MeadowSide				
– Plots 2 and 3	220,000	1,019	Launched	FY2021
– Plot 4	238,000	1,223	Planning	Planning
– Plot 5	99,000	449	FY2020	FY2021
Northern Gateway[vi]	1,768,000	7,393	Planning	Planning
Singapore				
Artra[vii]	286,000	2,812	Launched	FY2021
Total development pipeline as at 31 March 2018	**7,525,000**	**44,253**		
Completed development available for sale				
Shanghai				
King's Manor	51,000	340		
The Royal Crest II	80,000	454		
Kuala Lumpur				
Dorsett Bukit Bintang	50,000	215		
Melbourne				
The FIFTH	23,000	99		
Hong Kong	3,000	66		
Total completed development available for sale as at 31 March 2018	**207,000**	**1,174**		
Total pipeline and completed development available for sale as at 31 March 2018	**7,732,000**	**45,427**		

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Additional pipeline post 31 March 2018				
Singapore				
Holland Road[viii]	192,000	3,275	Planning	Planning
Cuscaden Road[ix]	19,000	408	Planning	Planning
21 Anderson Road	86,000	1,277	Planning	Planning
Manchester				
Northern Gateway	396,000	1,637	Planning	Planning
Total additional pipeline post 31 March 2018	693,000	6,597		
Total pipeline (including additional pipeline post 31 March 2018) and completed development available for sale	**8,425,000**	**52,024**		

Notes:

(i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.

(ii) The amounts represent expected gross development value attributable to the Group, which may change subject to market conditions.

(iii) This residential development consists of a total floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(iv) The Group has 33.3% interest in the development.

(v) Excluding units which were completed and delivered before 31 March 2018.

(vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Northern Gateway, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.

(vii) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development.

(viii) This development is a combination of Hollandia site and The Estoril site, which the Group was awarded the tender through collective sale in March 2018 and April 2018 respectively, with a combined saleable floor area of 241,000 sq. ft.. The Group has 80% interest in the development.

(ix) Total saleable floor area of this development is approximately 190,000 sq. ft. The Group has 10% interest in the development.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the above, the Group has entered into the Strategic Alliance Agreement with the partners of Destination Brisbane Consortium, The Star and CTF, whereby the parties are to co-develop the existing sites operated as casinos by The Star in Gold Coast and Sydney, and which gives the Group a first right of refusal for certain nominated developments identified by The Star in Australia, further contributing to the Group's residential pipeline in Australia.

The Group was also selected as the preferred bidder for Lots 3B, 6 and 7 of the Perth City Link project.

Australia

Melbourne

West Side Place is a mixed-use residential development located in the Central Business District ("CBD") of Melbourne. This development is expected to have a residential saleable floor area of approximately 2.2 million sq. ft. from 4 towers with approximately 3,000 apartments and a total GDV exceeding HK$11 billion. The development will comprise two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz Carlton with approximately 250 hotel rooms located at the top of Tower 1. Following the strong response on the presales of Towers 1 and 2 in June 2016, the Group launched the pre-sale of Tower 4 in June 2017, with units worth HK$6.8 billion having been pre-sold as at 31 March 2018, representing approximately 80% of a total expected GDV of these 3 towers of HK$8.6 billion. The Group followed up with the launch of Tower 3 in May 2018. With the first two towers of the development expected to be completed in the financial year ending 31 March 2021 and Towers 4 and 3 expected to be completed in the financial year ending 31 March 2022/2023, this development is expected to strengthen the Group's cashflow and earnings in the coming few years.

The FIFTH is located next to West Side Place and provides 402 apartments. This development with a total GDV of approximately HK$1.3 billion has been completely presold. Completion of the development was by stages with majority of the units delivered during FY2018 and with the remaining units completely resold post year-end.

West Side Place, Melbourne

The FIFTH, Melbourne

Perth

The Towers at Elizabeth Quay is a mixed-use development comprising residential apartments of approximately 391,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 15,000 sq. ft. of commercial or retail area as well as other ancillary facilities. As at 31 March 2018, its presales value reached approximately HK$2.0 billion, representing 71% of the expected GDV. This development is expected to be completed in the financial year ending 31 March 2019/2020.


The Towers at Elizabeth Quay, Perth


Perth City Link, Perth

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Lots 2 and 3A of the Perth City Link project is a mixed-use development located adjacent to the Perth Arena. This project is expected to deliver more than 300 residential apartments and approximately 270 hotel rooms to be operated by Dorsett. In May 2017, the Group was also selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment and hospitality complex. Lots 2 and 3A of Perth City Link is expected to launch for pre-sale in the financial year ending 31 March 2019 with completion expected in the year ending 31 March 2023.


Queen's Wharf, Brisbane


Queen's Wharf, Brisbane

Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and CTF, entered into Development Agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project in Brisbane (the "QWB Project"). The QWB Project comprises:

(1) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of more than AUD200 million. Payments will be made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of the financial year ending 31 March 2023.

(2) The residential component owned in the proportion of 50% by the Group and 50% by CTF.

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group intends to fund from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at

MANAGEMENT DISCUSSION AND ANALYSIS

Queen's Wharf, Brisbane, and envisages three residential towers, five world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development GFA of the QWB Project is expected to be 386,650 sq. m. of which approximately 160,250 sq. m. relates to the residential component.

The QWB Project brings together the Group's experience in international hospitality operation and mixed-use development, CTF's extensive VIP customer base in Mainland China and Asian markets, as well as The Star's operational experience in integrated resorts. The QWB Project is expected to contribute significantly to the Group's recurring cash flow stream as well as to add to its residential development pipeline.

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. Pre-sale for the first tower with a saleable area of 294,000 sq. ft. and a GDV of HK$1.6 billion was launched in September 2017, with pre-sale contracted for 62% of the GDV of the first tower as at 31 March 2018. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest. The completion of the first tower of the development is expected to take place in the financial year ending 31 March 2022.

The Star Residences, Gold Coast

The Star, Gold Coast

The Star, Sydney

The Star, Sydney

In addition, the Strategic Alliance Agreement with The Star and CTF entered into in March 2018 also stipulated that the parties to the agreement will join forces on the delivery of certain nominated developments including the potential re-development of the Spit Precinct in Gold Coast, the realization of which will undoubtedly add to the Group's development pipeline in the city, and will benefit the Group through its investment in The Star.

Sydney

Having entered into the Strategic Alliance Agreement with The Star and CTF in March 2018, the Group has agreed to co-develop the existing sites where The Star operates its casino in Sydney. The entire project is currently under planning stage.

The parties to the Strategic Alliance Agreement also agreed that there are certain nominated developments in Australia which the parties will work together to bring forward the planning and delivery, including the potential re-development of the Pyrmont Precinct which is located at a prime location in Sydney.

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses.

King's Manor consists of 479 apartments and 90 town houses, out of which all the apartments and 67 town houses have been delivered up to 31 March 2018, with the remaining townhouses to be sold on a completed basis.

The Royal Crest II consists of 180 apartments and 42 town houses, with an expected GDV of HK$1.4 billion. All the apartments were pre-sold by the end of FY2017 and delivered during FY2018. Presale for town houses commenced in September 2016 with 10 town houses delivered during FY2018, and with the remaining 32 town houses to be sold on completed basis.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 684,000 sq. ft. and a total expected GDV of HK$2.4 billion. Completion of Towers 1, 2, 3 and 4 took place by stages with HK$660 million worth of units having been delivered during FY2018 and with the rest to be delivered in the financial year ending 31 March 2019. Pre-sale for Tower 5 was launched in April 2018 with the entire development expected to be fully completed in the financial year ending 31 March 2019.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with URA.

Currently the Group has 6 residential projects in the pipeline in Hong Kong.

Aspen Crest is a redevelopment project consisting of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 9,100 sq. ft. of commercial component. All the units have been pre-sold as at 31 March 2018 with completion expected to take place in the financial year ending 31 March 2019.

Aspen Crest, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Marin Point is a residential development site at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area. The development was launched for pre-sale during FY2018 with 20% of the units pre-sold as at 31 March 2018. Completion of the development is expected in the financial year ending 31 March 2019.

Astoria Crest is a residential development site at Hai Tan Street, Sham Shui Po which was acquired by the Group through URA. This residential development comprises 72 apartments (mainly 1-bedroom apartment) with approximately 20,000 sq. ft. in saleable floor area. Pre-sale for the development was launched in December 2017 with 88% of the units pre-sold as at 31 March 2018. Completion of the development is expected in the financial year ending 31 March 2019.

The Garrison is a residential development site at Mei Tin Road, Tai Wai, which the Group acquired through a government tender. This development comprises a residential component of approximately 27,000 sq. ft. in saleable floor area and a commercial component of approximately 5,100 sq. ft. in GFA. Pre-sale for the development is expected to be launched in the financial year ending 31 March 2019, with completion of the development expected to be in the same financial year.

A residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 48,000 sq. ft. in saleable floor area is expected to be launched for sale on a completed basis, with completion expected to be in the financial year ending 31 March 2019.

The Group also acquired through government tender a residential development site at Tai Po Road, Shatin Heights. This development will comprise more than 60 apartments and 4 houses. The project has a saleable floor area of approximately 81,000 sq. ft. and is currently under planning stage.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. Completion of the development took place during FY2018 with 114 apartments delivered, with the remaining units partly converted into serviced apartments managed by the team of Dorsett Kuala Lumpur which cater to long-stay travelers in the city, and with the rest to be sold on a completed basis.

Dorsett Bukit Bintang, Kuala Lumpur

United Kingdom

London

Alpha Square is a residential development site at Marsh Wall, Canary Wharf, London, which has been granted planning approval for a mixed-use complex including private residences of approximately 377,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms and commercial facilities. Pre-sale for the residential component of this development is expected to be launched in the financial year ending 31 March 2019, with completion of the development expected to be in the financial year ending 31 March 2024.

Hornsey Townhall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 135 apartments with a saleable floor area of approximately 107,000 sq. ft.. Pre-sale for the residential component of this development was launched in May 2018 with completion expected in the year ending 31 March 2021.

Alpha Square, London

Hornsey Townhall, London

MANAGEMENT DISCUSSION AND ANALYSIS

Manchester

Northern Gateway is a mega-sized development project in Manchester the Group will deliver, having signed an agreement with the Manchester City Council in April 2017, which spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This is the latest and arguably the largest residential opportunity for transformational change ever undertaken in Manchester. This investment partnership is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city centre to expand and providing the optimal mix of high quality housing in well-planned new areas. The over-arching vision of this project is essentially to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

MeadowSide, Manchester

Northern Gateway, Manchester

The Group is currently developing a masterplan of the Northern Gateway development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy enabling the Group to acquire land plots within the area progressively as the implementation of the overall masterplan is rolled out. Since the entering into of the development agreement with the Manchester City Council, the Group has acquired various land plots within the Northern Gateway area which will be developed into individual projects as the overall masterplan pans out.

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the UK and signals the fact that the Group is accelerating its expansion into the UK market.

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city. The development will feature 4 towers comprising more than 750 apartments with approximately 557,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs of the city. Presale was launched for the first 2 plots of the development featuring more than 280 apartments in October 2017 and with 27% of the overall GDV pre-sold as at 31 March 2018. Pre-sale of plot 5 of the development is expected to be launched in the year ending 31 March 2020 followed by that of plot 4. Completion of plots 2, 3 and 5 of the development is expected to be in the year ending 31 March 2021 while that of plot 4 is in planning stage.

The Dantzic Street Site is a development site of which the Group was named winner at an online auction in April 2018, which borders the Group's MeadowSide development around Angel Meadow in the NOMA neighborhood on the northern edge of Manchester city centre.

Both MeadowSide and the Dantzic Street Site sit on the doorstep of the Group's Northern Gateway development.

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 410,000 sq. ft. in saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Pre-sale of the development was launched in April 2017 with 62% of the overall units pre-sold as at 31 March 2018. Completion of the development is expected to take place during the year ending 31 March 2021.

Hollandia is a residential development site at Holland Road within the highly sought after District 10 of Singapore for which the Group was awarded the tender through collective sale in March 2018. Completion of acquiring this project is subject to certain regulatory approvals.

Artra, Singapore

The Estoril is a residential development site at Holland Road within District 10 of Singapore for which the Group was awarded the tender through collective sale in April 2018. Completion of acquiring this project is subject to certain regulatory approvals. This site is expected to be redeveloped together with the abovementioned Hollandia site into a residential development with a combined attributable saleable floor area of approximately 192,000 sq. ft., in which the Group has a 80% interest. The development is currently in planning stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Cuscaden Road is a residential development site at the prime District 9 of Singapore, for which a consortium of which the Group is part was awarded the tender through URA sale in May 2018. The development is expected to comprise 19,000 sq. ft. in attributable saleable floor area and is owned by a joint venture in which the Group has a 10% interest. The development is currently in planning stage.

21 Anderson Road is a freehold condominium development situated in District 10 of Singapore. It is currently known as "21 Anderson Royal Oak Residence" and comprises 34 residential units with saleable floor area of 86,000 sq. ft., which the Group has the flexibility to resell or to lease for recurring income purposes. The Group signed a sale and purchase agreement in June 2018 to acquire this development, with completion of the transaction expected in July 2018.

Dorsett City, London


Dorsett Shepherds Bush II, London

2. Hotel operations and management

The following summarises the operating performance of the Group's owned hotels for FY2018 and FY2017 by region in LC.

	Occupancy rate		Average room rate		RevPAR		Revenue	
			(LC)	(LC)	(LC)	(LC)	(LC' 000)	(LC' 000)
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Hong Kong (HK$)	93.8%	90.1%	739	695	693	626	776,474	665,300
Malaysia (MYR)	73.9%	66.8%	193	190	142	127	125,552	112,236
Mainland China (RMB)	68.4%	61.2%	408	411	279	251	214,742	188,011
Singapore (SGD)	86.1%	80.2%	174	181	149	145	16,658	16,480
United Kingdom (GBP)	82.9%	88.0%	106	99	88	87	16,637	11,700
			(HK$)	(HK$)	(HK$)	(HK$)	(HK$'000)	(HK$'000)
Group Total	82.8%	77.6%	658	625	545	485	1,537,802	1,308,954

The Group's hotel operations for FY2018 recorded a total revenue of approximately HK$1.5 billion, representing a solid growth of 17.5% from that in FY2017. Overall OCC increased approximately 5.2 percentage points to 82.8%. The overall ARR increased 5.3% to HK$658 per night. As a result, RevPAR increased 12.4% to HK$545 for FY2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong remained the main contributor to the Group's hotel operations which accounted for approximately 50.5% of the hotel revenue. The OCC increased approximately 3.7 percentage points to 93.8% and ARR rose by 6.3% to HK$739 per night, contributing to a solid growth of 10.7% in RevPAR to HK$693 per night as compared to prior year. Overall performance of Hong Kong for the FY2018 is shown below.

	FY2018		FY2017	
Hong Kong	2H	1H	2H	1H
Occupancy rate	96.5%	91.2%	92.8%	87.2%
Average room rate (HK$)	820	655	751	632
RevPAR (HK$)	791	597	697	551

Both OCC and ARR for Hong Kong in the second half of FY2018 recorded a robust growth and reached 96.5% and HK$820 per night respectively, leading to a rise in RevPAR of 13.5% to HK$791 per night, as compared to the same period in FY2017. In FY2018, the Group benefited not only from the strong growth in the return of overnight visitors from China, but also the Group's continuous effort to attract a wider base of more diverse international visitors, especially from South East Asia and Korea. The growth momentum of the hotel performance in Hong Kong is expected to extend in the coming years given the expected rise in tourism number and as the newly-opened Silka Tsuen Wan is rapidly ramping up its operation since its opening in January 2017.

Dorsett Grand Chengdu family room

MANAGEMENT DISCUSSION AND ANALYSIS

In Malaysia, revenue from hotel operations for FY2018 increased by 11.9% to approximately MYR126 million as compared to FY2017. ARR was maintained at a similar level to that of FY2017. OCC increased by 7.1 percentage points to 73.9% as compared to the prior year. As a result, RevPAR had recorded a strong growth of 11.8% from FY2017 to MYR142 per night, contributed mainly by the newly-renovated Dorsett Kuala Lumpur and Dorsett Grand Subang which had their RevPAR increased by 29.2% and 12.1% respectively. As can be seen from the operating data below, the operating performance of the hotels in Malaysia demonstrated improvement during FY2018.

	FY2018		FY2017	
Malaysia	2H	1H	2H	1H
Occupancy rate	75.4%	72.4%	65.4%	68.3%
Average room rate (MYR)	192	194	194	187
RevPAR (MYR)	145	140	126	128

In Singapore, Dorsett Singapore recorded revenue of approximately SGD16.7 million for FY2018, similar to the level of FY2017. For FY2018, OCC was 86.1% and ARR was SGD174 per night. RevPAR recorded an increase of 2.8% to SGD149 per night. Further details of both years' operating data of the performance in Singapore are provided in the following.

	FY2018		FY2017	
Singapore	2H	1H	2H	1H
Occupancy rate	86.3%	85.9%	80.8%	79.5%
Average room rate (SGD)	174	173	176	187
RevPAR (SGD)	150	149	142	149

In Mainland China, OCC in FY2018 increased by 7.2 percentage points compared with FY2017 while ARR was maintained at a similar level at RMB408 per night. As a result, RevPAR increased by 11.2% to RMB279 per night as compared to FY2017. Revenue increased by 14.2% to approximately RMB215 million for FY2018 mainly due to the strong growth in performance of Dorsett Grand Chengdu and Dorsett Shanghai. OCC of Dorsett Grand Chengdu rose by 6.9 percentage points to 66.2% while RevPAR increased by 15.2% to RMB233 per night in FY2018. Dorsett Shanghai continued to benefit from corporate and exhibition customers which resulted in its RevPAR growth of 6.6% to RMB620 per night for FY2018 as compared to FY2017. It is expected that the operating performance of hotels in Mainland China will continue to grow in the coming year. Operating data for Mainland China are illustrated below.

Dorsett Singapore

MANAGEMENT DISCUSSION AND ANALYSIS

	FY2018		FY2017	
Mainland China	2H	1H	2H	1H
Occupancy rate	67.6%	69.2%	62.7%	59.7%
Average room rate (RMB)	401	415	408	414
RevPAR (RMB)	271	287	256	247

In the United Kingdom, the total revenue was approximately GBP16.6 million for FY2018, an increase of approximately 42.2% as compared to FY2017, due to the addition of hotel rooms from the newly-opened Dorsett City London which had its soft opening in July 2017. The 13-storey Dorsett City London released its full inventory of 267 rooms to the Group's current operating portfolio in February 2018. With its location right next to the Aldgate Underground Station, Dorsett City London is in a perfect spot for both business and leisure travelers. Overall OCC in the United Kingdom decreased by 5.1 percentage points to 82.9% due to opening of Dorsett City London which did not have its full inventory available until late in FY2018 but RevPAR increased by 1.1% to GBP88 per night as compared to prior year. The operating performance of hotels in the United Kingdom will continue to grow as Dorsett City London is expected to ramp up the sales and operation in the coming years.

	FY2018		FY2017	
United Kingdom	2H	1H	2H	1H
Occupancy rate	79.6%	87.6%	86.4%	89.4%
Average room rate (GBP)	107	105	97	102
RevPAR (GBP)	85	92	84	91

In May 2017, the Group disposed of Silka West Kowloon hotel at approximately HK$450 million and made a gain on disposal of HK$320 million with the Group continuing to manage the hotel for a term of 6 years.

As at 31 March 2018, the Group owns 23 hotels (9 in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London and 1 in Gold Coast) with approximately 7,000 rooms. The Group has 14 hotels in the development pipeline, of which two are Ritz Carlton hotels, one each in Melbourne and Perth, and four world-class hotels in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, with the remaining expected to be operated by Dorsett. In April 2018, the Group completed the acquisition of TWOC which owns and operates two four-star hotels and one three-star hotel in Germany, one four-star hotel in Austria and one four-star hotel in the Czech Republic (directly connected to one of the casinos in TWOC's portfolio) with a combined 572 rooms. With the disposal of Silka West Kowloon hotel in May 2017, completion of the TWOC Acquisition and when all the hotels in the pipeline become operational, the Group will own 42 hotels operating approximately 10,800 rooms. The Group also manages 4 other hotels (2 in Hong Kong and 2 in Malaysia) with approximately 880 rooms.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Car park operations and facilities management

The Group's car park and facilities management business includes car park operations and property management services.

Central monitoring system, Care Assist

Care Park, Budapest

The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. This division has been achieving steady growth over the years, with the Group's portfolio under management growing into 441 car parks with approximately 88,868 car parking bays as at 31 March 2018, having added approximately 14,342 car parking bays during FY2018. Of the Group's 441 car parks, 36 were self-owned car parks (24 in Australia, 3 in New Zealand, 1 in the United Kingdom, 6 in Hungary and 2 in Malaysia) comprising approximately 10,684 car parking bays, with the remaining 78,184 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.

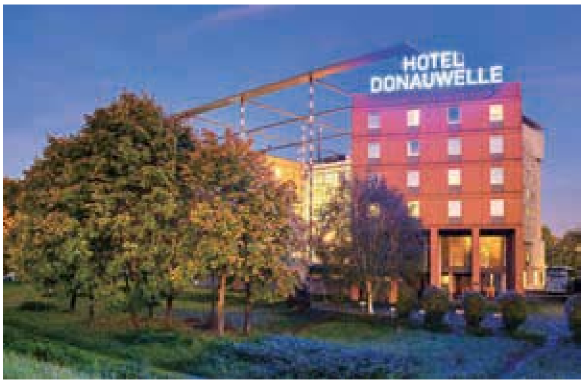
During FY2018, the Group's car park business continued to deliver consistent profit contribution to the Group through organic growth and acquisitions, having leveraged on its central monitoring system, Care Assist, which enabled the management team of this business to have better control on the day-to-day operations of the business, providing a strong foundation for growth. With a management team rich in experience in car parking operations and the scalability offered by Care Assist, the Group is allocating more resources to the car parking division which is currently actively evaluating a number of acquisition opportunities in regions where the Group has an existing presence, with an aim of adding further self-owned car parks to its portfolio.

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 81 contracts in relation to facilities management services as at 31 March 2018, it is expected that the car park operations and facilities management business will continue to be a steadily growing source of recurring cash flow stream.

4. Gaming operations and management

Europe

Following on from the involvement in the QWB Project which will feature a world-class casino in Brisbane, the Group's venture into the gaming business gathered momentum with the completion of the TWOC Acquisition in April 2018. TWOC owns and operates a portfolio of 3 casinos in Czech Republic and 5 hotels (1 in Czech Republic, 3 in Germany and 1 in Austria).



Hotel Donauwelle, Austria

Hotel Freizeit Auefeld, Germany

All the casinos of TWOC operate under the registered brand "American Chance Casinos" featuring gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavor to introduce Asian tourists to TWOC's properties which will not only enrich the Group's hospitality offerings geographically but will also broaden TWOC's customer base.

TWOC is the first gaming operation owned by the Group. With its high standard of regulatory compliance and corporate governance practice, having been listed on the over-the-counter market in the United States until being privatized and delisted upon the completion of the TWOC Acquisition, and having adhered to regulatory requirements in the European Union, TWOC will not only bring to the Group recurring earnings and cash flow contribution from its hospitality business, but will also serve as a platform for the Group to pursue expansion in the gaming space in the regions in which the Group already has a business presence.

The Star, Gold Coast

The Star, Sydney

MANAGEMENT DISCUSSION AND ANALYSIS

Australia

In March 2018, the Group entered into the Strategic Alliance Agreement with The Star and CTF and subsequently completed in April 2018 the acquisition of 4.99% of shares in The Star, which is one of the major casino operators in Australia with a dominant position in Sydney, Gold Coast and Brisbane.

The Strategic Alliance Agreement is expected to strengthen the already established relationship with The Star and CTF, with the three parties having teamed up on the QWB Project in Brisbane and subsequently on the Gold Coast and Sydney developments. The developments undertaken by the consortium among the Group, The Star and CTF will undoubtedly bring long-term benefits to The Star's casinos, and the equity investment in The Star will enable the Group to also share the future growth of The Star. The Group will also enjoy increased exposure to the gaming market in Australia and a steady contribution to the Group's profit and cash flow going forward, following The Star's plan to increase its dividend payout ratio to 70% of its normalized net profit. The marketing alliance which forms part of the Strategic Alliance Agreement will also facilitate cross-referral of gaming customers, thus benefitting both the Group and The Star.

OUTLOOK

The Group continues to be well positioned to deliver sustainable and long-term growth with its regionalization strategy which has resulted in a strong performance during FY2018. Presales value of the Group as at 31 March 2018 was at a record high of HK13.4 billion and a current development pipeline of HK$52 billion provides clear visibility of the Group's future profitability. The Group will continue to add to the development pipelines by allocating resources to regions where the Group sees long-term fundamental growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

Since Dorsett has become wholly-owned by the Group in 2015, the Group has been reaping benefits from the increased flexibility in capital allocation which has helped partly fuel the Group's accelerated growth in recent years. The Group will continue to benefit from a more flexible capital allocation as it continues to grow.

The Group's hotel business is expected to continue its recovery track, especially those in Hong Kong, whereas new hotels in the pipelines will further add to the future recurring cash flow base. The Group's direction of allocating more capital to the car park operations and facilities management business ensures that this part of the Group's business will not only grow organically as it has been for years, but also through acquisitions of car park assets that yield good returns and offer longer-term potential land-banking opportunities.

The recent expansion of the Group's footprint into the gaming business through the TWOC Acquisition and the investment in The Star will be another major growth driver of the Group's business. The combination of the Group's skillset in delivering mixed-use developments and the required licenses and operating team to manage a gaming business, which is a market of high entry barrier, will place the Group in a unique position to develop projects with elements tailored to individual locations.

The Group has a favorable liquidity position at approximately HK$8.1 billion and a net gearing ratio of 28.7%, reflecting the strength of the Group's balance sheet. Together with the available undrawn credit facility of HK$6.9 billion and with abundant asset base which remains unencumbered, there is a significant war chest to support the growth of the Group.

In conclusion, the Group has laid a solid foundation for growth and will continue to bring to its shareholders long-term growth.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had approximately 3,500 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

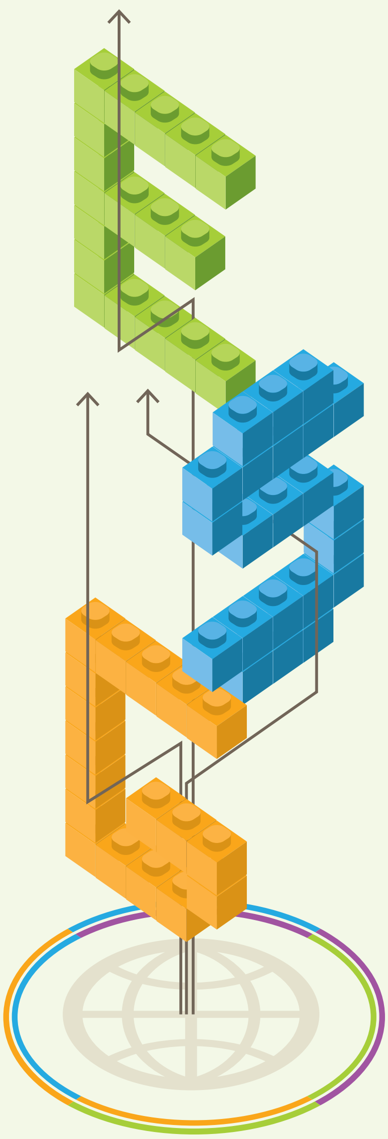
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This is the second year for the Company to disclose the management approach, performance and achievements of its key operations on environmental, social and governance ("ESG") aspects in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules.

The report covers the Group's property development business in Hong Kong, Mainland China (Guangzhou and Shanghai) and Australia (Melbourne, Brisbane and Perth), and hotel operations and management business in Hong Kong under Dorsett[1]. Unless otherwise stated, the content in this section covers the period from 1 April 2017 to 31 March 2018.

We welcome your feedback on this section and the Group's ESG performance. Please visit our website at www.fecil.com.hk and share your thoughts with us.



OUR STRATEGY ON ESG

Managing ESG Issues

As a responsible player in the market, we strive to create and maintain economic, environmental and social value for our stakeholders. Our ESG governance structure represents our formal commitment to realise this vision through proactively managing our environmental and social risks and monitoring performance.

While the Board has the overall responsibility to formulate and oversee the Group's strategies on ESG, the Group has an ESG Committee dedicated to supporting ESG work, including ESG policy implementation, ESG performance monitoring, stakeholder engagement and ESG performance disclosure. The Committee is chaired by Ms. Winnie Chiu, the President and Executive Director of Dorsett and involves senior management from various departments across all operations. Whenever appropriate, the ESG Committee reports ESG matters to the Board.

A set of ESG policies have been implemented purposefully across our operations. On the one hand, the policies highlight our standards and expectations towards environmental and social performance with reference to the local legal requirements. On the other hand, they are the guiding framework of our daily decision-making process on environmental and social impacts.

Engaging Our Stakeholders

We are devoted to communicating and working with our stakeholders to drive positive ESG changes. Through regular interaction and listening to and addressing their interest and concerns, we hope to foster a sustainable relationship with our key stakeholders.

We understand that communicating transparently with our investors is the key to their understanding of the Group's business performance and strategies. We take initiatives to maintain an ongoing dialogue with investors through regular meetings and innovative digital conferences. We value investors' opinions as they lay the foundation for our sustainable development. We build sustainable relationships with our investors and create value for them by addressing their interests and concerns.

1 Other operations represent a relatively small percentage of our business. We will consider expanding the scope of disclosure in the future.

The Group had marked several achievements in FY2018 with regard to investor relations. The share price of FEC outperformed the market during Hong Kong stock market downturn in 2016 and continued to do so during the market upbeat in 2017. As of 29 December 2017, the closing share price climbed 44.6% to HK$4.7 compared to a year ago, which is better than Hang Seng Index rise by 37%. Moreover, as at 3 November 2017, the market capitalization of FEC hit a historic high of HK$10.4 billion, breaking through the threshold of HK$10 billion for the first time. As at 29 December 2017, compared to the HK$7.44 billion market capitalization on 30 December 2016, market capitalization increased 45% to HK$10.8 billion, and daily trading value increased 62% to HKD 6.36 million, which is a direct indication of the Group's growth, and also the recognition from investors on the development of the Group.

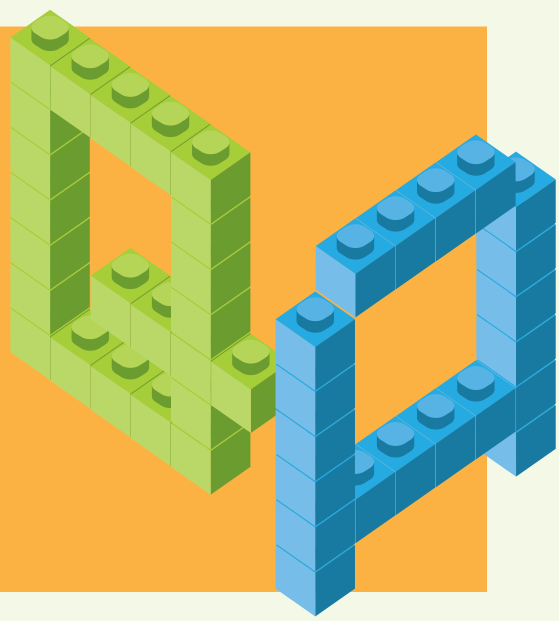
During FY2018, the Group carried out various initiatives to enhance information transparency and investor relations. In particular, the Group arranged more than 60 company visits for credit and equity analysts and investors from global investment banks and fund houses, organised 34 investor conference calls or webcasts, investor corporate days and non-deal roadshows ("NDR") in Hong Kong, Singapore, Mainland China, the United States, Canada, Malaysia, and Europe, 11 investor relations events for project launches, investor gatherings and luncheons, and 4 investors' site visits to projects in different regions. The Group also created investor webcast for the FY2017 annual and FY2018 interim results announcements as well as for the latest announcement of strategic alliance with The Star and CTF. The Group published 22 press releases during FY2018. We also maintain regular communications with more than 4,000 institutional investors through emails and phone calls. In addition, the Group has developed various methods in digital investor relations area, namely our WeChat official account; prompt information update on Company website including financial reports, presentations, announcements, press releases and newsletters; cooperated with online roadshow providers for real-time online webcast and online interactive communication with investors. The Group is looking into innovative and transparent ways of communication in order to deliver efficiency and to receive direct feedback from our investors.

The table below shows the investor conference calls or webcasts, investor conferences and NDRs FEC organized or participated in the financial year ended 31 March 2018.

Date	Organiser(s)	Fixed Income/ Equities	Location(s)	Conference/Activity
4-5 April 2017	DBS Vickers	Equities	Singapore	Investor Conference
17 April 2017	Huatai Securities	Equities	Hong Kong	NDR
24 April 2017	Cathay Securities	Equities	Hong Kong	Investor Conference Call
9 May 2017	Nomura	Equities	Hong Kong	Corporate Day
11-12 May 2017	HSBC	Equities	Shenzhen	Investor Conference
17 May 2017	Huatai Securities	Equities	Hong Kong	Investor Luncheon
15 June 2017	CIMB	Equities	Hong Kong	NDR
16 June 2017	AMTD	Equities	Hong Kong	Post-results NDR
19-20 June 2017	CIMB	Equities	Malaysia	Post-results NDR
21-22 June 2017	DBS Vickers	Equities	Singapore	Post-results NDR
5-7 July 2017	Guotai Junan	Equities	Shanghai	Post-results NDR
12-14 July 2017	Guotai Junan	Equities	Beijing	Post-results NDR
28 September 2017	Shenwan Hongyuan Securities	Equities	Hong Kong	Investor Conference Call
10 October 2017	UOB	Equities	Singapore	Investor Conference
11 October 2017	UBS	Fixed Income	Singapore	NDR
12 October 2017	DBS	Fixed Income	Singapore	NDR
16 October 2017	UBS	Fixed Income	Hong Kong	NDR

Date	Organiser(s)	Fixed Income/ Equities	Location(s)	Conference/Activity
24-26 October 2017	Jefferies	Equity	Europe	NDR
30-31 October 2017	Credit Suisse	Fixed Income	Hong Kong	NDR
13 November 2017	HSBC	Equity	Hong Kong	Investor Conference Call
17 November 2017	Nomura	Fixed Income	Hong Kong	Investor Conference Call
29 November 2017	DBS Vickers	Equity	Hong Kong	Post-results NDR
30 November 2017	CIMB	Equity	Hong Kong	Post-results NDR
1 December 2017	AMTD	Equity	Hong Kong	Post-results NDR
4 December 2017	Maybank	Equity	Malaysia	Post-results NDR
5 December 2017	DBS Vickers	Equity	Singapore	Post-results NDR
6 December 2017	Nomura	Equity	Hong Kong	Investor Conference Call
8 December 2017	Nomura	Equity	Hong Kong	Investor Conference
9 January 2018	Guosen Securities	Equity	Hong Kong	Investor Conference Call
7 February 2018	CITI	Fixed income	Singapore	Investor Conference
7 March 2018	Morgan Stanley	Fixed income	Hong Kong	Investor Conference
9 March 2018	Roadshowchina	Equity	Hong Kong	Investor Conference Webcast
29 March 2018	Credit Suisse	Equity	Hong Kong	Investor Conference Webcast – Strategic Alliance with The Star and CTF
29 March 2018	Roadshowchina	Equity	Hong Kong	Investor Conference Webcast – Strategic Alliance with The Star and CTF

The Group provided English and Mandarin simultaneous interpretation during the FY2018 annual and interim results announcement briefing, webcast playback and online Q&A session. This allowed shareholders to understand Company's business updates without being limited to geographical locations and schedule conflicts. The analysts' coverage on FEC also increased. During FY2018, AMTD, DBS Vickers and CIMB published update reports with BUY rating. Together with non-rated reports from ICBCI, Cinda, HSBC, Philip Securities, and UOB, there were a total of 14 reports published on the Group in FY2018. The Group will continue to improve the Group's information transparency through timely communication with external investors as well as through regular corporate disclosures to ensure that the share price will better reflect the underlying value of the Group's business.

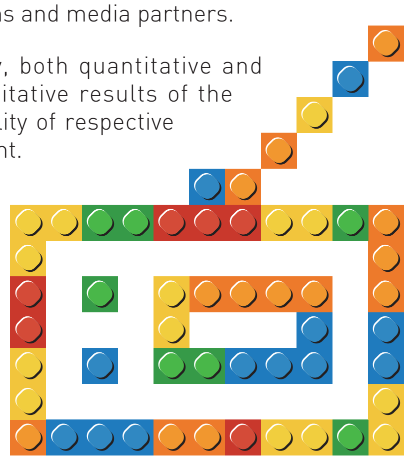


The Group has won a number of international awards on company management, investor relations, corporate governance and corporate social responsibility during the financial year. Below are part of the highlights of the awards: Platinum Award at *"The Asset Corporate Awards 2017"* for outstanding performance in Governance, Social Responsibility, Environmental Responsibility, Financial Performance and Investor Relations for the second consecutive year; two top awards at Corporate Governance Asia's *"7th Asian Excellence Award 2017"*, including "Best Investor Relations Company in Hong Kong" and "Best Investor Relations Professional in Hong Kong – Ms. Venus Zhao"; five award nominations and two top awards at *IR Magazine Awards – Greater China 2017*, highlighted by "Best in Sector: Real Estate" for the third consecutive year, and "Best Investor Relations Officer (small to mid-cap) – Ms. Venus Zhao" for the third consecutive year; "Best Investor Relations Professional Second Place Nominated by Buy-side – Ms. Venus Zhao" in *"Institutional Investor Award 2017"* for the third consecutive year; Bronze award in the "Corporation – Real Estate" category at the 2017 Questar Awards; Three top honours at the *Hong Kong Investor Relations Association 3rd IR Awards*, including "Best IR Company (Small Cap)" for the second consecutive year, "Best IR by Chairman/CEO (Small Cap) – Mr. David Chiu", and "Best IR in Corporate Transactions (Small Cap)"; "Best Listed Company at Investor Relations Management" in *Golden Hong Kong Stocks Awards 2017*; two awards in the *First China Excellent IR Award*, including ""Best Innovation Award" and "Best Director Award – Ms. Venus Zhao"; and two awards in iNOVA Awards 2017, including the Group's Annual Report won Bronze Award in the "Online Annual Report Category" and the newly revamped corporate website received the Bronze Award in the "Corporate Website Category".

Looking forward, we believe that well-managed companies, with cultures that support ongoing innovation, performance and accountability, will be better placed to deliver superior returns irrespective of the economic cycle. Our focus will continue to be on enhancing our net assets value by innovation, outstanding corporate management, accountability and return to investors through long-term dividends growth. We also believe that the Shenzhen-Hong Kong Stock Connect will definitely bring us more opportunities.

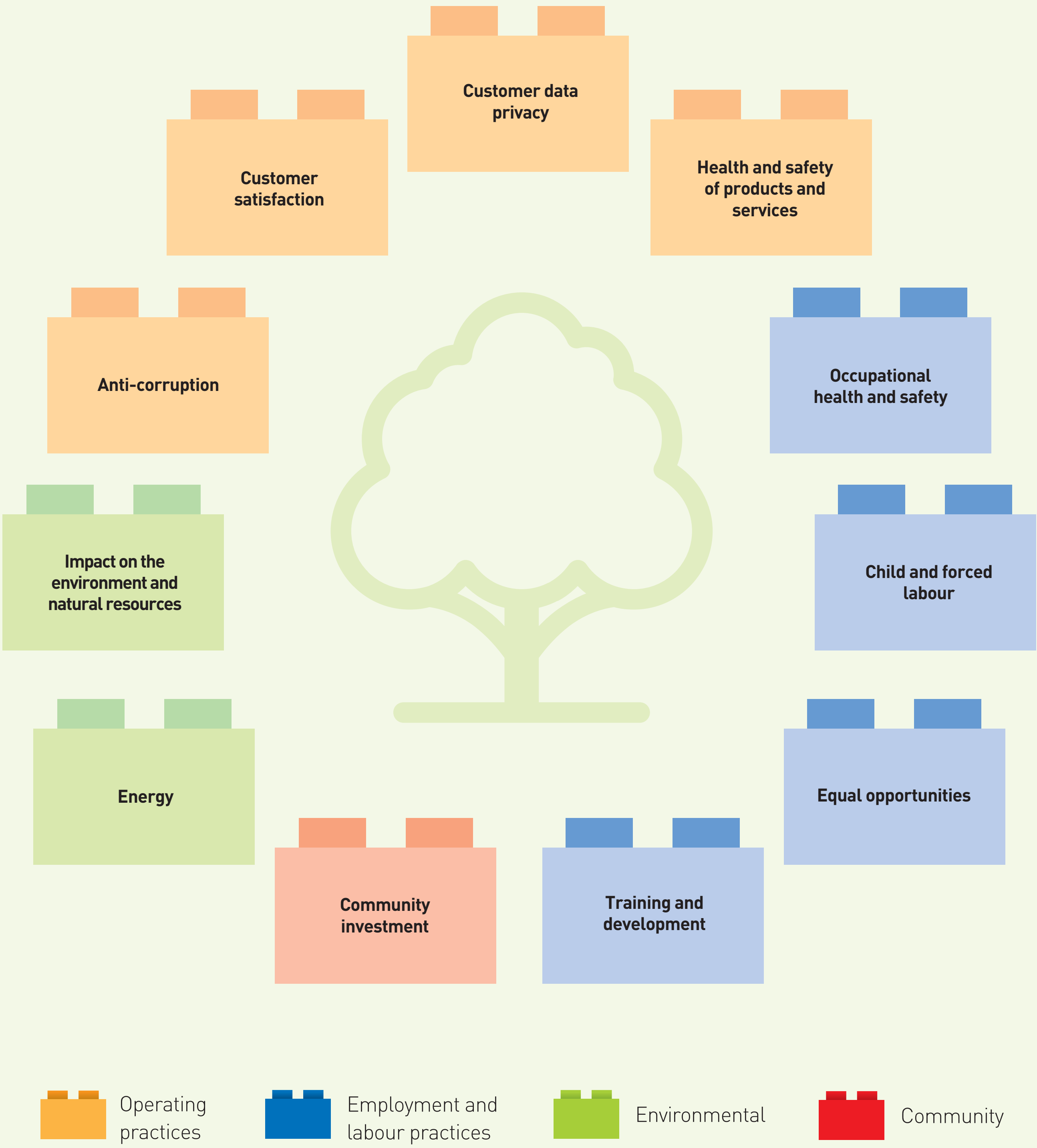
Besides investors, we actively engage other key stakeholders with whom we work closely on the sustainability agenda. To continuously review our ESG strategy to create positive value and prepare this ESG report, we have again authorised an independent consultant to conduct an anonymous online survey to understand our stakeholders' expectations and views on our ESG issues during the reporting year. We received close to 600 responses from different stakeholder groups in Hong Kong, Mainland China and Australia. These stakeholders include our employees, investors, customers, suppliers, business partners, community partners, industry associations and media partners.

Based on the result of the engagement survey, both quantitative and qualitative analysis were performed. The quantitative results of the online survey were used to reassess the materiality of respective ESG issues and report the same to our management. Issues raised by these stakeholders during the engagement process were also summarized and reported to the management of the Group. These include stakeholders' thoughts and expectations on the Group's upcoming ESG report, ESG approach and performance and the newly implemented ESG policies in the reporting year. These analyses provided insights for the Group to review and strengthen its planning and execution, as well as to enhance stakeholder-inclusiveness in its decision making.



Assessing Materiality

The results from the online survey were used for conducting materiality assessment. To obtain a fair and comprehensive picture of the materiality of the ESG issues, we engaged representatives of our management team to undergo further analysis. ESG issues that are most material to our stakeholders and the Group are as follows:



OUR WORK FOR OUR EMPLOYEES

Employees are the cornerstone of a successful business. We are dedicated to maintaining an inclusive, rewarding and safe work environment, where employees can enjoy their work, develop their career and grow together with the Group. Our commitment to being a caring and equal opportunity employer is reflected in our employment policies and employee engagement initiatives.

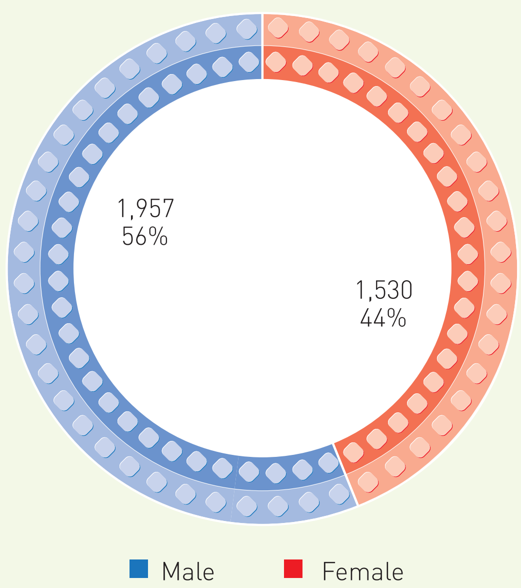
Our policies, intents and guidelines related to employment practices and employee well-being are communicated in the respective Employees Handbooks of our business units. Besides stipulating the employment arrangements and behavioural standards for our associate, the handbooks emphasise the principles we uphold in equal opportunity. Applicable to employment arrangements including recruitment and employment, promotion, transfer, layoff and termination, our equal employment opportunity policy ensures all associates and applicants are treated fairly irrespective of factors including race, religion, sex, family status, sexual orientation, physical disabilities or any other basis.

We place great attention on the prevention of child labour and forced labour. Our hiring departments verify the age and background of job applicants during the recruitment process by examining the originals of their identity documents. Employment of anyone below the minimum statutory age and forced labour of any kind are strictly prohibited.

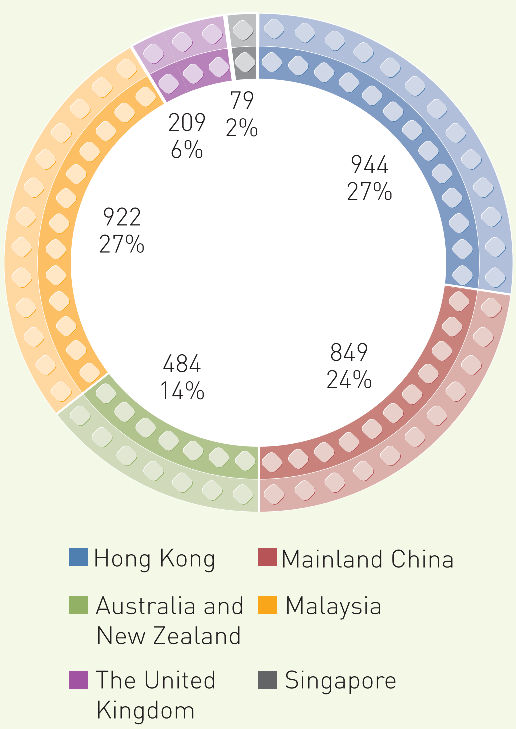
During the reporting period, there were no cases of non-compliance with laws and regulations related to employment, employee health and safety, child and forced labour and corruption.

Employee Profile[2 3]
Total number of employees as at 31 March 2018: 3,487

Total workforce by gender



Total workforce by region



2 "Total workforce" here refers to the total number of employees of all business units of the Group. Other than this section, quantitative information disclosed in this report aligns with the reporting scope as specified in "About Our Environmental, Social and Governance Report" section.

3 Percentages rounded to the nearest unit.

Maintaining Business Integrity with Employees

A good business maintains strong ethics. To achieve this, a high degree of alignment with the same set of standards among employees is essential. With our Code of Business Conduct (the "Code") in place, working practices and employee behaviour are guided by the principles stipulated.

The Code covers the definitions and requirements concerned with various topics, including those related to:

- Prevention of corruption and anti-competitive behaviour: Insider Trading, Conflicts of Interest, Political Contributions, Competition and Fair Dealing;
- Personal integrity: Corporate Opportunities;
- Human rights: Discrimination and Harassment, Health and Safety;
- Product and service responsibility: Confidentiality; and
- Environmental protection.

Enhancing associates' awareness towards unethical behaviour is the key to effective enforcement of the Code. Therefore, we organise training for employees on ethics-related topics from time to time to deepen their understanding. For instance, Dorsett Kwun Tong invited the Hong Kong Independent Commission Against Corruption ("ICAC") to conduct a seminar this year, during which trainers explained to our associates on how to prevent anti-corruption arising from work. Besides, employees are required to sign an acknowledgement annually as confirmation that they understand and are willing to comply with the Code.

Seminar conducted by ICAC representatives

Procedures to report breaches of the Code are in place. If suspected misconduct or malpractice is identified, employee can report it verbally or in written form to their supervisors, managers or the appropriate personnel as appointed by the Group. For situations where it may not be appropriate for the associate to discuss such issues with his/her supervisor or manager, some of our business units have also established dedicated hotlines. Complainants' identities are kept confidential. They are also protected by the Group from any retaliation for reports made in good faith.

During the reporting period, no concluded legal cases regarding corrupt practices were reported.

Enhancing Work Safety and Engaging Our Employees

Our policy on occupational health and safety is communicated through our employee handbooks and the Code. Maintaining a safe and healthy workplace is defined as a shared responsibility of all employees and officers. Employees are also educated to conduct work in a manner that is free of violence, drugs, alcohol and other restricted substances, as well as to report safety hazards, including unsafe equipment, practices or conditions when identified.

To raise the knowledge and awareness of our employees, both internal and external training related to health and safety topics have been arranged. For instance, in September 2017, Dorsett Tsuen Wan arranged the Internal Fire Drill Training 2017 with 63 participants from all departments of the hotel. In Dorsett Kwun Tong, occupational health and safety talks were arranged quarterly in collaboration with the Labour Department; a talk on "Manual Handling Operations and Prevention of Back Injuries for the Hotel Industry" was also organised this year.

Occupational health and safety talk

Internal fire drill

Apart from accident prevention, we invested resources to enhance health consciousness among employees. All employees in the Group are covered by medical insurance. Other than general coverage, in Silka Far East, Silka Seaview and Silka West Kowloon, Hong Kong, three other types of physical checkup plans including one especially for women are provided to employees with half of the cost shared by the Group. At our Australian offices, annual medical checks and flu shots are arranged for associates. To promote a healthy and balanced lifestyle, all Australian associates receive weekly exercise training and remedial massage sessions. We also provide fresh fruit for employees on a weekly basis.

During the reporting year, the Group did not find any cases of non-compliance regarding employee health and safety, nor any work-related fatalities. However, work-related injuries were reported at our hotel operation, which led to a total of 558 lost days within this reporting period. Investigations have been carried out accordingly; all injured employees concerned have received paid sick leave, proper medical treatment and insurance compensation.

The Group hopes to create a workplace that employees find enjoyable. Through organising a variety of employee activities, we promote work-life balance and a sense of engagement with the Group. These include dinners, parties, voluntary services, sports events, festive celebrations, festive gatherings and skill-related competitions. To promote family cohesion, employees' families are invited to join some of our events.

FY2018 Activities Highlights

Family Fun Day in Dorsett Tsuen Wan

In July 2017, 40 guests from 15 families were invited to join our associates in enjoying a clown show at the hotel. Associates' family members also paid a visit to their workplaces.

Associates had a great time with their families

Parenting activity in Dorsett Kwun Tong

Activities were arranged aimed at promoting stress relief and family cohesion among our associates. This year, an art competition was organised during summer for employees to participate in with their children.

Artwork created by our employees' families

We strive to promote an open, honest and communicative relationship between management and associates. Electronic channels are used to issue invitation letters, notices and newsletters from time to time, allowing associates to stay connected with the latest news and development of the Group. At Dorsett, we make use of an Associate Engagement Survey to assess how our associates engage with us, in dimensions including corporate culture, leadership, work-life balance, personal development, teamwork and total rewards. Based on the results, we review and enhance our people agenda in attracting, training, developing and retaining talents. This year, the results were reviewed by our Management Team. As a follow-up to the findings, focus groups and action plans were formulated to implement improvement measures.

We encourage associates to discuss work-related matters with their direct managers, including grievances concerning employment issues. Under circumstances where it is not appropriate to do so, employees can voice concerns through our grievance procedures. For instance, in our hotel operation, associates can refer the issue to his/her Department Head, who will also involve the Human Resources Department. If the grievance is still unresolved, discretion ultimately rests with the relevant Director and the head of the Human Resources Department.

Offering Training and Development Opportunities

It is our policy to empower our associates through adequate training and development opportunities, with the objective of enhancing their job performance and capabilities for future advancement. Orientation and induction programs are organised for all new employees to understand the Group's work culture and environment. In-house training and external training are arranged from time to time based on the training needs of specific business units. During the year, the Group delivered over 3,500 hours of training to its employees.

OVER
3,500
HOURS OF TRAINING

To plan for employee's training and development in a more structured manner, Dorsett Hospitality International launched its Talent Development Roadmap this year, which outlines a wide range of programmes available for associates at different levels with different needs. For instance, customer care related programmes such as service recovery and telephone etiquette are designed for customer-facing functions. For associates with people management responsibilities, programmes covering supervisory skills, performance management and train-the-trainer are arranged. To enhance the competencies of our associates with leading roles, courses related to leadership and management development have been organised.

In-house training

Leadership Development Programme arranged by Dorsett

In 2017, Dorsett commissioned the School of Hospitality and Tourism Management of Hong Kong Polytechnic University ("PolyU") to design, develop and deliver a customised Leadership Development Programme. Targeting the hotels' senior employees, the Programme comprises three stages with a range of courses. Training topics included Innovation and Leadership in Hospitality, Strategic Management, Leadership Coaching and Managing Organisational Changes. The first and second stages of the Programme had been completed in April and October 2017 respectively; more than 50 senior management team members from the corporate office, regional office and hotels participated in the Programme, including on-campus lessons conducted by professors from PolyU.

Management Development Programme ("MDP") co-developed by Dorsett with Hong Kong Vocational Training Council ("HKVTC")

This ten-module programme aims to equip our middle management with essential management skills to be effective leaders in Dorsett. Further to the successful launch in Hong Kong, Dorsett has collaborated with HKVTC to extend the scope of this MDP to our operation in Malaysia in 2017. Over the last three years, more than 70 supervisors and managers have been trained in Hong Kong and Malaysia.

Interviewing and Recruitment Workshops

Targeting line managers and human resources leaders who are responsible for recruitment, this programme is launched to sharpen their knowledge and skill-sets in conducting effective interviews. This programme helps participants get familiar with our recruitment policies and procedures, talent resourcing process and competency-based behavioural interview technique, so as to select the right talents. Since September 2017, this programme has been launched in our hotels in Hong Kong, Mainland China and Southeast Asia region.

On-the-job Trainings

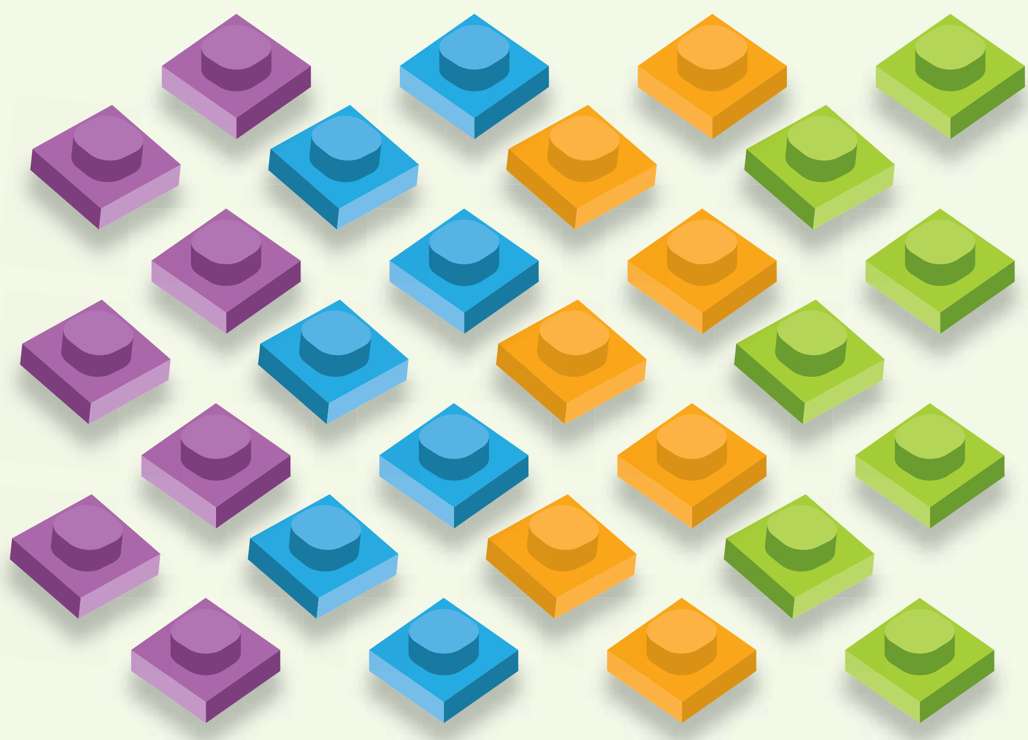
Dorsett hotels aim at further enhancing job performance of our associates and creating a learning culture in Dorsett. The ultimate goal is to achieve great guest experience and to fulfil our corporate vision – "Bringing Asian Inspired Hospitality to the World". In this regard, departmental trainers have been identified in each hotel property who are responsible for conducting on-the-job training for associates in their respective department on an ongoing basis.

External training

Professional Customer Services Training

In August 2017, four of our managerial associates from Dorsett Tsuen Wan, Dorsett Grand Chengdu, Dorsett Wuhan and Lushan Resort participated in the "Certificate Programme for Professional Butlers" co-organised by HKVTC and a worldwide recognised butler service from UK Savoy Butler Academy. This programme aims to equip participants with the necessary skills to create memorable experience for our exclusive guests through theoretical and practical training. Meanwhile, this provided a valuable learning opportunity for our managerial associates to exchange ideas and best practices in their hotels.

We remunerate and promote associates based on their performance record and demonstrated ability which is assessed regularly in accordance with the established performance review system. For instance, in our Australian offices, the review is conducted in the form of discussion sessions of employees with their immediate manager, during which they are provided with feedback on their personal strengths and areas for improvement. Every year, a year-end discretionary bonus may be granted to recognise the performance of outperforming associates. The review also guides our decision-making on whether to advance associates to positions with greater responsibilities.



OUR WORK FOR RESPONSIBLE OPERATION

Upholding ethics is fundamental to the continuity of business. To ensure a high level of integrity, the Group is committed to ensuring our business decisions and practices adhere to the Code. Applicable to the Board and all employees, the Code provides clear guidance on the responsibilities and obligations that everyone in the Group should observe. With full compliance in our operating locations being the bottom line, we strive to build a trusting and sustainable relationship with our stakeholders.

During the reporting period, there were no cases of non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services.

Delivering Quality Services and Products

Being the most customer-facing in nature among our businesses, the Group's hotel operation endeavours to achieve operations excellence and create a memorable experience for our guests. To accomplish this mission, we strive to enhance guest satisfaction by continuously integrating their feedback into our improvement initiatives. This is achieved by various communication channels:

Placed in guestrooms, meetings or events venues as well as our food and beverage facilities, this questionnaire form provides a convenient and confidential way for guests to voice their comments on our services and products. They can submit such comments to our associates upon check-out from their room or venues. The feedback collected, be it positive or negative, is returned to the relevant hotel functions and operating teams.

It has been implemented in our hotels as a regular networking platform, aiming to foster closer rapport in a more personal approach. Every Wednesday evening, regular staying guests and even corporate clients are invited to enjoy complimentary drinks with our management in this one-hour event. Such informal and relaxing dialogue reinforces to our guests that their voices are heard by our management team. Client feedback is to be instantly followed up on within the guest's current stay when possible.

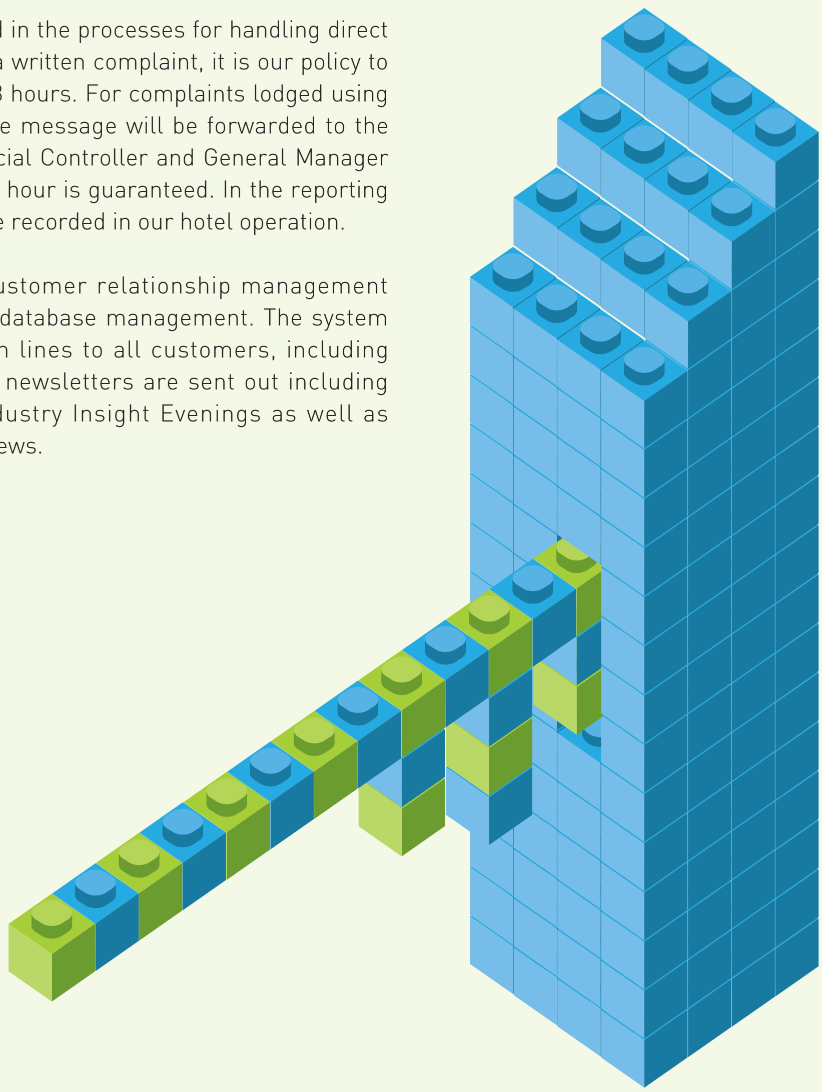
All guests are encouraged to share their experience upon checking out via various online guest comment platforms, such as TripAdvisor, Google+ and Facebook. These comments are monitored by our team, such that we can benchmark the performance of one hotel against others of the Group. This allows for more comprehensive analysis of the quality in our products and services.

In our hotels, a range of channels are available for customers to lodge complaints, including

- Face-to-face dialogue with the hotel's Guest Services Manager or the Concierge
- Dedicated email box
- Live chat room on the hotel website
- Feedback collection button on smart phones provided for guests' free use
- Online platforms monitored by our Brand Marketing Department in consultation with the hotel's General Manager

All our hotel associates are trained in the processes for handling direct guest complaints. Upon receiving a written complaint, it is our policy to ensure a timely response within 48 hours. For complaints lodged using the feedback collection button, the message will be forwarded to the Housekeeping, Front Office, Financial Controller and General Manager of the hotel, and response within 1 hour is guaranteed. In the reporting year, a total of 241 complaints were recorded in our hotel operation.

FEC plans to introduce a new customer relationship management system in FY2019 to improve our database management. The system has extended our communication lines to all customers, including VIP clients. In addition, quarterly newsletters are sent out including information gained from our Industry Insight Evenings as well as general FEC project updates and news.



Our pursuit of excellence in customer satisfaction is widely recognised in the hospitality industry. In the reporting period FEC attained the below awards or certifications:

Dorsett	• Hotel of the Year Award – Best 4-star Hotel Group Worldwide 2017 – Service Innovations, awarded by Hotel of the Year Awards • Best International Brand Hotel Group 2017, awarded by International Hotel Forum Organisation, China • Local Brand Hong Kong Best of the Best Award 2017, awarded by Local Brand Hong Kong Awards 2017 • Best Hotel Chain, awarded by Ctrip
Dorsett Wanchai	• Best Family Hotel in Hong Kong - Hong Kong Business High Flyers Outstanding Enterprise 2017 • Best of +VIP Access Hotel, awarded by Expedia • Certificate of Excellence , awarded by TripAdvisor.com
Dorsett Mongkok	• Loved by Guests Award 2017, awarded by Hotels.com • Best Partner Award, awarded by Ctrip • Certificate of Excellence, awarded by TripAdvisor.com
Dorsett Tsuen Wan	• Best Selling Hotel, awarded by Ctrip
Dorsett Kwun Tong	• Loved by Guests Award 2017, awarded by Tripadvisor.com • Certificate of Excellence, awarded by Tripadvisor.com • Bronze Award 2017, awarded by Rakuten Travel
Cosmo Hotel	• Best of +VIP Access Hotel, awarded by Expedia • Expedia Awards 2017 – Top Expedia Holidays Property (Hong Kong), awarded by Expedia • Expedia Awards 2017 – Top Selling Property (Hong Kong), awarded by Expedia
Lan Kwai Fong Hotel @ Kau U Fong	• 2017 Luxury Boutique by World Luxury Hotel Award • Best Extranet Master, awarded by Booking.com • Certificate of Excellence, awarded by Tripadvisor.com • Best Partners Award, awarded by Ctrip • Top Loyalty Property, awarded by Expedia
Silka Tsuen Wan	• Service Excellence Hotel of the Year 2017, awarded by the GHM Hotel General Manager Association
Dorsett Shanghai	• 2017 The Best International Business Hotel Platinum Awards, awarded by the International Hotel Forum Organization • 2017 China's Most Popular Business Travel Hotel, awarded by the International Hotel Forum Organization • 2017 Very Good Guest Review Score, awarded by Hotels.com • 2017 Certificate of Excellence Accorded by TripAdvisor.com

Observing Product and Service Responsibility

Customers rely on complete and accurate information to make decisions. To safeguard customers' interests, we have implemented strict control on the quality and security of information involved in our operating activities. In practice, the Group keeps itself updated on the latest laws and regulations to ensure our current sales and privacy measures comply with local requirements.

For instance, the Group has continuously allocated resources to ensure the compliance of our marketing materials and sales arrangements related with the Residential Properties (First-hand Sales) Ordinance in Hong Kong. These materials include sales brochures, price lists, payment terms, show flats, registers of transactions and advertisements. Besides, we require our property agencies in Hong Kong to attend our training sessions before conducting sales activities on our behalf. Inspections at our show flats and examination of relevant marketing materials were conducted by the authority, which determined that we complied with the Ordinance.

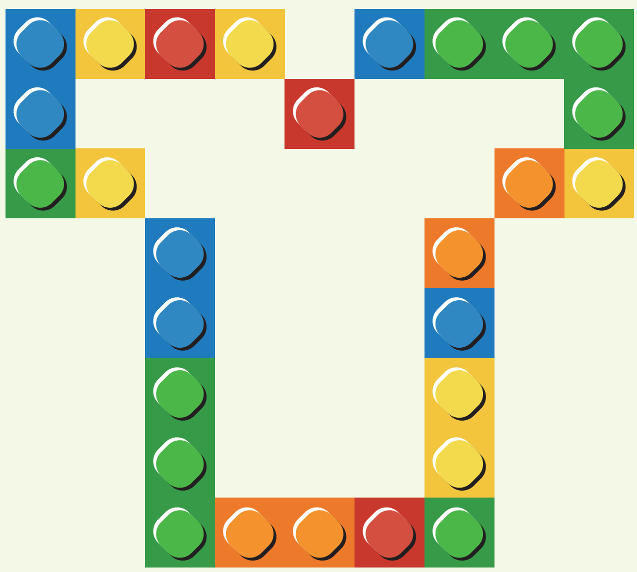
As stipulated in our Product Responsibility Policy, the Group strictly follows the Personal Data (Privacy) Ordinance in Hong Kong and relevant legal requirements relating to the collection, retention, handling, disclosure and use of personal data in all operating locations. A personal information collection statement is included upon collection of customers' personal data. Use of customer data in direct marketing or communication without prior consent from customers is strictly prohibited. All buyers' personal information is encrypted and stored in our database servers, accessible only to authorised employees with an individual password.

We also require our associates to maintain the confidentiality of proprietary information entrusted to them by the Group of its customers or suppliers. Such information includes intellectual property include but is not limited to patents, trademarks, copyrights and engineering and manufacturing ideas. Related definitions and requirements are conveyed in the Code.

Influencing Our Supply Chain

The Group's businesses have a complex supply chain, involving over 4,000 suppliers, contractors and subcontractors, which not only affects the quality of our products and services, but also determines how effectively we can manage environmental and social risks.

To create a greater positive impact along the value chain, the Group has established a Procurement Policy that stipulates our procurement ethics, as well as the requirements for our supply chain partners. In particular, we advocate green procurement and implement it at the site level of our operations.



Green procurement in practice – Perth City Link, Australia

Sourcing greener materials and appliances

Energy efficiency at the consumption stage highly relies on the hardware embedded in the building. Based on our Sustainable Procurement Guide developed for the project, we have engaged and selected suppliers to deliver energy-efficient products as part of the base-building works of the apartments and hotels. Domestic clothes dryers, dishwashers, refrigerators and clothes washers to be installed are required to be within the 85th percentile of available star ratings under the Australian Government's 'Energy Rating' labelling system. Reinforcing steel is sourced from steel-makers who adopt less energy intensive manufacturing processes, resulting in an energy reduction of at least 40MJ per tonne of steel.

Empowering our supply chain partners

Apart from regular site meetings, our main contractor organises on-site training for all subcontractors from time to time. Training covers topics ranging from core concepts of global warming, climate change to the health impacts of minimum building practices. This site-specific training is tied into the workplace site inductions, ensuring that all personnel undertaking works on-site are educated on sustainable solutions.

Local sourcing and using recycled products are also incorporated into our green procurement strategies. We encourage our suppliers to use locally produced goods. This implies a shorter travel distance for delivery, resulting in lower fuel use and carbon footprint. Besides, currently our Australian office uses 100% recycled paper for photocopying and printing.

The Group also works closely with our contractors to ensure sound safety management at project sites. We ensure that our main contractors provide induction training on health, safety and environmental ("HSE") risks and controls for their employees and subcontractors. Taking QWB integrated resort project as an example, workplace inspections are carried out to monitor site safety. Some inspections are jointly conducted by the management of the project, HSE Coordinators and representatives from our subcontractors to identify, record and remediate workplace hazards. Risks identified and the corresponding control measures are communicated with workers through daily prestart and toolbox meetings. Over 130 inspections and 150 task observations were completed in this year.

OUR WORK FOR THE ENVIRONMENT

The Group is committed to understanding and managing our environmental risks and opportunities, with the objective of creating value by continuously improving our environmental performance. Guided by our Environmental Policy with the support of the ESG Committee, we have stepped up our efforts in environmental management in this financial year.

Apart from implementing initiatives to enhance our efficiency in utilising energy, water and other resources, we started measuring our environmental impacts quantitatively. An internal system has been established in which various business units collaborate to collect and monitor environmental data. This report marks the beginning of the Group's disclosure of environmental key performance indicators ("KPIs") in greater detail. We will continue to maintain the system and ensure accurate and consistent year-to-year disclosure for our stakeholders.

We also strive to extend our influence to our stakeholders. We encourage contractors to operate in an environmentally friendly manner. To achieve better alignment, we communicate with contractors on our environmental standards, and meet periodically to work out practical environmental solutions at construction sites.

Three of our hotels were once again certified by EarthCheck in 2017, one of the world's leading scientific benchmarking certification and advisory groups for travel and tourism. This recognises our performance in environmental stewardship social responsibility, demonstrating to our customers the Group's dedication to putting sustainability into practice.

EarthCheck Silver Certified **Cosmo Hotel and Dorsett Wanchai, Hong Kong**	**EarthCheck Silver Certified** **Dorsett Mongkok, Hong Kong**
	

Other recognitions, achievements, charters and partnerships related to environmental protection obtained this year include:

Silka West Kowloon, Silka Seaview and Silka Far East	• Gold Award of Charter on External Lighting, accorded by the Environment Bureau, HKSAR • Certificate of Energy Saving Charter 2017, accorded by the Environment Bureau and Electrical and Mechanical Services Department, HKSAR • Certificate of Energy Saving Charter on "No Incandescent Light Bulbs", accorded by the Environment Bureau and Electrical and Mechanical Services Department, HKSAR
Silka Tsuen Wan and Dorsett Tsuen Wan	• Certificate of Energy Saving Charter 2017, accorded by the Environment Bureau and the Electrical and Mechanical Services Department, HKSAR • Became CLP Eco Rewards Scheme Green Partner since 2017
Dorsett Tsuen Wan	• Energywi$e Certificate, accorded by the Hong Kong Green Organization Certification • Wastewi$e Certificate, accorded by the Hong Kong Green Organization Certification
Lan Kwai Fong Hotel @ Kau U Fong	• 2017 Friends of EcoPark Certificate of Appreciation, accorded by the Environment Bureau, HKSAR
Dorsett Shanghai	• Green Hotel of Silver Leaf Awards, accorded by China Hotel Tourism Board
Upper West Side, Melbourne	• Inaugural AIH Green Space Urban Award, awarded by the Australian Institute of Horticulture for the Sky Park and Gardens

During the reporting period, there were no cases of non-compliance with relevant environmental laws and regulations at any of the Group's operating locations.

Embedding Sustainability into Our Properties

Our impact on the environment and natural resources is closely associated with how smart and green the premises are. A green building design allows for better utilisation of energy and water during day-to-day operation. Therefore, the Group has focused on integrating green building design elements into our development projects.

Australia

Our **Upper West Side Tower 1-4 project in Melbourne, Australia** was awarded 4 Star Green Star – Multi Unit Residential v1 Design rating in 2016 by Green Building Council Australia. It has been recognised as one of the largest residential development in Australia that incorporated innovative sustainable features.

In 2017, Upper West Side received Commendation for Urban Design by Australian Institute of Architects. **FEC's Upper West Side – Sky Park and Gardens** were further awarded the Inaugural AIH Green Space Urban Award by Australian Institute of Horticulture.

Located on the fifth and sixth floors of the development project, Sky Park and Gardens are the largest and most intensive roof garden in Australia. The soil mix is precisely engineered to meet the needs of 12,014 plants used across 232 species. The gardens incorporate special designs to cater to a variety of climate conditions and achieve a 50-year life. It is estimated that the entire garden will sequester 2.6 tonnes of carbon, and achieve 30% more water holding capacity and water savings of around 4 to 5 million litres each year.

Hong Kong

Hai Tan Street Project in Sham Shui Po, Hong Kong is one of the Group's residential development projects in Hong Kong acquired from the URA. This project has achieved BEAM PLUS "Provisional Gold" rating by the Hong Kong Green Building Council.

Reducing Energy Consumption and Carbon Footprint

Purchased electricity constituted the majority of the Group's energy consumption, it is also the major source of our greenhouse gas ("GHG" or "carbon") emissions.

Energy consumption in FY2018 by type and business units

ELECTRICITY
Kilowatt Hour (kWh)
- Offices: 387,080
- Dorsett hotel: 26,676,115

ELECTRICITY
Gigajoule (GJ)
- Offices: 1,393
- Dorsett hotel: 96,034

TOWNGAS
GJ
- Dorsett hotel: 585,145

TOTAL ENERGY CONSUMPTION
GJ
- Offices: 1,393
- Dorsett hotel: 681,179

TOTAL ENERGY CONSUMPTION INTENSITY
GJ/m2
- Offices: 0.27

TOTAL ENERGY CONSUMPTION INTENSITY
GJ/room night
- Dorsett hotel: 0.66

GHG emissions in FY2018 by type and business units

DIRECT GHG EMISSIONS (SCOPE 1)
Tonnes of CO2e equivalent (tCO2e)
- Offices: 0
- Dorsett hotel: 31,122

INDIRECT GHG EMISSIONS (SCOPE 2)
tCO2e
- Offices: 320
- Dorsett hotel: 22,566

TOTAL GHG EMISSIONS (SCOPE 1 & 2)
tCO2e
- Offices: 320
- Dorsett hotel: 53,688

TOTAL GHG EMISSIONS INTENSITY
tCO2e/m^2
- Offices: 0.06

TOTAL GHG EMISSIONS INTENSITY
tCO2e/room night
- Dorsett hotel: 0.05

Currently, LED lighting is installed in our offices in Hong Kong, Shanghai and Australia. To further reduce electricity consumption and our associated carbon footprint, the Group has actively explored and invested in new technologies at hotels and construction sites as well.

Hong Kong

Increasing the coverage of LED lighting with smart devices in Dorsett Tsuen Wan

This year, traditional staircase lighting was replaced with LED lighting. Such lighting is equipped with a radiation sensor that automatically adjusts the lighting by intelligent detection of the surroundings. When no movement is detected, lighting is dimmed to a level that consumes only 10% to 40% of the power required by full lighting. It is estimated that the new lighting can bring 70% savings in electricity consumption. Currently, LED lighting has been adopted in most of the areas in our Dorsett Hotels, including guest rooms, staircases and other public areas.

Upgrading the chilled water pump system to enhance energy efficiency in Dorsett Kwun Tong

Variable speed drives were added to three sets of chilled water pumps. These drives work as a frequency converter that effectively controls AC motors by manipulating voltage and frequency. The system enables variable speed regulation of the pump motor, which results in energy savings of approximately 20%.

Adjusting system settings to achieve energy saving in Dorsett Group Hotel

In all guest rooms of Dorsett Hotel, guests must insert a keycard into the key switch to turn on the power supply. When the keycard is released from the panel, after about 25 seconds the circuit is switched off automatically except for computer sockets, refrigerators and fan coil units ("FCU"). Meanwhile the FCU, being a part of the heating, ventilation and air-conditioning system, is switched to low fan speed mode when the chilled water solenoid valve is off.

Mainland China

Adopting centralised concrete mixing in Royal Crest II, Shanghai

We have also introduced measures in our development projects. In the Group's construction site in Shanghai, concrete mixing is carried out in a centralised concrete batching plant. This helps optimise the mixing time and quantity to achieve better production efficiency, while lowering the direct emission of air pollutants onsite such as flying dust.

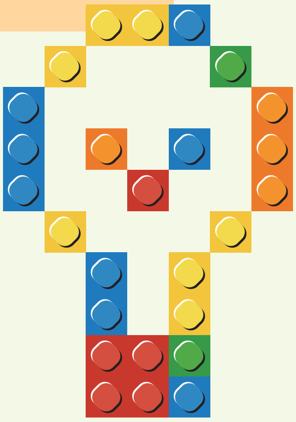
Australia

Enhancing energy in the West Side Place project site, Melbourne

We also care about our energy performance during the construction stage of our property. To reduce energy usage associated with heat absorption, R4 insulation has been applied to the rooftop and walls of this site office. Master off switches are also installed to isolate all air conditioners and lighting when the premises are locked up.

Real-time monitoring of electricity consumption in Upper West Side, Melbourne

At the FEC-occupied retail lots, electricity usage is real-time monitored by smart meters. Through this, we are able to identify zonal consumption pattern and hence energy saving potential. By turning off non-essential electricity, average monthly usage in our retail lots can be lowered by around 2,750 kWh, equivalent to a reduction of GHG emissions of 2.5 tonnes per month.



Conserving Water

Our operating locations within the reporting boundary are currently sourcing sufficient water from municipal supplies. Nevertheless, we regard water as a major natural resource consumed in the Group. In particular, the hotel operation accounts for over 99% of our total water consumption, being the most water-intensive operation in the Group.

Water consumption[4] in FY2018 by business units

Water use		
MUNICIPAL WATER *Litre (L)*	**TOTAL WATER CONSUMPTION INTENSITY** *L/m²*	**TOTAL WATER CONSUMPTION INTENSITY** *L/room night*
Offices **16,383** Dorsett hotels **274,631,960**	Offices **3.22**	Dorsett hotels **266.80**

Various measures are in place to conserve water at our operating locations:

Hotels

In some of our hotels, water efficient taps and showerheads are installed in guest rooms and public bathrooms.

Water conservation cannot be achieved without the support of our guests. Therefore, to enhance guests' awareness, signs are placed in guest rooms to remind our customers that every drop counts. Instead of changing the linen every day, we ask our guests to notify our room attendants when they require a change.

Property Development

Consideration of water efficiency is demonstrated both in the construction and usage of the properties.

In the Perth City Link project in Australia, rumble grids are installed at the site access points to remove dirt from vehicles instead of using water for wheel washing; in our Hong Kong construction sites, the use of desilting tank systems and recycled water is encouraged. Besides, 95% of sanitary fixtures must be water-efficient, achieving at least one star of the best available rating under the Water Efficiency Labelling Scheme.

Offices

Although water consumption from our corporate offices is less significant, it is also one of our management focuses.

For instance, for acquisition of new bathroom facilities, we refer to product labels and certifications and prioritise those with higher water efficiency. Toilets are also equipped with dual water efficient taps, showerheads and dual flush systems.

4 Water consumption from Dorsett corporate office is not included in the reported data.

Managing Waste

Waste streams vary among our business units. For hotels and the Hong Kong office, most of the waste generated is non-hazardous in nature, including general waste and food waste. For our property development segment, construction waste is generated from works carried out by our contractors.

In our hotels, waste is either recycled or collected for disposal at landfills by appointed waste collectors, while that of our Hong Kong office is handled by the property management company. The Group also maintains regular communication with our contractors to ensure that waste generated at our construction sites is handled by the government panel suppliers in order to control unlawful waste dumping. For hazardous waste, licensed service providers have been appointed to collect and treat the waste properly before disposal.

Waste disposal in FY2018 by waste type and business units

Waste type by business unit	Unit	Waste disposal
Offices		
General waste	Tonnes	26
Dorsett hotels		
General waste	Tonnes	768
Food waste[5]	Tonnes	71
Property development		
Construction waste[6]	Tonnes	9,362

In the reporting period, total non-hazardous waste generated[7] from the Group's operations amounted to 10,227 tonnes additionally, approximately 13 tonnes of general waste, including paper and plastic, was handled by authorised recyclers.

Avoiding waste at source is our main waste reduction strategy. Applicable to all our operations, it is our policy to segregate, then reduce, reuse and recycle waste whenever possible. To achieve this goal, we work jointly with our guests, contractors, tenants and employees. Some of the best practices include:

Hotels

In our hotels, instead of disposing of used bottled amenities in guest rooms, our housekeeping employees refill them to promote reuse. Collection bins are placed in prominent areas such as driveways to collect plastic bottles. It is estimated that 240kg of waste plastic can be collected annually for recycling.

Property Development

In the Perth City Link and BC Brisbane IR Join Venture projects in Australia, construction waste, topsoil and excavated rock are reused on-site or in other sites as fill materials. In Upper West Side, Australia, a waste diversion program engaging tenants has been implemented. This includes installation of recycling facilities such as general waste and cardboard compactors, as well as education programs and materials for tenants.

Offices

At our corporate office, we continue to pursue paperless options and employees are encouraged to use electronic means for internal and external communication. When printing is necessary, double-sided printing is preferred. Similarly, bins are placed to collect waste paper and toner cartridges for recycling. At our Shanghai office, when there is a need for renovation, furniture and fixtures such as sofa, flooring and toilet seats are reused where possible.

5 Food waste generated from restaurants that are managed and operated by external parties are not included in the data reported.
6 Construction waste is resulted from works carried out by our contractors at our 7 construction sites in Hong Kong and the Mainland China.
7 Total non-hazardous waste produced is the sum of total non-hazardous waste disposal, including general waste and food waste, and total non-hazardous waste recycled.

Australia

Reducing waste through lean construction in the Towers at Elizabeth Quay in Perth, Australia
Waste reduction can be more effectively achieved when integrated into the planning of a construction project. Hence, in our project of The Towers at Elizabeth Quay, our main contractor adopted a lean construction methodology in which systems and works activities were designed to minimise the wastage of materials. This system involves efficient scheduling and just-in-time deliveries of materials, standardised vertical lift and hoist management and avoidance of overproduction.

OUR COMMUNITY

With our business operations closely relate to community development, we are aware of our responsibility in community development. Going beyond our core business to provide quality products and services, we are committed to understanding the needs of the communities in which we operate and to contribute to their sustainable growth. The Group and its subsidiaries in different operation units have been investing into a wide range of community projects, with the focus on environment, education and society, and especially on the promotion of sustainability in arts and culture.

Our contribution is not limited to monetary donations, as our employees actively participate in community projects to work closely with local communities on our focus areas. During the reporting year, we contributed HK$8,101,000[8] and devoted 5,970 voluntary hours in our communities:

5,970
VOLUNTARY HOURS
in our communities

During the reporting year,
WE CONTRIBUTED
HK$ 8,101,000[8]

8 The dollar amount stated includes donations made by all business units under the Group in FY2018.

Joining The Common Cordgrass Removal Action Team to conserve biodiversity

The Group collaborates with non-governmental organisations in helping with biodiversity conservation. Our colleagues in Lan Kwai Fong Hotel @ Kau U Fong participated in a voluntary program, The Common Cordgrass Removal Action, organised by Green Power to halt the ongoing invasion of wetland ecosystems by common cordgrass.

Common cordgrass is an invasive species that grows rapidly, and can take over a large area of wetlands in a short time, influencing the natural growth of mangroves. This threatens the lives of various species which inhabit mangroves.

9 of our colleagues participated in this Removal Action, contributing 36 volunteer hours to conserve threatened wetland species and maintain ecosystem sustainability.

Sharing love and joy with the elderly through food sponsorship and free luncheon buffets during Christmas

Silka Seaview, Silka Far East and Silka West Kowloon supported Helping Hand through food sponsorship to share love and joy with the elderly during Christmas. Helping Hand is a local charity focusing on providing personalised residential care services for early residents, such as organising rehabilitative, social, recreational, education and developmental activities. While we partnered with Helping Hand, we aim to encourage our hotel employees to take part in community activities and to express our care to elderly residents in our communities.

During Christmas, we sponsored Helping Hand and helped provide food to a Christmas party at the Father Sean Burke Care Home for 70 elderly residents. In addition, we invited 58 elderly residents and 2 employees from Helping Hand Chuk Yuen Housing to participate in our Luncheon Buffet Event @ Silka Far East on 15 December 2017. The elderly enjoyed the food we offered and appreciated our employees' caring attitude.

Supporting the next generation for higher education and development in art and culture

With the Group's continuous support of higher learning, Dorsett has contributed about HK$2.9 million of scholarships over the last five years, with over 850 award recipients from Ju Ching Chu Secondary Schools and HKVTC.

HK$2,900,000
Support of higher learning

>850
Award Recipients
from Ju Ching Chu Secondary Schools and Vocational Training Council

The second Reunion@Dorsett was held at Dorsett Wanchai, Hong Kong on 26 June 2017. This annual event aims to gather scholarship awardees from past years for bond building and experience sharing. Around 100 joiners, including students and delegates from Ju Ching Chu Secondary Schools, Vocation Training Council, Wu Yee Sun College of the Chinese University of Hong Kong and School of Hotel & Tourism Management of the Hong Kong Polytechnic University participated in our Reunion. We were honoured to include Teresa Kwong, Programme Director of Hong Kong Arts Centre, Arnold Chan, Founder and CEO of Teach4HK, our Core Team members and colleagues from our HK corporate office, as our guest speakers to share their stories, experiences and inspirations with the participants.

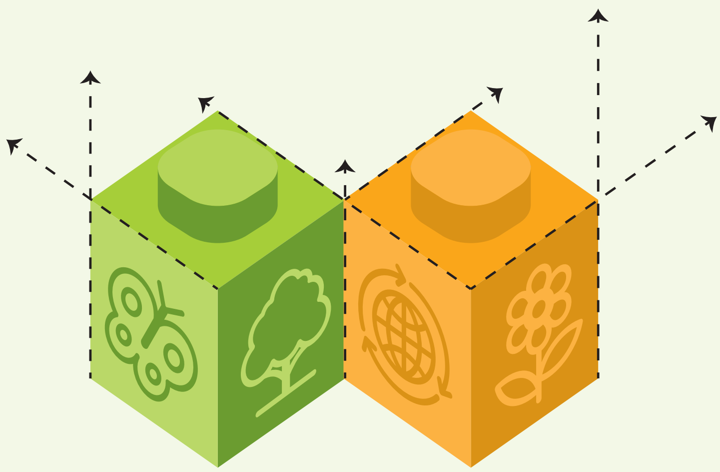
Ms. Winnie Chiu, the President and Executive Director of Dorsett, has proactively shown her support to the development of arts and culture in Hong Kong by organising fund raising events. As a Chairperson of the Academy Ball of the Hong Kong Academy for Performing Arts (APA), she helped to raise around HK$30 million of APA scholarships to support future artists with sustainable transferable skills. In the same year, she organised the Hong Kong Arts School 1st Alumni Exhibition "Deep Silence", as a fund raising event to promote local artists and support the Hong Kong arts ecosystem.

Sponsoring YMCA Bridge Project to nurture young people's growth

The Group is especially concerned with nurturing the growth of young people for the benefit of the community. The FEC property development business in Australia has helped nurture young people's development by being the lead sponsor and fundraiser for the YMCA Bridge Project and the YMCA Bridge Breakfast event. FEC donated A$50,000 to support this event.

The YMCA Bridge Project is a charity program providing support, training and employment opportunities for young people at risk of being trapped in a recurring cycle of crime and imprisonment. The YMCA Bridge Breakfast event brings together leaders in government, business and the wider community to raise money, jobs opportunities and support for YMCA Bridge Project. With the help of FEC, the Event successfully raised more than A$120,000 for the YMCA Bridge Project.

The Bridge Project provides opportunities for young offenders or at-risk young people to bring them back into community life, and supports them in creating value for their communities.



Corporate Social Responsibility Awards and Recognitions

Our efforts in community engagement are well-recognised by our communities. We have received numerous awards and recognitions, as shown below, for our continuous involvement in communities.

Award Name	Awarding Organisation	Receiving Party
Caring Company Logo 5+	The Hong Kong Council of Social Service	Dorsett Dorsett Kwun Tong, Hong Kong Dorsett Mongkok, Hong Kong Dorsett Wanchai, Hong Kong
Caring Company Logo 2017/2018	The Hong Kong Council of Social Service	Dorsett Tsuen Wan, Hong Kong Silka Far East, Hong Kong Silka Seaview, Hong Kong Silka Tsuen Wan, Hong Kong Silka West Kowloon, Hong Kong Lan Kwai Fong Hotel @ Kau U Fong
Appreciation Certificate of 2017 Age-Friendly Kwai Tsing	Kwai Tsing District Council	Dorsett Tsuen Wan, Hong Kong Silka Tsuen Wan, Hong Kong
Certificate of Appreciation on "Corporate Volunteer"	Hong Kong Family Welfare Society	Dorsett Tsuen Wan, Hong Kong

APPENDIX – HKEx ESG GUIDE CONTENT INDEX

Indicators		Section/Statement
A.Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Work for the Environment
	KPI A1.1 The types of emissions and respective emissions data.	Air emissions is not material to the Group's operations
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Work for the Environment
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not consider the Group to be a major producer of hazardous waste. Less than a tonne of hazardous waste, including fluorescent tubes, paints, solvents and dry cleaning chemicals, is generated and disposal from the Group's operations in FY2018.
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Work for the Environment
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Our Work for the Environment
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Work for the Environment

Indicators		Section/Statement
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Work for the Environment
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Our Work for the Environment
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Work for the Environment
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Our Work for the Environment
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Work for the Environment
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not material to the Group's core business
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Work for the Environment
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Work for the Environment

Indicators		Section/Statement
B.Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Work for Our Employees
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Our Work for Our Employees
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Not disclosed
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Work for Our Employees
	KPI B2.1 Number and rate of work-related fatalities.	Our Work for Our Employees
	KPI B2.2 Lost days due to work injury.	Our Work for Our Employees

Indicators		Section/Statement
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Work for Our Employees
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Work for Our Employees
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Not disclosed
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Not disclosed
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Work for Our Employees
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Our Work for Our Employees
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Our Work for Our Employees

Indicators		Section/Statement
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Our Work for Responsible Operation
	KPI B5.1 Number of suppliers by geographical region.	Not disclosed
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Our Work for Responsible Operation
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Work for Responsible Operation
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There are no recalls that have significant impact to the Group's operations
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Our Work for Responsible Operation
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Our Work for Responsible Operation
	KPI B6.4 Description of quality assurance process and recall procedures.	See remark for KPI B6.1
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Work for Responsible Operation

Indicators		Section/Statement
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Work for Our Employees
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Our Work for Our Employees
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Work for Our Employees
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Our Community

AWARDS AND ACCOLADES

1 APRIL 2017 TO 31 MARCH 2018

- Hong Kong Investor Relations Association 3rd IR Awards
  - Best IR by Chairman/CEO (Small Cap)-Mr. David Chiu, Chairman of FEC
  - Best IR Company (Small Cap)
  - Best IR in Corporate Transactions (Small Cap)

- Corporate Governance Asia's"7th Asian Excellence Award 2017"
  - Best Investor Relations Company in Hong Kong
  - Best Investor Relations Professional in Hong Kong – Ms. Venus Zhao

- 2017 Questar Awards
  - The Bronze Award in the "Corporation – Real Estate" category at the 2017
- IR Magazine Awards – Greater China 2017
  - Best Overall Investor Relations (small & mid-cap)
  - Best Investor Relations Officer (small & mid cap)
  - Ms. Venus Zhao, Head of – Investor Relations & Corporate Finance

- iNOVA Awards 2017
  - Gold Award for "Activism/ Cause Marketing in Video Category"
  - Silver Award for "Virtual Conference in Marketing Category"
  - Bronze Award in "Corporate Website Category"

AWARDS AND ACCOLADES

- The Asset Corporate Awards 2017
  - Platinum Award, The Asset Corporate Awards 2017

- Golden Hong Kong Stocks Awards 2017 Voting
  - Best Listed Company at Investor Relations Management"

- New Marketing of Southern China Real Estate – Network Event 2017 by "gd.qq.com" and "house.qq.com"
  Royal Riverside, Guangzhou

- First China Excellent IR Award by Road Show China
  - The Best Innovation Award and Best Director Award

- "China Shopkeeper Benchmarking (Guangzhou) China Shopkeeper Benchmarking (Guangzhou)" by Fangzhanggui
  Royal Riverside, Guangzhou

- BCI – Asia – Top Ten Developers 2018, Singapore
  - Artra, Singapore, FEC Skyline Ltd

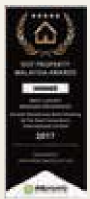
- Dot Property Malaysia Awards 2017
  - Best Luxury Branded Residences – Dorsett Residence Bukit Bintang

- Property Guru Asia Property Awards Malaysia
  - Best Luxury Condo development – Dorsett Residence Bukit Bintang

Dorsett Group

- Best International Brand Hotel Group 2017 by International Hotel Forum Organisation, China

- Dorsett was awarded the Local Brand Hong Kong Best of the Best Award 2017 at the inaugural award ceremony of the Local Brand Hong Kong Awards 2017



- Best Hotel Chain by Ctrip

Cosmo Hotel Hong Kong

Best of +VIP Access Hotel by Expedia

Expedia Awards 2017 – Top Expedia Holidays Property (Hong Kong)

Expedia Awards 2017 – Top Selling Property (Hong Kong)

EarthCheck Silver Certified (2017)

Awarded Caring Company Logo 5 years +

Dorsett Mongkok

Best Partner Award by Ctrip
Certificate of Excellence by TripAdvisor (2017)

EarthCheck Silver Certified

Hotels.com 'Loved by Guests Award'

Awarded Caring Company Logo 5 years +

Dorsett Wanchai

Best Family Hotel in Hong Kong – Hong Kong Business High Flyers – Outstanding Enterprise 2017

2017 Gold Circle Awards

Best of +VIP Access Hotel by Expedia

AWARDS AND ACCOLADES

Local Brand Hong Kong Awards 2017

Best Selling Award by Ctrip

Certificate of Excellence by TripAdvisor (2017)

EarthCheck Silver Certified 2017

Awarded Caring Company Logo 5 years +

Dorsett Wuhan

Ctrip.com
2017 The Best Business Hotel

Meituan.com/Dianping.com
2017 Consumer Recommend Award

Booking.com
2017 Guest Review Award

Hotel.com
2017 Loved by Guest Awards

1

2

3

4

Trip Advisor
2017 Certificates of Excellence

Booking.com
2017 Premium Partner

Silka Seaview, Hong Kong

1 **Caring Company Logo 2016/18**
Accorded by Hong Kong Council of Social Service

2 **Certificate of Energy Saving Charter on "No ILB"**
(* ILB stands for Incandescent Light Bulbs)
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

3 **Certificate of Energy Saving Charter 2017**
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

4 **Gold Award of Charter on External Lighting**
Accorded by Environment Bureau

Silka West Kowloon, Hong Kong

1 **Caring Company Logo 2016/18**
Accorded by Hong Kong Council of Social Service

2 **Certificate of Energy Saving Charter on "No ILB"**
(* ILB stands for Incandescent Light Bulbs)
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

3 **Certificate of Energy Saving Charter 2017**
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

Silka Far East, Hong Kong

1 **Caring Company Logo 2016/18**
Accorded by Hong Kong Council of Social Service

2 **Certificate of Energy Saving Charter on "No ILB"**
(ILB stands for Incandescent Light Bulbs)
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

3 **Certificate of Energy Saving Charter 2017**
Accorded by Environment Bureau & Electrical and Mechanical Services Department, HKSAR

4 **Gold Award of Charter on External Lighting**
Accorded by Environment Bureau

AWARDS AND ACCOLADES

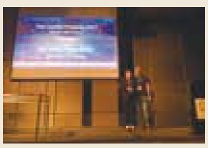
Lan Kwai Fong Hotel @ Kau U Fong

- 2017 Certificate of Excellence by TripAdvisor

- 2017 Best Extranet Master by Booking.com

- 2017 Best Partners Award by Ctrip

- 2017 Top Loyalty Property by Expedia



- 2017 Luxury Boutique Hotel by World Luxury Hotel Awards

- 2017 Friends of EcoPark Certificate of Appreciation by The Government of the Hong Kong Environment Bureau

- Celebrity Cuisine 2018 Michelin One Star Restaurant Award

- 2017 Hong Kong Business High Flyers Awards under Boutique Hotel Category

- 2017 Caring Company Award by The Hong Kong Council of Social Service

Dorsett Kwun Tong

Certificate of Excellent by Hotels.com

Certificate of Excellence by Tripadvisor.com

Caring Company by Hong Kong Council of Social Service

Barrier-free Companies/ Organizations by Hong Kong Council of Social Service

'Loved by Guests' Award by Tripadvisor.com

Certificate of Excellence by Tripadvisor.com

Gold Award of Charter on External Lighting by Environment Bureau

Caring Company Award for the 5th consecutive year and list as a Barrier Free Company

Rakuten Travel – Bronze Award 2017

Dorsett Shanghai

- 2017 The Best Partner – Booking.com Shanghai Appreciation Night Accorded by Booking.com

- 2017 Gold Circle Award – Accorded by Agoda

1. China Green Hotel of Silver Leaf Awards Accorded by China Tourist Hotel Star-Rating Committee
2. 2017 Very Good Guest Review Score Accorded by Hotels.com
3. 2017 Certificate of Excellence Accorded by TripAdvisor
4. Guest Preferred Hotel Accorded by Ctrip

- Best Engagement 2017 Awards Accorded by Expedia

AWARDS AND ACCOLADES

- 2017 The Best International Business Hotel Platinum Awards Accorded by International Hotel Forum Organization

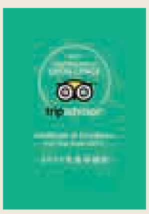
- 2017 China's Most Popular Business Travel Hotel Accorded by International Hotel Forum Organization

Dorsett Grand Chengdu

- 2017 Loved by Guests Award by Hotels.com

- Guest Review Awards 2016 by Booking.com

- Certificate of Excellence for the year 2017 by TripAdvisor



- The Most Popular Direct-sourcing Hotel Top 100 Mice Hotel in China by public direct sourcing platform

- 2016 Enterprise With Outstanding Contribution Award by Chengdu Qinyang District People's Government

1 2016 Customer Review Award by Agoda

2 2017 Gold Circle Award Winner by Agoda

- The Best Tourism Business Conference Complex Hotel by 12th International Hotel Platinum Award

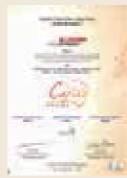
- Top Ten International Brands Hotel General Managers by12th International Hotel Platinum Award

Dorsett Tsuen Wan

- Awarded the Energywise Certificate of the Hong Kong Green Organization Certification

- Awarded the Appreciation Certificate of 2017 Age-Friendly Kwai Tsing

- Awarded the Wastewise Certificate of the Hong Kong Green Organization Certification
- Awarded Caring Company Logo 2017/2018



Silka Tsuen Wan

- Awarded "Service Excellence Hotel of the Year 2017" of GHM Hotel Golden Pearl Award

- Awarded the Appreciation Certificate of 2017 Age-Friendly Kwai Tsing

AWARDS AND ACCOLADES

- Awarded Caring Company Logo 2017/2018

Silka Cheras Kuala Lumpur

- Preferred Hotel 2017 by Ctrip

Dorsett Grand Subang

- 2017 GRAND LUXURY HOTEL OF THE YEAR – SELANGOR – MALAYSIA
  Accorded by Luxury Travel Guide

- 2017 LUXURY URBAN RESORT OF THE YEAR
  Accorded by Corporate Travel Awards

- 2017 BEST 5 STAR HOTEL, SELANGOR
  Accorded by Malaysian Tourism Council Gold Awards

Dorsett Singapore

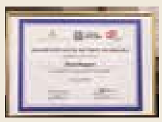
- Chinese Preferred Hotel 2017
  Accorded by: Ctrip

- 2017 Best Hotel Interior Design
  Accorded by: Dot Property Singapore

- 2017 Best Improved
  Accorded by: Shanghai Toptown International Travel Agency

- 2017 Best Family Hotel
  Accorded by: Ctrip

- Hotel Security Excellence Award 2017
  Accorded by: Singapore Hotel Association



- Excellent Service Award 2017
  Accorded by: Singapore Hotel Association

- The National Kindness Award (Service Gold)
  Accorded by: Singapore Kindness Movement

- Expedia Best of VIP Access 2017 Hotel
  Accorded by: Expedia

- 2017 Guest Review Awards
  Accorded by: Booking.com

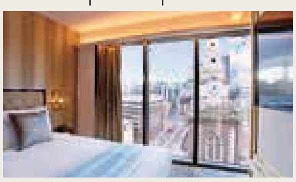
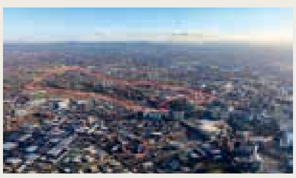
CONTINENTAL EUROPE

- Hotel operations
- Car park operations
- Gaming and entertainment



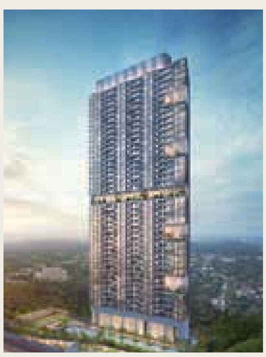
UNITED KINGDOM

- Property development
- Property investment
- Hotel operations
- Car park operations

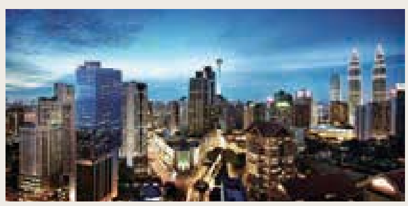

SINGAPORE

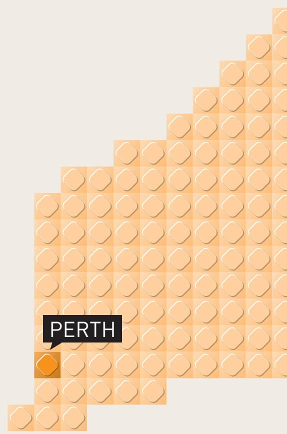
- Property development
- Property investment
- Hotel operations

MALAYSIA

- Property development
- Hotel operations
- Car park operations and facilities management



DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

FEC has a geographically diverse footprint across the Asia Pacific and Europe

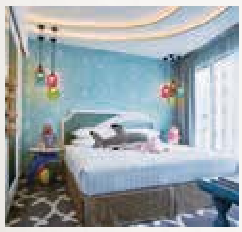
MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



HONG KONG

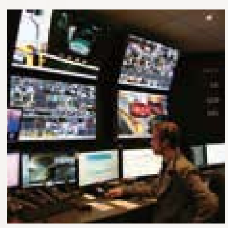
- Property development
- Property investment
- Hotel operations


AUSTRALIA & NEW ZEALAND

- Property development
- Property investment
- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment



MAJOR PROJECTS

THE STAR RESIDENCES GOLD COAST

Gold Coast, Australia

Project Name: The Star Residences, Gold Coast

Development Address:
1 Casino Dr, Broadbeach, QLD 4218

District: Broadbeach Island, Broadbeach Gold Coast

Property Website: www.thestarresidences.com.au

Approximate Saleable Floor Area (sq. ft.): 294,000

Number of Residential Units: 423

Number of Hotel Rooms: 318

Launch Time: FY2018

Expected Completion: FY2022

Building Floors (including retail area): 53 levels

Architectural Form:
Extruded slender form consisting of two visual distinct towers

Decoration Condition:
Subtropical design focusing on the views, open plan living and balconies

Geographical Environment:
Located at The Star Gold Coast on Broadbeach Island and adjacent to Pacific Fair Shopping Center and Gold Coast Convention and Exhibition Centre.
Within easy walking distance to G-Link Light Rail Stations connecting the various precincts on the Gold Coast.

Planning and Design:
Architects – Cottee Parker and DBI Design

Project Highlight:
Stage 1 of a masterplan and integrated resort inclusive of restaurants, bars, casino, hotels, theatre, gym, pools, spa etc.
Residential Amenities
- Pool
- Spa
- Gym
- Yoga room
- Dining Room

MAJOR PROJECTS

THE TOWERS *At Elizabeth Quay*

Perth, Australia

Project Name: The Towers at Elizabeth Quay

Development Address:
Elizabeth Quay Perth, edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth

District: Central Business District, Perth

Property Website: www.thetowersperth.com.au

Approximate Saleable Floor Area (sq. ft.): 391,000

Approximate Net Lettable Floor Area (sq. ft.): 14,800

Number of Residential Units: 379

Number of Hotel Rooms: 205 rooms (Ritz – Carlton hotel)

Launch Time: FY2016

Expected Completion: FY2019/2020

Geographical Environment:
- The Towers with the proposed Ritz-Carlton hotel as its centrepiece at Elizabeth Quay is located on the water's edge of the Swan River, and nestled between the Perth CBD, beautiful and expansive Kings Park, and Stirling Gardens;
- Elizabeth Quay reconnects the CBD with the Swan River, across 10 hectares of riverfront land between Barrack and William Streets. It will play host to a diverse mix of event and recreational spaces, transforming into a vibrant, contemporary, city destination;
- This exclusive riverside precinct will feature a stunning inlet connected by 1.5km of continuous boardwalks and promenades. At its entrance, a bridge will lead to an island complete with winding paths, kiosk and children's playground with spectacular views back to the city;
- As a mixed-use residential and commercial hub, it will feature restaurants, shops, cafes and entertainment venues, providing a new opportunity for Western Australians to celebrate by the water.

Planning and Design:
- The Towers at Elizabeth Quay will feature premium 1, 2 and 3 bedroom residential apartments, pool, gym and prestigious ground-floor retail precinct. The two towers contain 379 apartments, 104 apartments in tower 1, incorporating the Ritz-Carlton Hotel also, and 275 apartments in tower 2.

Project Highlight:
- Designed as part of a planned mixed-use complex that is intended to include the proposed "The Ritz-Carlton, Perth", which is part of the iconic luxury chain of Ritz-Carlton hotels and resorts;
- With sweeping views over the Swan River, 400-hectare Kings Park and Botanic Gardens, the hotel is expected to be the centrepiece of the new Elizabeth Quay development and is part of the most significant and ambitious waterfront project ever undertaken in Western Australia.

MAJOR PROJECTS

Melbourne, Australia

Project Name: West Side Place

Development Address: 250 Spencer Street

District: Central Business District, Melbourne

Property Website: www.westsideplace.com.au

Approximate Saleable Floor Area (sq. ft.): 2,206,000

Approximate Net Lettable Floor Area (sq. ft.): 81,400

Number of Hotel Rooms: 257 rooms (Ritz – Carlton hotel)
312 rooms (Dorsett hotel)

Number of Residential Units: approximately 3,000

Launch Time: Towers 1 and 2: FY2017
Tower 3: FY2019
Tower 4: FY2018

Expected Completion: Towers 1 and 2: FY2021
Towers 3 and 4: FY2022/FY2023

Building Floors (including retail area and roof)
Tower 1: 80 Floors
Tower 2: 64 Floors
Tower 3: 69 Floors
Tower 4: 71 Floors

Geographical Environment:
- The property represents a two-stage development known as "West Side Place", a major mixed-use development that will comprise four towers across the overall site;
- The site has main frontages with Spencer Street and Lonsdale Street and Little Londsale Street and Merriman Lane;
- The site is in immediate proximity to Southern Cross Train Station and Spencer Street Shopping Town;
- The property is located within the Melbourne CBD Grid.

Planning and Design:
Featuring four high-rise towers with approximately 3,000 apartments as well as Ritz-Carlton hotel at the top levels of Tower 1, West Side Place, Melbourne embodies a new height of luxury inner city living. Proudly positioned at the corner of Lonsdale and Spencer Streets, the highest tower at West Side Place will soar an impressive 80 storeys with the prestigious Ritz-Carlton hotel occupying the top levels, becoming Australia's tallest hotel

Project Highlight:
- West Side Place is a mixed-use residential development located next to the Upper West Side development. It consists of saleable floor area for residential apartments of approximately 2.2 million sq. ft., a Ritz-Carlton hotel with 257 hotel rooms, a Dorsett Hotel with 312 rooms, retail components and other facility components
- Towers 1 and 2 with approximately 1,400 apartments were launched in June 2016
- Tower 4 with 835 apartments was launched in June 2017
- Tower 3 with 684 apartments was launched in May 2018

MAJOR PROJECTS

Brisbane, Australia

Project Name: Queen's Wharf

Development Address: Queen's Wharf

District: Central Business District, Brisbane

Property Website: http://www.destinationbrisbaneconsortium.com.au/

Approximate Saleable Floor Area (sq. ft.): 1,400,000

Number of Residential Units:
Towers 4, 5 and 6: approximately 2,000

Number of Hotel Rooms:
4 hotels with approximately 1,000 rooms

Expected Launch Time: Tower 4: FY2019
Towers 5 and 6: Planning

Expected Completion: Tower 4: FY2023
Towers 5 and 6: Planning

Building Floors (including retail area):
Tower 4: max. 67 storeys
Tower 5: max. 63 storeys
Tower 6: max. 50 storeys

Planning and Design:

The project comprises both the integrated resort component and the residential component and encompasses approximately 2,940,000 sq.ft., with approximately 1,290,000 sq.ft. being over land and approximately 1,650,000 sq.ft. being over river, consisting of three residential towers comprising approximately 2,000 apartments, 4 world class hotels, high end food and commercial outlets and a casino in Brisbane's prime waterfront district.

Geographical Environment:
Given the CBD location of the site, the surrounding uses include a broad range of tourism, and education activities, in addition to the commercial and retail activities of the CBD itself. These include:

- Cultural Precinct (opposite the site, adjoining the Victoria Bridge) – which includes the Queensland Performing Arts Centre (QPAC), Queensland Conservatorium, Queensland Museum and Science Centre, the State Library, the QAGOMA and the Brisbane Entertainment and Convention Centre (BECC);
- South Bank (directly opposite the site on the southern bank of the Brisbane River) – the parklands, retail and dining throughout the precinct (focused on Little Stanley Street and the waterfront) and the entertainment facilities within and surrounding the parklands;
- QUT (adjoining the site to the south-east) – QUT is located to the south-east of the site, and will be connected to the QWBIRD by the proposed boardwalk and upgraded Bicentennial Bikeway;
- Queen Street Mall – the retail heart of the CBD; and
- CBD – the core of the city, providing for principal business and administration functions, complemented by a wider range of uses including retail, entertainment, education and residential.

Project Highlight:
The renewal of Queen's Wharf Brisbane represents a once-in-a-generation opportunity to shape the future vibrancy and success of almost 20% of the city centre, to deliver integrated mixed-use development on a scale rarely seen in Australia, to unlock the river front of our 'river city', and, significantly, an opportunity to breathe life into what is arguably the greatest collection of heritage buildings and places in Australia.

Remarks:
The Group has 50% stake of the residential component and 25% stake of the integrated resort component, excluding the Ritz-Carlton Hotel, of the project.

MAJOR PROJECTS

Guangzhou, China

Project Name: Royal Riverside

Development Address:
Yuhao 1 Jie, Li Wan District, Guangzhou

District: Guangzhou Li Wan District

Property Website: www.royalriverside.com

Approximate Saleable Floor Area (sq. ft.): 684,000

Number of Residential Units: 607

Launch Time: FY2017/2018

Completion/Expected Completion: FY2018/2019

Building Floors (including retail area):
Five Residential Buildings
Tower 1 (御豪軒): 20 Floors, Tower 2 (御龍軒): 15 Floors, Tower 3 (御景軒): 15 Floors, Tower 4 (御翠軒): 31 Floors, Tower 5 (御雅軒): 32 Floors

Geographical Environment:
Centrally located in the heart of the city, Royal Riverside is just a 15-minute walk away from the metro Station and offers convenient access to Huadiwan Station or Fangcun Metro Station. It is only a 15- minute drive to the new international airport.

Planning and Design:
Situated at the riverside with a large community of nature and an endless inspiration for design concept. In addition to the practicability of architecture, Royal Riverside is designed in modern art deco style. The designer is focused on the details of the decoration with European artistic taste and well-proportioned sculpture and water features, rendering an artistic atmosphere nearby.

Project Highlight:
- Royal Riverside is fully equipped with a private club house, outdoor swimming pool, underwater loungers etc. The club house features a world-class resort that offers cinemas, bars and elderly center;
- There is 100,000 square meters of space comprising standardized public kindergartens, open boutique community, commercial streets, private clubs, and markets, and effecting a "LOHAS" community-based living.

Awards:
- Leju 2015 Premium Property
- SouFun – 2015 Guangzhou High Quality Property
- 2015 China Properties and Houses Champion Chart – The Best Quality Property with an Attitude

ASTORIA CREST
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Hong Kong, China

Project Name: Astoria Crest

Development Address:
229 Hai Tan Street (for Upper Floors)
231 Hai Tan Street (for Ground Floor Shop)

District: Cheung Sha Wan, Kowloon

Property Website: www.astoriacrest.com.hk

Approximate Saleable Floor Area (sq. ft.): 20,000

Approximate Net Lettable Floor Area (sq. ft.): 3,900

Number of Residential Units:
87 (including 15 reserved units for URA)

Launch Time: FY2018

Expected Completion: FY2019

Building Floors (including retail area): 27

Greening Rate: Around 40%

Geographical Highlight:
- Within walking distance of Nam Cheong Station and Sham Shui Po Station;
- Convenient access to Hong Kong International Airport;
- Close proximity to West Kowloon Cultural District;
- Kowloon school network (40 primary schools).

Project Highlight:
Clubhouse with gym, function room and flat roof.

MAJOR PROJECTS

Hong Kong, China

Project Name: Marin Point

Development Address:
31 Shun Lung Street, Sha Tau Kok

District: Sha Tau Kok

Property Website: www.marinpoint.com

Approximate Saleable Floor Area (sq. ft.):
103,000

Approximate Net Lettable Floor Area (sq. ft.):
6,800

Number of Residential Units: 261

Launch Time: FY2018

Expected Completion: FY2019

Building Floors (including retail area): 6

Customer Position:
Residents with valid Frontier Closed Area Permit for Sha Tau Kok area issued by the Commissioner of Police

Geographical Environment:

- Located at seaside site of Sha Tau Kok Town Center with 270° panoramic sea view and hilly landscape along Pat Sin Leng and Plover Cove Country Park;
- Surrounded by green and natural environment adjacent to green areas, such as Pat Sin Leng, Plover Cove Country Park, Luk Keng and Lau Shui Heung, as well as Sha Tau Kok Farm which offer a peaceful and healthy lifestyle;
- Adjoining various historic landmarks, of which Ha Wo Hang Fat Tat Tong, the Residence of Ip Ting-sz in Lin Ma Hang Tsuen and Kang Yung Study Hall are named as Declared Monuments in Hong Kong;
- Buses and green minibuses routes to Fanling and Sheung Shui in the district provide easy access to districts in Hong Kong by interchange of MTR or highways and roads. Cross-border buses provide routes to Mainland China, as well as Sha Tau Kok Boundary Control Point, and Liantang/Heung Yuen Wai Boundary Control Point, which is expected to be completed in 2018 facilitate the cross-boundary advantage;
- Ancillary communal facilities in Sha Tau Kok are well placed with mature development, such as restaurants, banks, markets and ancillary stores.

Project Highlight:
Marin Point is well designed with space concepts of low density and resort hotels that apply the unique concept of "embracing the landscape into the room", in order to create more space for leisure scenery in balconies with panoramic view of the swimming pool in the clubhouse to the seacoast in Sha Tau Kok.

The only star-rated private clubhouse with facilities:
– Outdoor swimming pool
– Marin Point Banquet Hall
– Gym rooms
– Activity rooms
– Children's playground
– Study and leisure rooms
– Recreational rooms
– Game rooms

Hong Kong, China

Project Name: The Garrison

Development Address:
28 Mei Tin Road

District: Sha Tin

Property Website: www.thegarrison.com.hk

Approximate Saleable Floor Area (sq. ft): 27,000

Approximate Net Lettable Floor Area (sq. ft.): 5,100

Number of Residential Units: 118

Launch Time: FY2019

Expected Completion: FY2019

Building Floors (including retail area): 23

Customer Positioning: Branching families in the same area and investors

Project Highlight:
Located in a prime location in the centre of Tai Wai, is a rare new supply in the downtown area in recent years. It only takes around 4 minutes' walk to the Tai Wai MTR station, the meeting point of three MTR lines, enjoying the convenience of the East Rail Line and the Ma On Shan Line while being the interchange station of the Shatin to Central Link which is about to be completed. It is only one stop away from large-scale integrated shopping malls including Festival Walk in Kowloon Tong and New Town Plaza in Sha Tin, where international brands and restaurants are located with its convenient transportation. It is definitely the best choice for residential or investment because of its prime location in the quality School Net 88 of Sha Tin District and a number of international schools and higher education institutions in place.

MAJOR PROJECTS

Singapore

Project Name: Artra

Development Address: 10 Alexandra View

District: Central Business District

Property Website: www.artra.sg

Approximate Saleable Floor Area (sq. ft.): 409,000

Approximate Net Lettable Floor Area (sq. ft.): 21,300

Number of Residential Units: 400

Launch Time: FY2018

Expected Completion: FY2021

Building Floors (including retail area):
44 storeys with 2 levels of basement carpark

Geographical Environment:
- Close to Alexandra Park Connector and Singapore Botanic Gardens;
- Right next to Redhill MRT Station, supermarket & commercial units at 1st storey, and childcare centre at 2nd storey;
- Shopping: China Town, Raffles Place, Marina Bay, Orchard Area;
- School: Gan Eng Seng Primary School, Queensway Primary School, Alexandra Primary School, Henderson Secondary School, Bukit Merah Secondary School, Crescent Girls' School;
- Other auxiliary facilities: Singapore General Hospital.

Project Highlight:
- Friendly amenities include shops, gourmet, supermarket and childcare;
- Excellent recreational facilities such as 50-meter lap pool, leisure pool, leisure tennis court, sky fitness, sky jacuzzi, sky terraces and roof terrace;
- All units are north-south facing within an elegant 44-storey tower;
- Every master bedroom is fully-fitted with a walk-in wardrobe, well-appointed, thoughtful and spacious two-bedroom plus study, three-bedroom and three-bedroom plus study layouts;
- Large premium three-bedroom plus study and 5-bedroom plus family layouts with private lift lobby.

Awards: Green Mark Gold

Remarks: The Group has a 70% stake in the project.

MAJOR PROJECTS

London, the United Kingdom

Project Name: Alpha Square

Development Address:
50 Marsh Wall, 63-69, 68-70 & 74 Manilla Street, London

District: Canary Wharf, London

Approximate Saleable Floor Area (sq. ft.): 377,000

Approximate Net Lettable Floor Area (sq. ft.): 6,000

Number of Residential Units:
509 (private residential)

Expected Launch Time: FY2019

Expected Completion: FY2024

Building Floors (including retail area):
Two high rise towers (65 storeys and 35 storeys)

Geographical Environment:
Located in the Canary Wharf area in London, Alpha Square is a mixed-use development. The availability of local transport, underground, buses and Crossrail (starting 2018), make Alpha Square easily accessible from various London prime locations.

Project Highlight:
- Two slender high rise towers with 634 apartments
- Stunning views across London city and beyond
- Close proximity to London's financial centre
- Hotel with around 231 rooms
- State of the art facilities to include gymnasium, cinema room & rooftop lounge
- 24-hour concierge and security
- New primary school, health centre, café and restaurants
- Children's play space and new public realm
- Historical public house
- Easy access to South Quay DLR, London Underground, Crossrail and River Bus

MAJOR PROJECTS

Manchester, the United Kingdom

Project Name: MeadowSide

Development Address:
Aspin Lane, Manchester

District: Central Business District, Manchester

Property Website: www.meadowside-manchester.com

Approximate Saleable Floor Area (sq. ft.): 557,000

Number of Residential Units: 756

Expected Launch Time: Plots 2 and 3: FY2018
Plot 4: Planning
Plot 5: FY2020

Expected Completion: Plots 2, 3, 5: FY2021
Plot 4: Planning

Building Floors (including retail area):
Plot 2 – 22
Plot 3 – 17
Plot 4 – 40
Plot 5 – 12/9

Geographical Environment:
Development sits around one of the only green spaces within the city centre, is within walking distance of the central business district and major transport hubs.

A range of 1, 2 and 3 bedroom apartments are available along with penthouses and residents communal areas, including a gym and private lounge.

Project Highlight:
- Four distinctive buildings embracing a central park, providing quality park-side living with a mix of 1-3 bed apartments, townhouses and penthouses
- Slick glass facades up to 40 storeys high
- High specification interiors and hotel style amenities, 24-hour concierge, beautifully designed boutique lobby, private gym and private dining
- 5-min walk to Manchester Victoria Station
- Around one of the biggest green spaces in Manchester city centre
- Neighbouring the most inspiring, eclectic and creative areas of the city, NOMA and the Northern Quarter

MAJOR PROJECTS

London, the United Kingdom

Project Name: Hornsey Townhall

Development Address:
Hornsey Town Hall, The Broadway, Crouch End

District: Haringey, London

Property Website: www.hornsey-townhall.co.uk

Approximate Saleable Floor Area (sq. ft.): 107,000

Number of Residential Units: 135

Launch Time: FY2019

Expected Completion: FY2021

Building Floors: 7

Geographical Environment:
Located in the heart of Crouch End, this iconic art deco building with its landscaped town hall square is positioned around the Town Hall Square. It is adjacent to shops and restaurants on a busy high street with good transport links to Central London

Project Highlight:

- Grade II listed historic Town Hall and Broadway Annex
- 67 room hotel run by Dorsett
- Three new residential buildings encompassing a range of studio, 1,2 & 3 bedroom homes
- Landscaped public square with new courtyards and gardens
- Arts centre and event space for world class performances
- Co-working, office and flexible workspaces
- Restaurants, cafes and a rooftop bar
- 24-hour concierge and security

MAJOR PROJECTS

Manchester, the United Kingdom

Project Name: Northern Gateway

District: New Cross, Lower Irk Valley and Collyhurst, Manchester

Approximate Saleable Floor Area (sq. ft.): 2,164,000*

Number of Residential Units: more than 15,000

Project Status: under master planning

Geographical Environment:

- The vision is to create a series of distinct yet clearly connected communities making the most of the area's natural resources including the River Irk and its location close to the city centre;
- Unlock the residential potential of more than 390 acres of land that sweeps north from Victoria Station taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst.

Project Highlight:
More than 15,000 new homes over the next decade with an emphasis on design quality and sustainability, open space and green walking and cycling routes.

* Approximate saleable residential floor areas may vary subject to master planning.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its Subsidiaries are engaged in property development and investment, hotel operations and management, car park operations and facilities management, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal Subsidiaries, associates and joint ventures at 31 March 2018 are set out in notes 49, 19 and 20 to the consolidated financial statements, respectively.

BUSINESS REVIEW

The Group's revenue is derived primarily from business activities conducted in Hong Kong, PRC, Australia, Malaysia, Singapore and UK. An analysis of the Group's performance for the Year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of the financial year and the likely future developments and an analysis of the Group's performance using financial key performance indicators, is set out in the "Management Discussion and Analysis", "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report" of this Annual Report. Principal risks and uncertainties facing the Group are set out in the "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report". Details about the Group's financial risk management are set out in note 5 to the consolidated financial statements.

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measurement to achieve efficient use of resources, energy saving and waste reduction. A discussion of the Group's environmental policies and performance is set out in the "Environmental, Social and Governance Report".

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, customers and suppliers and enhancing cooperation with our business partners. Details are set out in the "Environmental, Social and Governance Report".

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 142.

The Board has recommended the payment of a final dividend for the year ended 31 March 2018 of HK18 cents (2017: HK15 cents) per ordinary share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid to the Shareholders whose names appear on the Company's Register of Members on 3 September 2018. The Proposed Final Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2018 AGM; and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 3 September 2018. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election on or around 10 September 2018. Dividend warrants and/or new share certificates will be posted on or around 11 October 2018.

CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:

(a) For determining the entitlement to attend and vote at the 2018 AGM

The 2018 AGM is scheduled to be held on Thursday, 23 August 2018. For determining the entitlement to attend and vote at the 2018 AGM, the Register of Members of the Company will be closed from Monday, 20 August 2018 to Thursday, 23 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 August 2018.

(b) For determining the entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of Shareholders at the 2018 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Thursday, 30 August 2018 to Monday, 3 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 29 August 2018.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 27.

DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to Shareholders at 31 March 2018, amounted to approximately HK$28,511,000 (2017: HK$3,333,000), representing the retained profits.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2018. The increase in fair value of investment properties, which has been credited directly to consolidated statement of profit or loss, amounted to HK$277,389,000.

Details of these and other movements during the Year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group spent approximately HK$179,509,000 on development and refurbishment of hotel properties.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31 March 2018 are set out on pages 238 to 261.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 900,000 Shares on the Stock Exchange and details of which are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share Highest HK$	Price per Share Lowest HK$	Aggregate consideration paid HK$
March 2018	900,000	4.39	4.18	3,897,220.00

Save as disclosed above, neither the Company nor any of its Subsidiaries has purchased, sold or redeemed any of the Company's listed Shares during the Year.

The purchase were made for the benefit of the Shareholders with a view to enhancing the net asset value and earnings per Share of the Group.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company and its Subsidiaries shall be entitled to be indemnified by the relevant company against all costs, fees, losses, expenses and liabilities incurred by him or her in the course of his or her duties or in relation thereto pursuant to their respective articles of associations. Such provisions were in force during the course of the Year and remained in force as at the date of this report.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)
Mr. Cheong Thard HOONG
Mr. Dennis CHIU
Mr. Craig Grenfell WILLIAMS

Non-executive Director

Mr. Chi Hing CHAN (Resigned on 1 January 2018)

Independent Non-executive Directors

Mr. Kwok Wai CHAN
Mr. Peter Man Kong WONG
Mr. Kwong Siu LAM

Pursuant to the provisions of the Articles and the Listing Rules, Tan Sri Dato' David CHIU, Mr. Dennis CHIU and Mr. Kwok Wai CHAN shall retire at the 2018 AGM and are eligible to offer themselves for re-election in the 2018 AGM.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2018 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its Subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

DIRECTORS' INTERESTS

As at 31 March 2018, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of Director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	17,284,236	0.75%
	Interest of spouse	585,322(i)	0.03%
	Interest of controlled corporations	1,054,166,338(i)	45.80%
Cheong Thard HOONG	Beneficial owner	12,669,315	0.55%
	Joint interest	464,754(ii)	0.02%
Dennis CHIU	Beneficial owner	3,822	0.00%
	Interest of controlled corporations	5,754,094(iii)	0.25%

Notes:

(i) 1,054,150,371 shares were held by Sumptuous Assets Limited, a company controlled by Far East Organization (International) Limited. 15,967 shares were held by Modest Secretarial Services Limited. Far East Organization (International) Limited and Modest Secretarial Services Limited are companies controlled by Tan Sri Dato' David CHIU. 585,322 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) 464,754 shares were held by Mr. Cheong Thard HOONG jointly with his wife.

(iii) 5,754,094 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2018.

A.2 Debentures

As at 31 March 2018, Tan Sri Dato' David CHIU was deemed to have an interest in the 3.75% USD Medium Term Notes 2021 issued by the Company in the principal amount of USD12,000,000 of which USD10,000,000 was held by Tan Sri Dato' David CHIU and USD2,000,000 was held by his spouse, Ms. Nancy NG.

B. Associated corporations

B.1 Long position in the ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
Craig Grenfell WILLIAMS	Care Park	Beneficiary of a discretionary trust	825[i]	8.25%

Note:

(i) These shares in Care Park were held by Chartbridge Pty Ltd in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

* The percentage represents the number of ordinary shares interested divided by the Care Park's issued shares as at 31 March 2018.

B.2 Debentures of Dorsett

As at 31 March 2018, Tan Sri Dato' David CHIU was deemed to have an interest in the 6.0% CNY Bonds 2018 issued by the Dorsett in the principal amount of CNY90,030,000 of which CNY83,030,000 was held by Singford Holdings Limited, a wholly owned Subsidiary in which Tan Sri Dato' David CHIU owned approximately 46.58% interest in the issued share capital of the Company and CNY7,000,000 was held by his spouse, Ms. Nancy NG.

Save as disclosed above, none of the Directors had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2018.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the section headed "Share Option Schemes" below and in note 43 to the consolidated financial statements.

SHARE OPTION SCHEMES

(A) FECIL Share Option Schemes

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its Subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its Subsidiaries. Under FECIL Share Option Schemes, the Directors may grant options to eligible employees including directors of the Company and its Subsidiaries, to subscribe for shares of the Company.

The Company's old share option scheme adopted on 28 August 2002 was expired on 28 August 2012. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the Shareholders on 31 August 2012 for a period of 10 years commencing on the adopted date.

The following table discloses movements in the Company's share options during the Year:

			Number of share options					
Category of grantee	Date of grant	Exercise price per share HK$	Outstanding at 01.04.2017	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 31.03.2018	Exercise period*
Directors								
Cheong Thard HOONG	27.03.2013	2.550	250,000	–	(250,000)	–	–	01.03.2014–28.02.2020
			1,000,000	–	(1,000,000)	–	–	01.03.2015–28.02.2020
			1,250,000	–	(1,250,000)	–	–	01.03.2016–28.02.2020
			2,000,000	–	(2,000,000)	–	–	01.03.2017–28.02.2020
			4,500,000	–	(4,500,000)	–	–	
Chi Hing CHAN (Resigned on 1 January 2018)	27.03.2013	2.550	–	–	–	–	–	01.03.2014–28.02.2020
			–	–	–	–	–	01.03.2015–28.02.2020
			–	–	–	–	–	01.03.2016–28.02.2020
			1,400,000	–	(1,400,000)	–	–	01.03.2017–28.02.2020
			1,400,000	–	(1,400,000)	–	–	
Other employees in aggregate	27.03.2013	2.550	675,000	–	(450,000)	–	225,000	01.03.2014–28.02.2020
			1,500,000	–	(1,200,000)	–	300,000	01.03.2015–28.02.2020
			1,875,000	–	(1,500,000)	–	375,000	01.03.2016–28.02.2020
			3,000,000	–	(2,400,000)	–	600,000	01.03.2017–28.02.2020
			7,050,000	–	(5,550,000)	–	1,500,000	
Total			12,950,000	–	(11,450,000)	–	1,500,000	

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at the date of this annual report, the total number of Shares available for issue under FECIL Share Option Schemes is 156,975,707, representing approximately 6.83% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 43 to the consolidated financial statements.

DIRECTORS' REPORT

(B) Dorsett Share Option Scheme

Dorsett Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Dorsett Share Option Scheme include directors of Dorsett (including executive directors, non-executive directors and independent non-executive directors) and employees of Dorsett and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of Dorsett considers, in its sole discretion, have contributed or will contribute to the Group.

The share options under Dorsett Share Option Scheme, save for those lapsed on 10 October 2015 in accordance with the Dorsett Share Option Scheme, were cancelled upon acceptance of the offer under Rule 13 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission made by or on behalf of Willow Bliss Limited, a wholly-owned Subsidiary, to the holders of Dorsett Share Option Scheme at a nominal value of HK$0.01 for each share option under Dorsett Share Option Scheme.

As at 31 March 2018, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its Subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2018, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial Shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	1,054,150,371[i] (long position)	45.80%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.57%
	Interest of controlled corporations	140,942,693[ii] (long position)	6.12%
	Interest of spouse	1,624,301[ii] (long position)	0.07%
Value Partners Group Limited	Interest of controlled corporations	107,639,987[iii] (long position)	4.68%
Value Partners High-Dividend Stocks Fund	Beneficial owner	112,842,788 (long position)	4.90%

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.

(iii) These shares were held by various companies controlled by Value Partners Group Limited.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$8,101,000.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the Year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2018, the number of employees of the Group was approximately 3,500.

The emoluments of the Directors are recommended/determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted FECIL Share Option Schemes as an incentive to Directors and eligible participants, details of the schemes are set out in note 43 to the consolidated financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 126 to 136.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and certain of its Subsidiaries, as guarantors, and City Sight Limited ("City Sight"), its Subsidiary, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 22 February 2016 and an unsecured term loan facility in the aggregate amount of HK$1,350 million was granted to City Sight. The final maturity date is 36 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the Controlling Shareholder:

(a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right; and

(b) Chiu Family (as defined in the Facility Agreement) shall own, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the Year, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 22 February 2016.

AUDITOR

A resolution will be submitted to the 2018 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
David CHIU
Chairman and Chief Executive Officer

26 June 2018

CORPORATE GOVERNANCE REPORT

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2018.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles as set out in the CG Code. In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code during the year ended 31 March 2018, except for the deviation from Code Provision A.2.1. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of Code Provisions are summarized below.

A. THE BOARD

A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions entered into by the senior management team.

A.2 Board Composition

The Board currently comprises seven Directors, four are Executive Directors and three are Independent Non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2018, the Company has met the Listing Rules requirements of having three Independent Non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the three Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent Non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

A.3 Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

A.4 Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles.

Each Director, including the Independent Non-executive Directors, is engaged for a term of 3 years, subject to renewal upon expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clauses 106 and 107 of the Articles, Mr. Dennis CHIU (Executive Director) and Mr. Kwok Wai CHAN (Independent Non-executive Director) shall retire by rotation at the 2018 AGM. Both of the above retiring Directors, being eligible, will offer themselves for re-election at the 2018 AGM.

In accordance with the second part of clause 115(B) of the Articles, a Director appointed as an Executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, Tan Sri Dato' David CHIU, the Chairman of the Company, voluntarily retires from his office and offers himself for re-election at the 2018 AGM notwithstanding that he is not required to do so by clause 115(B) of the Articles.

The Board recommended the re-appointment of the above three retiring Directors standing for re-election at the 2018 AGM. The Company's circular, sent together with this annual report, contains detailed information of the above three retiring Directors, as required by the Listing Rules.

A.5 Training and Continuing Development for Directors

Each newly appointed Director receives comprehensive introduction on the first occasion of his appointment so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

During the year ended 31 March 2018, the Company has provided (i) reading materials on regulatory updates to all its Directors, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Chi Hing CHAN, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM; and (ii) regular briefing to its Directors on corporate governance and updates on the Listing Rules. Besides, Mr. Cheong Thard HOONG, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM attended other seminars and training sessions arranged by other professional firms/institutions.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2018 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Tan Sri Dato' David CHIU	3/5	N/A	2/3	1/1	1/1
Mr. Cheong Thard HOONG	5/5	N/A	N/A	N/A	1/1
Mr. Dennis CHIU	5/5	N/A	N/A	N/A	0/1
Mr. Craig Grenfell WILLIAMS	3/5	N/A	N/A	N/A	0/1
Mr. Chi Hing CHAN[i] (Resigned on 1 January 2018)	4/4	N/A	N/A	N/A	1/1
Mr. Kwok Wai CHAN	5/5	4/4	3/3	1/1	1/1
Mr. Peter Man Kong WONG	4/5	3/4	3/3	1/1	0/1
Mr. Kwong Siu LAM	5/5	4/4	N/A	1/1	1/1

Note:

(i) Mr. Chi Hing CHAN resigned as a Non-executive Director with effect from 1 January 2018. Before his resignation, four Board meetings and an annual general meeting were held during the year ended 31 March 2018.

In addition, the Chairman of the Board also held a meeting with the Independent Non-executive Directors without the presence of Executive Directors during the Year.

A.7 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions in the Company. Following specific enquiry made by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2018.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

A.8 Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the Code Provision D.3.1 of the CG Code. During the Year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code, (ii) reviewed and monitored the training and continuous professional development of Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

As at 31 March 2018, the Board has established 4 Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

B.1 Executive Committee

The Executive Committee comprises a total of 5 members, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Mr. Ka Pong CHAN. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 Audit Committee

The Audit Committee comprises a total of 3 members, being the 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2018, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2017, the related accounting principles and practices adopted by the Company and the relevant audit findings;
- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2017 and the related accounting principles and practices adopted by the Company;
- Review and discussion of financial reporting and risk management and internal control of the Group;
- Discussion and recommendation of the re-appointment of external auditor; and
- Review of the arrangements for employees to raise concerns about possible improprieties.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2018 are set out in section A.6.2 above.

B.3 Remuneration Committee

The Remuneration Committee comprises a total of 3 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 2 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management (i.e. the model described in the Code Provision B.1.2(c)(i) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 March 2018, the Remuneration Committee has reviewed and determined the remuneration packages of the Executive Directors and senior management.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year ended 31 March 2018 are set out in section A.6.2 above.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the senior management for the year ended 31 March 2018 falls within the band from HK$1,000,000 to HK$2,000,000.

Details of the remuneration of each of the Directors for the year ended 31 March 2018 are set out in note 14 to the consolidated financial statements.

B.4 Nomination Committee

The Nomination Committee comprises a total of 4 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the Directors and to make relevant recommendations to the Board; and to assess the independence of the Independent Non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the provision of A.5.6 of the CG Code, a Board diversity policy was adopted by the Company in 2013, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspective (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

During the year ended 31 March 2018, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company;
- Recommendation of the re-appointment of those Directors standing for re-election at the 2017 annual general meeting of the Company; and
- Assessment of the independence of all the Independent Non-executive Directors.

The attendance records of each Committee member at the Nomination Committee meeting held during the year ended 31 March 2018 are set out in section A.6.2 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2018.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROL

The Board, through its Audit Committee, has the responsibility to ensure that the Group maintains an effective risk management and internal control systems. The Board oversees the Group's design, implementation and monitoring of the risk management and internal control systems and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework is the responsibility of the Board and is overseen by the Audit Committee. The framework comprises the following elements:

Risk management philosophy and risk appetite

Everyone within the Group is responsible for the risk management of the Group. Risk management is embedded into the business operations and decision-makings. In pursuing the Group's objectives, the Group has defined the nature and extent of risks that the Group is willing to undertake.

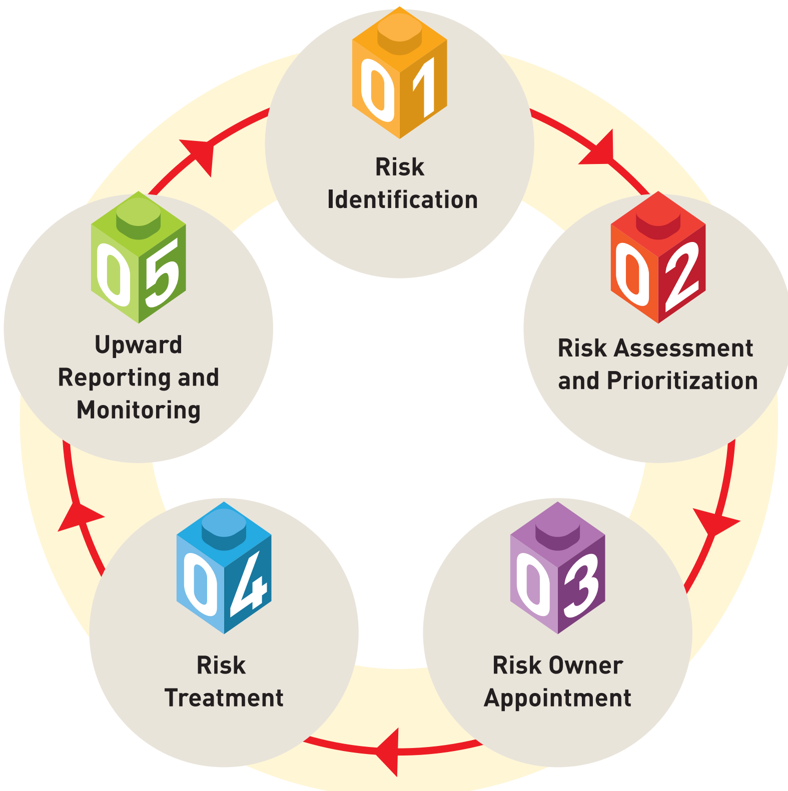
Risk governance structure

The Group has established an enterprise risk management structure in line with the "Three Lines of Defense" model that defines the three layers of roles and responsibilities of oversight, risk monitoring and review, and risk and control ownership.

CORPORATE GOVERNANCE REPORT

The Group's business and functional units are the first line of defense and are responsible for the day-to-day risk management and control processes. The second line of defense is led by a designated risk management taskforce responsible for the design, implementation and monitoring of the risk management system, and provide confirmation to the Audit Committee on the effectiveness of risk management. The third line of defense comprises the Audit Committee and the Group' outsourced internal auditor who is responsible for the independent assessment of the effectiveness of our risk management and internal control systems. The external auditor of the Group further complements the third line of defense by independently auditing material internal controls over the Group's financial reporting processes. Both the outsourced internal auditor and the external auditor would report on material control weakness to the Audit Committee on a regular basis.

Risk management process



The Group has established the risk management process that includes risk identification, risk assessment and prioritization, risk owner appointment, risk treatment and upward reporting and monitoring of identified risks to the Group and the Audit Committee. Management's input on risk exposures across the business lines was solicited through a structured risk identification questionnaire to form the Group's risk universe. Identified risks were further assessed and evaluated by a scale rating process by management across the business lines to evaluate their impact to the Group and likelihood of their occurrence as a result of changes in internal and external factors, future events or otherwise. The risks were then prioritized based on the evaluation results and further interviews with senior management for confirmation. The top risks of the Group, as well as whether these risks are being effectively managed; and if not, the need for establishing further actions, were reported through the risk management report. A corporate risk register has also been complied to track and document the identified risks, risk owners, mitigating actions and control measures, and facilitates continuous update of risk treatments.

The Group has completed an annual review on the effectiveness of the risk management and internal control systems during the year ended 31 March 2018 which include the identification and follow up on the significant risks, as well as the related controls designed to mitigate the risks and associated action plans. The Board, through the confirmation from management, considered the risk management and internal control systems effective and adequate with no significant areas of concern that may affect the Group being identified. The Group has also commenced the review for next fiscal year and will continue to build on the established risk management process further enhance its approach to manage risks.

Handling and dissemination of inside information

The Company has developed its disclosure policy to provide the general guideline on handling confidential information, monitoring of information disclosure and response to queries to its directors, officers, senior management and the relevant employees. The Company has executed supervision programs to confirm the strict prohibition from unauthorized access to and use of inside information.

Internal audit function

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of Shareholders and the Group's assets. With the help of an outsourced internal auditor, the senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

E. COMPANY SECRETARY

During the year ended 31 March 2018, Mr. Ka Pong CHAN, the Company Secretary, has taken no less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31 March 2018 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable HK$
Audit services – audit fee for the year ended 31 March 2018	10,131,000
Non-audit services	
– professional fee in connection with the review of interim account, the issue of notes and tax advisory services	2,357,000
TOTAL:	12,488,000

G. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at www.fecil.com.hk, as a communication platform with the Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. The Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
(For the attention of Head of Corporate Finance and Investor Relations)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

In addition, the Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. The Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

H. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

(i) Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(ii) If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

During the Year under review, the Company has not made any changes to its Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. The Shareholders may refer to the Articles for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fecil.com.hk) after each Shareholders' meeting.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 142 to 237, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People Republic of China and Singapore. The investment properties were carried at HK$3,229,437,000 as at 31 March 2018 and represents approximately 9% of total assets in the consolidated financial statements of the Group as at 31 March 2018. As disclosed in note 8 to the consolidated financial statements, changes in fair value of investment properties of HK$277,389,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2018. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments by the directors of the Company, including market rent, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding of the valuation methodology and significant assumptions to assess if these approaches meet with industry norms; • Evaluating the reasonableness of the key inputs, including market rent, market unit rate and capitalisation rate adopted by the management and the Valuers, on a sample basis, by comparing the key inputs to relevant market data based on our knowledge of the property markets; and • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sales of properties	
We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss. As disclosed in note 7 to the consolidated financial statements, the Group recognised revenue of HK$3,407,758,000 from sales of properties for the year ended 31 March 2018. Revenue from sales of properties is recognised when the respective properties have been completed and delivered to the buyers.	Our procedures in relation to revenue recognised from sales of properties included: • Assessing management's process and control over the point of time at which revenue from sales of properties is recognised; and • Evaluating the terms set out in the sales and purchase agreements, on a sample basis, and obtaining evidence regarding the delivery of properties, including, where relevant, completion certificates and delivery notices, to assess whether the significant risks and rewards of ownership of the properties have been transferred to the buyers.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tan Wei Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	7	5,831,127	5,005,309
Cost of sales and services		(2,854,767)	(2,709,013)
Depreciation and amortisation of hotel and car park assets		(342,125)	(306,701)
Gross profit		2,634,235	1,989,595
Other income		32,321	25,099
Other gains and losses	8	504,558	368,458
Administrative expenses			
– Hotel operations and management		(387,941)	(372,063)
– Others		(272,669)	(212,230)
Pre-operating expenses			
– Hotel operations and management		(7,096)	(8,116)
Selling and marketing expenses		(128,139)	(46,435)
Share of results of associates		9,819	(4,520)
Share of results of joint ventures		–	86
Finance costs	9	(228,955)	(173,235)
Profit before tax		2,156,133	1,566,639
Income tax expense	10	(570,735)	(433,780)
Profit for the year	11	1,585,398	1,132,859
Attributable to:			
Shareholders of the Company		1,566,722	1,117,688
Non-controlling interests		18,676	15,171
		1,585,398	1,132,859
Earnings per share	12		
Basic (HK cents)		69	51
Diluted (HK cents)		69	51

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	1,585,398	1,132,859
Other comprehensive income (expense) for the year		
Item that will not be reclassified to profit or loss:		
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	29,831	8,654
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	652,241	(391,262)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	115,637	(42,640)
Other comprehensive income (expense) for the year	797,709	(425,248)
Total comprehensive income for the year	2,383,107	707,611
Total comprehensive income attributable to:		
Shareholders of the Company	2,361,950	692,671
Non-controlling interests	21,157	14,940
	2,383,107	707,611

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current Assets			
Investment properties	15	3,229,437	3,001,786
Property, plant and equipment	16	8,175,004	7,481,570
Prepaid lease payments	17	518,752	486,491
Goodwill	18	68,400	68,400
Interests in associates	19	943,884	667,416
Interests in joint ventures	20(a)	410,417	353,742
Investment securities	21	13,564	692
Deposits for acquisition of property, plant and equipment		100,576	117,601
Amounts due from associates	42	66,831	70,724
Amount due from a joint venture	42	27,248	25,372
Amount due from an investee company	42	119,995	119,995
Other receivables	22	80,489	79,936
Pledged deposits	23	4,419	3,723
Deferred tax assets	34	48,410	31,233
		13,807,426	12,508,681
Current Assets			
Properties for sale	24		
Completed properties		1,148,197	280,341
Properties for/under development		10,094,565	8,889,843
Other inventories		8,547	8,137
Prepaid lease payments	17	14,569	14,466
Debtors, deposits and prepayments	25	522,674	375,190
Deposits receivable from stakeholders	26	512,548	252,109
Other receivables	22	11,827	11,688
Loans to a joint venture	42	–	77,313
Amounts due from joint ventures	42	39,085	51,204
Amount due from an associate	42	27,750	32,748
Tax recoverable		185,745	136,267
Investment securities	21	3,506,479	1,466,188
Derivative financial instruments	27	518	67
Pledged deposits	23	17,604	25,234
Restricted bank deposits	23	1,547,853	267,983
Deposit in a financial institution	23	11,633	11,331
Bank balances and cash	23	3,031,929	3,881,894
		20,681,523	15,782,003
Assets classified as held for sale	28	–	109,277
		20,681,523	15,891,280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Current Liabilities			
Creditors and accruals	29	1,725,479	889,406
Customers' deposits received		1,936,950	2,109,874
Obligations under finance leases	30	5,629	3,775
Amount due to a related company	42	19,095	16,815
Amounts due to associates	42	27,149	7,186
Amounts due to a joint venture	42	3,177	–
Amounts due to shareholders of non-wholly owned subsidiaries	32	8,232	26,907
Derivative financial instruments	27	2,211	9,176
Notes and bonds	33	907,995	–
Tax payable		361,136	358,917
Bank borrowings	31	5,285,719	2,755,293
		10,282,772	6,177,349
Liabilities associated with assets classified as held for sale	28	–	3,600
		10,282,772	6,180,949
Net Current Assets		10,398,751	9,710,331
Total Assets less Current Liabilities		24,206,177	22,219,012
Non-current Liabilities			
Obligations under finance leases	30	11,518	7,594
Amount due to a shareholder of a non-wholly owned subsidiary	32	269,491	246,740
Derivative financial instruments	27	37,439	119,314
Notes and bonds	33	3,498,958	3,130,542
Bank borrowings	31	6,661,703	7,376,392
Deferred tax liabilities	34	583,186	394,715
		11,062,295	11,275,297
Net Assets		13,143,882	10,943,715
Capital and Reserves			
Share capital	35	230,179	223,837
Share premium		4,297,682	4,033,779
Reserves		8,442,951	6,534,186
Equity attributable to shareholders of the Company		12,970,812	10,791,802
Non-controlling interests		173,070	151,913
Total Equity		13,143,882	10,943,715

The consolidated financial statements on pages 142 to 237 were approved and authorised for issue by the Board of Directors on 26 June 2018 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	213,171	3,730,625	28,458	16,242	(287,068)	27,313	(95,167)	1,059,180	5,447,378	10,140,132	127,123	10,267,255
Profit for the year	–	–	–	–	–	–	–	–	1,117,688	1,117,688	15,171	1,132,859
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	–	–	–	8,654	–	–	–	–	–	8,654	–	8,654
Exchange differences arising on translation of foreign operations	–	–	–	–	(391,031)	–	–	–	–	(391,031)	(231)	(391,262)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	(42,640)	–	–	(42,640)	–	(42,640)
Other comprehensive income (expense) for the year	–	–	–	8,654	(391,031)	–	(42,640)	–	–	(425,017)	(231)	(425,248)
Total comprehensive income (expense) for the year	–	–	–	8,654	(391,031)	–	(42,640)	–	1,117,688	692,671	14,940	707,611
Shares issued in lieu of cash dividend	10,406	296,783	–	–	–	–	–	–	–	307,189	–	307,189
Shares issued upon exercise of share options	260	6,371	–	–	–	–	–	–	–	6,631	–	6,631
Lapsed of share options	–	–	–	–	–	(3,203)	–	–	3,203	–	–	–
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	1,344	–	–	–	1,344	–	1,344
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	(354,749)	(354,749)	–	(354,749)
Additional non-controlling interest on a subsidiary	–	–	–	–	–	–	–	–	–	–	297	297
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5,346)	(5,346)
Acquisition of non-controlling interest in subsidiary	–	–	–	–	–	–	–	(1,416)	–	(1,416)	(4,782)	(6,198)
Deemed capital contribution arising from interest-free loans advanced by a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	19,681	19,681
At 31 March 2017	223,837	4,033,779	28,458	24,896	(678,099)	25,454	(137,807)	1,057,764	6,213,520	10,791,802	151,913	10,943,715

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Profit for the year	–	–	–	–	–	–	–	–	1,566,722	1,566,722	18,676	1,585,398
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	–	–	–	29,831	–	–	–	–	–	29,831	–	29,831
Exchange differences arising on translation of foreign operations	–	–	–	–	649,760	–	–	–	–	649,760	2,481	652,241
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	115,637	–	–	115,637	–	115,637
Other comprehensive income for the year	–	–	–	29,831	649,760	–	115,637	–	–	795,228	2,481	797,709
Total comprehensive income for the year	–	–	–	29,831	649,760	–	115,637	–	1,566,722	2,361,950	21,157	2,383,107
Shares issued in lieu of cash dividend	5,197	211,637	–	–	–	–	–	–	–	216,834	–	216,834
Shares issued upon exercise of share options	1,145	52,266	–	–	–	(24,213)	–	–	–	29,198	–	29,198
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	(428,972)	(428,972)	–	(428,972)
At 31 March 2018	230,179	4,297,682	28,458	54,727	(28,339)	1,241	(22,170)	1,057,764	7,351,270	12,970,812	173,070	13,143,882

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in Dorsett; (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; and (f) credit balance of HK$23,568,000 representing the difference between the Group's interest in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Operating activities		
Profit before tax	2,156,133	1,566,639
Adjustments for:		
Share of results of joint ventures	–	(86)
Share of results of associates	(9,819)	4,520
Reversal of impairment loss recognised on interest in a joint venture	(11,715)	(3,667)
Depreciation and amortisation	355,382	324,091
Dividend from listed and unlisted investments	–	(63)
Interest income	(16,930)	(15,084)
Finance costs	228,955	173,235
Change in fair value of investment properties	(277,389)	(248,742)
Gain arising on transfer of completed properties for sale to investment properties	–	(31,043)
Change in fair value of financial assets at fair value through profit or loss	36,959	(52,527)
Change in fair value of derivative financial instruments	6,153	(10,421)
Recognition of share-based payment expenses	–	1,344
Gain on disposal of a subsidiary	(320,130)	–
Gain on disposal of property, plant and equipment	(11,082)	–
Impairment loss (reversal of impairment loss) recognised on trade debtors	11,387	(1,252)
Impairment loss recognised on interest in an associate	–	25,000
Impairment loss recognised on deposits for acquisition of property, plant and equipment	30,000	–
Operating cash flows before movements in working capital	2,177,904	1,731,944
Increase in properties for sale	(1,321,420)	(735,298)
(Increase) decrease in other inventories	(410)	1,184
(Increase) decrease in other receivables	(197)	1,510
(Increase) decrease in debtors, deposits and prepayments	(400,092)	472,045
Increase in financial assets at fair value through profit or loss	(1,888,376)	(208,535)
Increase in derivative financial instruments	20,656	15,156
Increase in creditors and accruals	852,435	101,058
Decrease in customers' deposits received	(218,620)	(202,741)
Cash (used in) from operations	(778,120)	1,176,323
Income tax paid	(487,502)	(275,059)
Net cash (used in) from operating activities	(1,265,622)	901,264

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	NOTE	2018 HK$'000	2017 HK$'000
Investing activities			
Purchase of available-for-sale investments		(159,172)	–
Proceeds from disposal of a subsidiary	36	400,605	–
Capital investment in associates		(273,069)	(361,248)
Capital investment in joint ventures		(58,844)	(312,604)
Acquisition and development expenditures of property, plant and equipment		(475,323)	(471,051)
Development expenditures and additional cost of investment properties		(9,221)	(158,919)
Proceeds from disposal of investments properties		42,465	708,067
Proceeds from disposal of property, plant and equipment		20,254	2,223
Placement of pledged deposits		(728)	(3,053)
Release of pledged deposits		7,763	1,204
Placement of restricted bank deposits		(1,515,124)	(128,349)
Release of restricted bank deposits		267,803	–
Repayment from (advance to) an associate		10,077	(12,311)
Repayment from (advance to) a joint venture		1,773	(1,523)
Repayment from (loans to) a joint venture		77,313	(77,313)
Dividend and distribution received from associates and a joint venture		29,030	10,386
Dividend received from listed and unlisted investments		–	63
Bank interest received		16,930	15,084
Net cash used in investing activities		(1,617,468)	(789,344)
Financing activities			
Net proceeds on issue of notes		1,156,383	2,302,769
Advance from a shareholder of a non-wholly owned subsidiary		3,507	26,933
Proceeds from issue of shares		29,198	6,631
Acquisition of additional interests in subsidiaries		–	(6,198)
Capital contribution from non-controlling interests		–	297
New bank and other borrowings raised		6,587,313	3,347,408
Repayments of bank and other borrowings		(5,137,784)	(3,797,304)
Payments of finance lease obligations		(4,156)	(4,156)
Advance from a related company		2,280	709
Advance from (repayments to) an associate		19,963	(1,650)
Advance from a joint venture		3,177	–
Dividends paid		(212,138)	(47,560)
Dividends paid to shareholders of non-wholly owned subsidiaries		–	(5,346)
Interest paid		(484,803)	(379,288)
Net cash from financing activities		1,962,940	1,443,245

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	NOTE	2018 HK$'000	2017 HK$'000
Net (decrease) increase in cash and cash equivalents		(920,150)	1,555,165
Cash and cash equivalents brought forward		3,893,339	2,369,657
Effect of foreign exchange rate changes		70,373	(31,483)
Cash and cash equivalents carried forward		3,043,562	3,893,339
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		3,031,929	3,881,894
Bank balances and cash included in assets classified as held for sale (note 28)		–	114
Deposit in a financial institution		11,633	11,331
		3,043,562	3,893,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

Far East Consortium International Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as the Group. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2018 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, and securities and financial product investments. The details of the principal subsidiaries are set out in note 49.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) finance costs; (iii) dividends recognised as distribution; (iv) the effect of changes in foreign exchange rate; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 46. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 46, the application of these amendments has had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associate and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on consolidated financial statements in the foreseeable future.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods, and

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments* (continued)

- in relation to the impairment of financial assets. HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets.

Classification and measurement:

- Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 21(a): these securities qualify for designation as measured at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve;

- Debt securities classified as available-for-sale investments carried at fair value as disclosed in note 21(a): these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the debt instruments in the market. The directors of the Company are currently assessing whether the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. If yes, the debt instruments will be measured at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in investments revaluation reserve; if not, these instruments will be subsequently measured at FVTPL;

- Amounts due from associates, joint venture, investee company and loan receivables carried at amortised cost as disclosed in notes 42 and 22 respectively: these financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flow. The Group is in the process of assessing whether the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments* (continued)

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables and amounts due from related parties. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax at 1 April 2018.

Hedge accounting:

As the new hedge accounting requirements will align more closely with the Group's risk management policies, with generally more qualifying hedging instruments and hedged items, an assessment of the Group's current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of HKFRS 9. Accordingly, the directors of the Company anticipate that the application of the new hedging requirements will not have a material impact on the Group's current hedge designation and hedge accounting.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good and service that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates and enhances an asset that the customer controls as the entity performs; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The directors of the Company anticipate that the revenue recognition for sales of properties under HKFRS 15 as follows:

Currently the Group's property development business are conducted in Australia, Hong Kong, Malaysia, other regions in People's Republic of China, excluding Hong Kong ("PRC"), Singapore and the United Kingdom, and the revenue from the sales of properties is generally recognised at the point in time when the respective completed properties have been delivered to the customers. The Group also expensed off the sales commission associated with obtaining the sales and purchase contracts with customers.

In assessing the impact of HKFRS 15, the Group take into account the contract terms, business practice and the legal and regulatory environment in different jurisdictions in which the property development business take place. The directors of the Company considered that sales of properties in Malaysia and Singapore may meet the HKFRS 15 criteria for recognising revenue over time, as the property units do not have an alternative use and the Group may have an enforceable right to payment for performance completed to date. The directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised under the sales of properties in Australia, Hong Kong, the PRC, and the United Kingdom for the respective reporting periods.

However, the Group considered the sales commission of property sales as the incremental costs of obtaining a sales contract with a customer. It will be capitalised as contract costs when incurred and recognise it as an expense when revenue from the property sales contract that give rise to the commission is recognised.

In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

The directors of the Company intend to apply the limited retrospective method with cumulative effect of initial application recognised in opening balance of equity at 1 April 2018.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$300,465,000 as disclosed in note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after reattribution of relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the date of acquisition date (i.e. the date when the Group obtained control), and resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Property inventory is transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land and freehold land held for use in the production or supply of goods or services, or for administrative purpose (other than properties under development and construction-in-progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development and construction-in-progress less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

Properties for/under development

Hotel under development held for owner's operation are stated at cost, less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Inventories

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for properties for sale less all estimated costs necessary to make the sale.

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out basis.

Non-current assets held for disposal

Non-current assets or disposal groups are classified as held for disposal if their carrying amount will be recovered principally through a disposal transaction rather than through continuing use. This condition is regarded as met only when the disposal is highly probable and the asset (or disposal group) is available for immediate disposal in its present condition. For the disposal to be highly probable, management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (or disposal groups) classified as held for disposal are measured at the lower of the assets' (or disposal groups') previous carrying amount and fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into "financial assets at fair value through profit or loss" ("FVTPL"), "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 45.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as any of the other categories.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from associates, an investee company and joint ventures, debtors, other receivables, loans to a joint venture, pledged deposits, restricted bank deposits, deposit in a financial institution, deposits receivable from stakeholders, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade debtors, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition, it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 45.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities at amortised cost

Other financial liabilities (including creditors, amounts due to a related company, associates, a joint venture and shareholders of non-wholly owned subsidiaries, notes and bonds, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedging is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Hedge accounting (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discounts and sales related taxes as follows:

- Revenue from sale of properties is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.

- Revenue from car park operations and facilities management is recognised when the relevant facilities are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time appointment basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliability).

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for "Leasing" above.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under "Hedge accounting" above).

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributable to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees after 7 November 2002 and vested on or after 1 April 2005

The fair value determined at the grant date of the equity-settled share-based payments equity is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement and valuation processes

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value measurement and valuation processes (continued)

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities, including the investment properties and financial instruments are disclosed in notes 15 and 45.

Deferred tax

As 31 March 2018, a deferred tax asset of HK$69,793,000 (2017: HK$64,659,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes and bonds, net of bank balances and cash, restricted bank deposits, pledged deposits, deposits receivable from stakeholders and deposit in a financial institution), and equity attributable to shareholders of the Company, comprising issued share capital, share premium, reserves.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operations and management, car park operations and facilities management in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

The accounting policies adopted in preparing the segment information are the same as the accounting policies described in note 3. Segment profit (loss) represents the pre-tax earned (loss incurred) by each segment without allocation of central administrative costs, directors' salaries and finance costs.

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6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue		Segment profit (loss)	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Property development				
– Australia	1,310,716	1,724,234	338,629	513,444
– Hong Kong ("HK")	–	–	(40,461)	(21,906)
– Malaysia	385,672	–	184,672	(538)
– PRC	1,733,112	1,212,454	1,108,991	749,779
– Singapore	–	–	(53,548)	(7,579)
– United Kingdom ("UK")	1,295	13	(16,056)	(1,066)
	3,430,795	2,936,701	1,522,227	1,232,134
Property investment				
– Australia	5,894	5,418	5,317	2,390
– HK	43,418	36,243	251,003	194,131
– PRC	16,361	12,922	(20,090)	(19,289)
	65,673	54,583	236,230	177,232
Hotel operations and management				
– HK	776,474	665,300	476,134	102,517
– Malaysia	237,786	209,320	34,703	16,378
– PRC	254,898	218,845	(27,065)	(8,985)
– Singapore	96,098	93,534	27,785	28,896
– UK	172,546	121,955	20,594	7,551
	1,537,802	1,308,954	532,151	146,357
Car park operations and facilities management				
– Australia	639,086	628,452	56,770	51,385
– Europe	19,046	3,581	52,654	2,790
– Malaysia	8,248	9,408	6,314	5,613
	666,380	641,441	115,738	59,788
Securities and financial product investments	126,024	62,478	89,915	138,433
Other operations	4,453	1,152	19,605	9,990
Segment revenue/segment profit	5,831,127	5,005,309	2,515,866	1,763,934
Unallocated corporate income and expenses			(130,778)	(24,060)
Finance costs			(228,955)	(173,235)
Profit before tax			2,156,133	1,566,639
Income tax expense			(570,735)	(433,780)
Profit for the year			1,585,398	1,132,859

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	2018 HK$'000	2017 HK$'000
Property development		
– Australia	4,481,620	3,241,146
– HK	3,195,592	2,299,243
– Malaysia	453,028	641,354
– PRC	2,434,798	2,559,895
– Singapore	3,289,337	2,369,355
– UK	827,832	327,605
	14,682,207	11,438,598
Property investment		
– Australia	180,808	161,296
– HK	2,349,987	2,242,535
– PRC	5,949	4,821
	2,536,744	2,408,652
Hotel operations and management		
– HK	4,945,841	3,627,380
– Malaysia	992,328	819,955
– PRC	1,963,512	1,887,490
– Singapore	618,394	608,915
– UK	1,327,038	1,068,067
	9,847,113	8,011,807
Car park operations and facilities management		
– Australia	927,723	827,631
– Europe	394,673	139,708
– Malaysia	140,375	137,101
	1,462,771	1,104,440
Securities and financial product investments	2,822,261	1,442,422
Other operations	94,291	100,817
Segment assets	31,445,387	24,506,736
Unallocated corporate assets	3,043,562	3,893,225
Total assets	34,488,949	28,399,961

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6. SEGMENT INFORMATION (continued)

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, amounts due from associates, amount due from a joint venture, amount due from an investee company, other receivables, pledged deposits and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Australia	1,955,696	2,358,104	2,034,183	1,605,965
HK	950,369	765,173	5,574,954	5,539,462
Malaysia	631,706	218,728	1,009,697	923,471
PRC	2,004,371	1,444,221	2,551,594	2,350,499
Singapore	96,098	93,534	602,564	585,011
Europe	192,887	125,549	1,673,478	1,172,598
	5,831,127	5,005,309	13,446,470	12,177,006

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2018						
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Other operations HK$'000	Consolidated HK$'000
Impairment loss recognised on trade debtors	-	(52)	(11,335)	-	-	-	(11,387)
Impairment loss recognised on deposits for acquisition of property, plant and equipment	-	-	(30,000)	-	-	-	(30,000)
Depreciation and amortisation	(2,242)	(6,168)	(313,609)	(28,587)	-	(4,776)	(355,382)
Change in fair value of investment properties	39,561	209,342	(9,197)	37,683	-	-	277,389
Change in fair value of financial assets at FVTPL	-	356	4,724	-	(42,039)	-	(36,959)
Change in fair value of derivative financial instruments	-	-	12,788	-	5,166	(24,107)	(6,153)
Share of results of associates	(2,752)	12,571	-	-	-	-	9,819
Reversal of impairment loss recognised on interest in a joint venture	-	-	-	-	-	11,715	11,715
Interests in associates	649,960	258,090	34,946	-	-	888	943,884
Interests in joint ventures	230,716	-	177,205	2,481	-	15	410,417

6. SEGMENT INFORMATION (continued)

(d) Other information (continued)

	2017						
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Other operations HK$'000	Consolidated HK$'000
Reversal of impairment loss (impairment loss) recognised on trade debtors	–	1,758	(506)	–	–	–	1,252
Impairment loss recognised in respect of interest in an associate	–	–	(25,000)	–	–	–	(25,000)
Depreciation and amortisation	(1,722)	(8,275)	(283,240)	(23,908)	–	(6,946)	(324,091)
Change in fair value of investment properties	43,267	205,475	–	–	–	–	248,742
Change in fair value of financial assets at FVTPL	–	–	–	–	52,527	–	52,527
Change in fair value of derivative financial instruments	–	(5,495)	(243)	–	16,159	–	10,421
Share of results of associates	(2,955)	(1,565)	–	–	–	–	(4,520)
Share of results of joint ventures	–	1,928	–	1,048	–	(2,890)	86
Reversal on impairment loss recognised on interest in a joint venture	–	–	–	–	–	3,667	3,667
Interests in associates	380,531	251,939	34,946	–	–	–	667,416
Interests in joint ventures	225,064	3,081	120,177	1,048	–	4,372	353,742

Information about segment liabilities are not regularly reviewed by chief operating decision makers. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2018 HK$'000	2017 HK$'000
Sale of properties	3,407,758	2,917,700
Leasing of properties	139,003	119,398
Hotel operations and management	1,471,570	1,249,092
Car park operations and facilities management	667,014	642,989
Provision of property management services	15,305	12,500
Interest income and dividend income from financial instruments	126,024	62,478
Other operations	4,453	1,152
	5,831,127	5,005,309

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For the year ended 31 March 2018

8. OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Change in fair value of investment properties	277,389	248,742
Change in fair value of financial assets at FVTPL	(36,959)	52,527
Gain arising on transfer of completed properties for sale to investment properties	–	31,043
Change in fair value of derivative financial instruments	(6,153)	10,421
Net foreign exchange (losses) gains	(31,259)	45,806
(Impairment loss) reversal of impairment loss recognised on trade debtors	(11,387)	1,252
Reversal of impairment loss recognised on interest in a joint venture	11,715	3,667
Gain on disposal of a subsidiary (note 36)	320,130	–
Impairment loss recognised on deposits for acquisition of property, plant and equipment (note)	(30,000)	–
Gain on disposal of property, plant and equipment	11,082	–
Impairment loss recognised on interest in an associate	–	(25,000)
	504,558	368,458

Note: The directors have assessed the future cash flows expected to be generated from an acquisition of a property in the PRC and an impairment loss was provided against the cost as at 31 March 2018.

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
Bank borrowings	343,763	269,277
Other loans	975	159
Interest on notes and bonds	162,329	102,286
Less: net interest income from cross currency swap contracts	(7,375)	(4,620)
Amortisation of front-end fee	11,729	9,709
Others	1,602	3,975
Total interest costs	513,023	380,786
Less: amounts capitalised to properties under development:		
– properties for owners' occupation	(6,965)	(32,510)
– properties for sale	(277,103)	(175,041)
	228,955	173,235

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.54% to 6.17% (2017: 2.54% to 6.17%) per annum to expenditure on the qualifying assets.

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	22,143	14,721
PRC Enterprise Income Tax ("PRC EIT")	248,385	185,004
PRC Land Appreciation Tax ("PRC LAT")	144,639	63,180
Australia Income Tax	44,361	118,368
Malaysia Income Tax	32,602	1,821
Singapore Income Tax	6,427	13,454
UK Income Tax	3,293	456
	501,850	397,004
Under(over)provision in prior years:		
Hong Kong Profits Tax	2,005	(3,402)
PRC EIT	25,000	–
Australia Income Tax	(76,240)	–
Malaysia Income Tax	(750)	70
Singapore Income Tax	(12,171)	1,211
	(62,156)	(2,121)
Deferred taxation (note 34)	131,041	38,897
	570,735	433,780

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years of each individual company comprising the Group less tax losses brought forward where applicable.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore and UK is 30%, 24%, 17% and 20% of the estimated assessable profits for both years, respectively.

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10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2018							
Profit (loss) before tax	459,945	1,081,194	382,259	212,512	(38,620)	58,843	2,156,133
Applicable income tax rate	16.5%	25%	30%	24%	17%	16.5% to 25%	
Tax at the applicable income tax rate	75,891	270,299	114,678	51,003	(6,565)	10,602	515,908
Tax effect of expenses not deductible for tax purpose	30,644	5,532	11,859	3,363	3,966	2,078	57,442
Tax effect of income not taxable for tax purpose	(106,509)	(7,829)	(30,608)	(9,426)	(127)	(8,860)	(163,359)
PRC LAT	–	144,639	–	–	–	–	144,639
Tax effect of deductible temporary difference not recognised	–	–	3,557	–	12,377	5,759	21,693
Utilisation of tax losses previously not recognised	(10,586)	(9,342)	–	–	–	(1,612)	(21,540)
Tax effect of PRC LAT	–	(36,159)	–	–	–	–	(36,159)
Tax effect of overprovision in prior year on current year deferred taxation	–	–	76,240	–	–	–	76,240
Utilisation of tax effect of deductible temporary differences previously not recognised	(2,431)	–	–	(11,190)	–	–	(13,621)
Tax effect of tax losses not recognised	20,541	18,252	–	601	9,379	–	48,773
Tax effect of share of results of associates	2,074	–	(826)	–	–	–	1,248
Under (over)provision in prior years	2,005	25,000	(76,240)	(750)	(12,171)	–	(62,156)
Others	(820)	608	16	872	(225)	1,176	1,627
Income tax expense for the year	10,809	411,000	98,676	34,473	6,634	9,143	570,735

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2017							
Profit before tax	303,361	683,997	553,869	9,410	13,979	2,023	1,566,639
Applicable income tax rate	16.5%	25%	30%	24%	17%	16.5% to 25%	
Tax at the applicable income tax rate	50,055	170,999	166,161	2,258	2,376	434	392,283
Tax effect of expenses not deductible for tax purpose	29,319	32,264	2,131	3,646	4,852	2,037	74,249
Tax effect of income not taxable for tax purpose	(58,018)	(2,598)	(18,406)	(4)	(551)	(2,015)	(81,592)
PRC LAT	–	63,180	–	–	–	–	63,180
Tax effect of PRC LAT	–	(15,795)	–	–	–	–	(15,795)
Tax effect of deductible temporary difference not recognised	(3,412)	–	(392)	(211)	–	–	(4,015)
Tax effect of tax losses not recognised	18,694	20,577	–	–	555	–	39,826
Utilisation of tax losses previously not recognised	(23,494)	(1,306)	–	(8,143)	–	–	(32,943)
Tax effect of share of results of associates	335	–	887	–	–	–	1,222
Tax effect of share of results of joint ventures	(318)	726	–	–	–	–	408
(Over)underprovision in prior years	(3,402)	–	–	70	1,211	–	(2,121)
Others	(2,349)	(591)	2,357	1,160	(1,499)	–	(922)
Income tax expense for the year	7,410	267,456	152,738	(1,224)	6,944	456	433,780

Details of the deferred taxation are set out in note 34.

11. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	**1,725,470**	1,664,570
Auditor's remuneration	**10,131**	12,754
Depreciation	**345,756**	313,460
Amortisation of prepaid lease payments	**9,626**	10,631
Amortisation of investment in a joint venture (included in share of results of joint ventures)	**2,420**	2,904
Staff costs (included HK$396,514,000 (2017: HK$351,686,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	**21,210**	23,298
– Other staffs	**713,603**	612,237
– Share-based payment expenses to staff	**–**	615
	734,813	636,150
Share of taxation of associates (included in share of results of associates)	**1,540**	1,417
and after crediting:		
Rental income, net of outgoings of HK$10,558,000 (2017: HK$14,503,000)	**128,445**	104,895
Bank interest income	**16,930**	15,084

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12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$1,566,722,000 (2017: HK$1,117,688,000) and the number of shares calculated as follows:

	2018 '000	2017 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,267,150	2,173,825
Effect of dilutive potential ordinary shares – Company's share options	1,938	2,178
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,269,088	2,176,003

13. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends recognised as distribution during the year:		
2018 interim dividend of HK4.0 cents per share (2017: 2017 interim dividend of HK3.5 cents per share)	91,574	77,627
2017 final dividend of HK15.0 cents per share (2017: 2016 final dividend of HK13.0 cents per share)	337,398	277,122
	428,972	354,749

The 2018 interim dividend and 2017 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$4.718 and HK$4.010 per share respectively. Shares issued during the year on the shareholders' election for shares are set out in note 35. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2018 of HK18.0 cents (2017: HK15.0 cents) per share, totalling of HK$414,322,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the Directors and Chief Executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

Name of directors	Fees	Salaries, bonuses and other benefits	Retirement benefit scheme contributions	Share-based payment expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2018					
Executive Directors:					
David CHIU	25	2,268	18	–	2,311
Dennis CHIU	25	3,921	76	–	4,022
Craig Grenfell WILLIAMS	25	5,233	149	–	5,407
Cheong Thard HOONG	25	8,601	18	–	8,644
Non-executive Director:					
Denny Chi Hing CHAN	166	–	–	–	166
Independent Non-executive Directors:					
Kwok Wai CHAN	220	–	–	–	220
Peter Man Kong WONG	220	–	–	–	220
Kwong Siu LAM	220	–	–	–	220
	926	20,023	261	–	21,210

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2017					
Executive Directors:					
David CHIU	25	2,268	18	–	2,311
Dennis CHIU	25	6,346	71	–	6,442
Craig Grenfell WILLIAMS	25	6,599	204	–	6,828
Cheong Thard HOONG	25	6,065	18	429	6,537
Non-executive Director:					
Denny Chi Hing CHAN	220	–	–	300	520
Independent Non-executive Directors:					
Kwok Wai CHAN	220	–	–	–	220
Peter Man Kong WONG	220	–	–	–	220
Kwong Siu LAM	220	–	–	–	220
	980	21,278	311	729	23,298

Mr. David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors, Chief Executive, Non-executive Director and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses and other benefits, retirement benefits scheme contributions, and share-based payment expenses paid or payable to Executive Directors, Chief Executive and Non-executive Director shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Craig Grenfell WILLIAMS of HK$2,980,000 (2017: HK$4,447,500) and included in salaries and other benefits, which was determined with reference to his performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2018 and 31 March 2017.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company under the share option schemes adopted by the Company. Details of the share option schemes are disclosed in note 43.

(c) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2017: four) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2017: one) individual is as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	6,282	2,832
Retirement benefits scheme contributions	24	18
	6,306	2,850

The emolument of highest paid employee who is not a director of the Company was within the following band:

	2018 Number of employee	2017 Number of employee
HK$2,500,001 to HK$3,000,000	1	1
HK$3,000,001 to HK$4,000,000	1	–
	2	1

No emolument was paid to the directors and the highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

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For the year ended 31 March 2018

15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under development HK$'000	Total HK$'000
At 1 April 2016	2,578,213	726,000	3,304,213
Additions	138,426	20,493	158,919
Reclassify from properties for sales	43,704	–	43,704
Reclassify from property, plant and equipment	20,900	–	20,900
Transfer to completed properties	783,117	(783,117)	–
Disposals	(708,067)	–	(708,067)
Increase in fair value	212,118	36,624	248,742
Exchange alignment	(66,625)	–	(66,625)
At 31 March 2017	3,001,786	–	3,001,786
Additions	9,221	–	9,221
Reclassify to property, plant and equipment	(198,360)	–	(198,360)
Reclassify from property, plant and equipment and prepaid lease payments	42,840	–	42,840
Disposals	(42,465)	–	(42,465)
Increase in fair value	277,389	–	277,389
Exchange alignment	139,026	–	139,026
At 31 March 2018	3,229,437	–	3,229,437

	2018 HK$'000	2017 HK$'000
The carrying amounts of investment properties which are stated at fair value are on land located:		
In HK:		
Long leases	105,630	132,550
Medium-term leases	1,626,813	1,430,651
Outside HK:		
Freehold	168,079	286,594
Long leases	166,415	152,900
Medium-term leases	1,162,500	999,091
	3,229,437	3,001,786

During the year ended 31 March 2018, the Group transferred certain property, plant and equipment and prepaid lease payments to investment properties at fair value of HK$42,840,000 (2017: HK$20,900,000) upon change in use, which was evidenced by commencement of operating leases. In addition, upon the Group assuming the car park business in United Kingdom from the third party operator, the car park was reclassified from investment property to property, plant and equipment at their fair value on the date of transfer.

15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2017, the Group transferred certain completed properties for sales to investment properties at fair value of HK$43,704,000 upon change in use, which was evidenced by commencement of operating leases.

The fair value of the completed investment properties and investment properties under development in Hong Kong and outside Hong Kong at 31 March 2018, 31 March 2017 and at the date of transfer have been arrived at on the basis of a valuation carried out on those date by the following independent firm of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited DTZ Australia (VIC) Pty Limited	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd	Member of the Singapore Institute of Surveyors and Valuers
UK	Cushman & Wakefield Debenham Tie Leung Limited Chestertons Global Limited	Member of Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages independent qualified professional valuers ("Valuers") to perform the valuation. The management of the Company works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

The valuation of the investment properties under development, which falls under level 3 of the fair value hierarchy, has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs, and indirect costs that will be expended to complete the development as well as developer's risks associated with the development of the property at the valuation date and the return that the developer would require for bringing them to the completion status, which is determined by the valuers, based on its analyses of recent land transactions and market value of similar completed properties in the relevant locations.

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15. INVESTMENT PROPERTIES (continued)

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2018 and 31 March 2017 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa. A significant increase in the monthly unit rent would result in a significant increase in the fair value and vice versa.

Details of the significant unobservable input under the income capitalisation approach are as follows:

Class of property	Capitalisation rates	Market rent
Office portion in HK	2.25% to 2.5% per annum (2017: 2.50% to 3% per annum)	HK$28.5 to HK$40.4 per square feet (2017: HK$28 to HK$40 per square feet)
Shops in HK	2.75% to 3.5% per annum (2017: 2.75% to 3.88% per annum)	HK$12.5 to HK$240 per square feet (2017: HK$11.5 to HK$240 per square feet)
Retail portion in the PRC	5% to 6.5% per annum (2017: 5% to 6.5% per annum)	Renminbi ("RMB") 42 to RMB234 per square feet (2017: RMB37 to RMB212 per square feet)
Office portion in the PRC	4.5% per annum (2017: 4.5% per annum)	RMB54 per square feet (2017: RMB53 per square feet)
Shops in Australia	4.75% to 10.0% per annum (2017: 4.75% to 10.25% per annum)	Australian Dollar ("A$") 674 to A$2,273 per square feet (2017: A$665 to A$2,273 per square feet)
Car parks in UK	2017: 9.27% per annum	2017: Great Britain Pound ("GBP") 47,500 per square feet

Shops in Singapore were valued under direct comparison approach, market unit rate is one of the key inputs. The adopted market unit rate for shops is Singapore Dollar ("S$") 40,031 (2017: S$42,835) per square metre. A significant increase in market unit rate would result in a significant increase in the fair value and vice versa.

Residential units in Hong Kong were valued under direct comparable approach, market unit rate is out of the key inputs. The adopted market unit rate for residential unit is HK$40,400 (2017: HK$31,300 to HK$32,600) per square metre.

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

16. PROPERTY, PLANT AND EQUIPMENT

	Properties		Leasehold improvements, furniture, fixtures and equipment	Construction-in-progress	Total
	Completed	Under development			
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 April 2016	6,830,297	1,030,286	1,186,542	50,920	9,098,045
Additions	57,115	330,894	97,944	24,820	510,773
Transfer upon completion of development	550,768	(580,990)	105,962	(75,740)	–
Transfer to investment properties	(15,842)	–	–	–	(15,842)
Transfer to assets held for sales	(126,029)	–	(2,967)	–	(128,996)
Disposals	–	–	(12,096)	–	(12,096)
Exchange alignment	(274,381)	(73,547)	(43,966)	–	(391,894)
At 31 March 2017	7,021,928	706,643	1,331,419	–	9,059,990
Additions	268,887	128,344	94,991	–	492,222
Transfer from investment properties	198,360	–	–	–	198,360
Transfer upon completion of development	601,565	(601,565)	–	–	–
Transfer to investment properties	(39,107)	–	–	–	(39,107)
Disposals	(5,413)	–	(23,130)	–	(28,543)
Exchange alignment	350,762	49,993	76,313	–	477,068
At 31 March 2018	8,396,982	283,415	1,479,593	–	10,159,990
DEPRECIATION AND IMPAIRMENT					
At 1 April 2016	938,933	–	438,630	–	1,377,563
Provided for the year	185,197	–	128,263	–	313,460
Transfer to investment properties	(3,596)	–	–	–	(3,596)
Transfer to assets held for sales (note 28)	(18,841)	–	(2,069)	–	(20,910)
Eliminated on disposals	–	–	(9,873)	–	(9,873)
Exchange alignment	(59,362)	–	(18,862)	–	(78,224)
At 31 March 2017	1,042,331	–	536,089	–	1,578,420
Provided for the year	202,151	–	143,605	–	345,756
Transfer to investment properties	(38,420)	–	–	–	(38,420)
Disposals	–	–	(19,371)	–	(19,371)
Exchange alignment	80,805	–	37,796	–	118,601
At 31 March 2018	1,286,867	–	698,119	–	1,984,986
CARRYING VALUES					
At 31 March 2018	7,110,115	283,415	781,474	–	8,175,004
At 31 March 2017	5,979,597	706,643	795,330	–	7,481,570

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of hotels, other properties and car parks shown above comprise:

	2018 HK$'000	2017 HK$'000
Leasehold land and building in HK		
Long leases	300,002	407,859
Medium-term leases	2,989,785	2,969,683
Freehold land and building outside HK	3,001,140	2,284,183
Building on leasehold land outside HK		
Long leases	284,875	255,483
Medium-term leases	817,728	769,032
	7,393,530	6,686,240

Leasehold lands are depreciated over the terms of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land of 25 to 65 years, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$112,791,000 (2017: HK$110,173,000).

Included in leasehold improvements, furniture, fixtures and equipment is an aggregate carrying amount of HK$18,764,000 (2017: HK$17,752,000) in respect of assets held under finance leases.

17. PREPAID LEASE PAYMENTS

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	500,957	537,593
Amortisation	(9,626)	(10,631)
Transfer to investment properties	(3,322)	–
Exchange alignment	45,312	(26,005)
Balance at end of the year	533,321	500,957
The carrying value represents leasehold land outside HK:		
Long-term leases with lease period of 99 years	293,681	275,263
Medium-term leases with lease period of 35 years	239,640	225,694
	533,321	500,957
Analysed for reporting purposes as:		
Non-current asset	518,752	486,491
Current asset	14,569	14,466
	533,321	500,957

18. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and at a discount rate of 17% (2017: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

19. INTERESTS IN ASSOCIATES

	2018 HK$'000	2017 HK$'000
Unlisted investments, at cost	718,076	445,007
Share of post-acquisition results, net of dividends received	225,808	222,409
	943,884	667,416

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly 2018	2017	Principal activities
Bermuda Investments Limited	Ordinary	25%	25%	Property investment
Cosmopolitan Resort (Zhuji) Limited ("Zhuji")#	N/A	25%	25%	Property development
Kanic Property Management Limited	Ordinary	50%	50%	Building management
Omicron International Limited*	Ordinary	30%	30%	Investment holding
Peacock Estates Limited	Ordinary	25%	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	25%	25%	Property development and investment

\# Sino-foreign joint venture established and operating in the PRC
* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

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19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2018 was as follows:

	2018 HK$'000	2017 HK$'000
Current assets	746,959	281,721
Non-current assets	2,350,960	1,299,704
Current liabilities	(48,829)	(59,303)
Non-current liabilities	(449,250)	–

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss after tax	(11,006)	(11,821)
Total comprehensive expense for the year	(11,006)	(11,821)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2018 HK$'000	2017 HK$'000
Net assets of the associate	2,599,840	1,522,122
Proportion of the Group's ownership interest in the associate	25%	25%
Carrying amount of the Group's interest in the associate	649,960	380,530

Aggregate information of associates that are not individually material:

	2018 HK$'000	2017 HK$'000
The Group's share of profit (loss) after tax	12,570	(1,565)
The Group's share of total comprehensive income (expense)	12,570	(1,565)
Aggregate carrying value of the Group's interest in these associates	293,924	286,886

19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2018 HK$'000	2017 HK$'000
The unrecognised share of losses for the year	(707)	(57)
Cumulative unrecognised share of losses	(51,153)	(50,446)

20. INTERESTS IN JOINT VENTURES

(a) Joint ventures

	2018 HK$'000	2017 HK$'000
Unlisted investments, at cost	406,121	356,866
Share of post-acquisition results, net of dividends/ distributions received	4,301	13,529
Less: impairment	(5)	(16,653)
	410,417	353,742

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20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly 2018	2017	Principal activities
Guangdong Xin Shi Dai Real Estate Limited	PRC	**50%**	50%	Property development
Raeon International Limited	HK	**25%**	25%	Real estate agency
Festival Car Park Pty Limited	Australia	**25%**	25%	Car park operation
QWB Residential Precinct Holdings Pty Limited	Australia	**50%**	50%	Property development and investment
BC Securities Pty Ltd (formerly known as Black Capital Finance Pty Limited)	Australia	**–**	23.5%	Loan financing
Destination Gold Coast Investments Pty Limited	Australia	**25%**	25%	Hotel management

Note: The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures

QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as the material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2018 was as follows:

	2018 HK$'000	2017 HK$'000
Current assets	9,469	36,825
Non-current assets	415,737	367,947
Current liabilities	(35,856)	(19,322)
The above amounts of assets include the following: Cash and cash equivalents	8,872	35,063

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss after tax	–	–
Total comprehensive expense for the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2018 HK$'000	2017 HK$'000
Net assets of the joint venture	389,350	385,450
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	194,675	192,725

Aggregate information of joint ventures that are not individually material:

	2018 HK$'000	2017 HK$'000
The Group's share of profit after tax	–	86
The Group's share of total comprehensive income	–	86
Aggregate carrying value of the Group's interest in these joint ventures	215,742	161,017

20. INTERESTS IN JOINT VENTURES (continued)

(b) Joint operation

(i) During the year ended 31 March 2015, a subsidiary of the Group as developer (the "Developer") has entered into development agreement ("Agreement") with Urban Renewal Authority ("URA") in form of joint operation to engage in residential/commercial property development and sales in Hong Kong. Under the Agreement, the Developer is mainly responsible for the development of the project. Units in the development will be sold or disposed of by URA in accordance with the terms and conditions of the Agreement and sales proceeds arising therefrom will be distributed between URA and the Developer pursuant to the terms and conditions of the Agreement.

Assets with a carrying value of HK$198,129,000 (2017: HK$101,682,000) recognised in the consolidated financial statements as at 31 March 2018 in relation to the joint operation, mainly representing the property development costs and upfront payment to URA, and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

(ii) During the year ended 31 March 2012, the Group entered into an agreement with a related company to jointly develop certain portion of the Group's freehold land with fair value, as agreed between the parties, of Malaysian Ringgit ("MYR") 65,000,000 (equivalent to HK$165,000,000). The related company is responsible for the provision of technical, commercial and financial management of the development on the land and marketing the properties on completion of their development and bears all the related cost and expenses of the development. The development activities and the sales of the completed properties are directed by the related company's board of directors, of which the Group and the related company have equal number of representatives throughout the joint operation period. The Group and the related company will share the profit or loss (representing revenue from sale less the fair value of the land, development costs and marketing expenses of the completed properties) from the development on a 50:50 basis.

Assets with a carrying amount of MYR8,800,000, equivalent to HK$17,864,000 (2017: MYR8,800,000, equivalent to HK$15,552,000) are recognised in the consolidated financial statements as at 31 March 2018 in relation to the joint operations, representing the cost of the freehold land and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

21. INVESTMENT SECURITIES

(a) Available-for-sale investments

	2018 HK$'000	2017 HK$'000
Unlisted:		
Equity securities, at cost	12,876	4
Club membership, at cost	688	688
Debt securities, at fair value	146,423	–
	159,987	692

(b) Financial assets at FVTPL

	2018 HK$'000	2017 HK$'000
Equity securities listed in HK	3,852	7,280
Equity securities listed overseas	58,366	–
Listed debt securities	2,625,529	713,659
Unlisted debt securities	42,880	137,070
Investment funds	588,929	574,279
	3,319,556	1,432,288
Financial assets designated at FVTPL		
Structured deposits	40,500	33,900
	3,360,056	1,466,188
Total	3,520,043	1,466,880
Analysed for reporting purposes as:		
Non-current assets	13,564	692
Current assets	3,506,479	1,466,188
	3,520,043	1,466,880

Investment in investment funds represent pool investments, comprising equity and debts securities in various markets.

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22. OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Loans receivable	92,316	91,624
Less: Amount due within one year and classified under current assets	(11,827)	(11,688)
Amount due after one year	80,489	79,936

Loans receivable mainly represent mortgage loans to home buyers with carrying amount of HK$82,292,000 (2017: HK$81,447,000) and secured by the properties of the borrowers.

Included in loans receivable is an amount of HK$20,531,000 (2017: HK$25,357,000) which bear interest at prime rate minus 1.5% for first two years and prime rate plus 0.5% for the remaining loan period; an amount of HK$59,617,000 (2017: HK$55,309,000) are interest-free for the first 3 years and bear interest at prime rate per annum and are repayable by instalment thereafter and the remaining balance of HK$12,168,000 (2017: HK$10,958,000) are secured, interest-free and repayable on demand.

In determining the recoverability of loans receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors of the Company believe that there is no provision required.

23. PLEDGED DEPOSITS, RESTRICTED BANK DEPOSITS, DEPOSIT IN A FINANCIAL INSTITUTION, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 3.21% (2017: 0.00% to 3.21%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 3.25% (2017: 0.00% to 3.25%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits represent custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Deposit in a financial institution carries interest at a rate of 0.00% to 0.50% (2017: 0.00%) per annum.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 2.40% (2017: 0.00% to 2.00%) per annum.

24. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK$9,795,742,000 (2017: HK$6,676,925,000) which are not expected to be realised within the next twelve months.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Trade debtors, net of allowance of doubtful debt	123,034	97,869
Advance to contractors	11,310	9,524
Utility and other deposits	25,888	15,950
Prepayment and other receivables	204,722	170,298
Other tax recoverable	56,892	31,549
Deposit and stamp duty paid for the acquisition of property	100,828	50,000
	522,674	375,190

The following is an aged analysis of trade debtors, net of allowance of doubtful debt, based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	2018 HK$'000	2017 HK$'000
0–60 days	94,203	80,050
61–90 days	6,745	3,966
Over 90 days	22,086	13,853
	123,034	97,869

Trade debtors aged over 60 days are past due but are not impaired.

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25. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Ageing of trade receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
1–30 days	6,745	3,966
Over 30 days	22,086	13,853
	28,831	17,819

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

In determining the recoverability of trade debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each reporting period. There is no concentration of credit risk due to the large and unrelated customer base. The management believes that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

Allowance for doubtful debts on the trade debtors and the movements during the year are as follows:

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	10,688	12,092
Impairment losses recognised (reversed)	11,387	(1,252)
Amount written off as uncollectible	–	(152)
Balance at end of the year	22,075	10,688

26. DEPOSITS RECEIVABLE FROM STAKEHOLDERS

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Designated under hedge accounting				
Cash flow hedges – Cross currency swap contracts (Note)	–	–	(22,170)	(119,314)
Designated not under hedge accounting				
Interest rate swap contracts	–	–	–	(2,996)
Call/put options in unlisted equity securities and foreign currencies	468	–	–	(684)
Forward foreign exchange contracts	50	67	–	–
Cross currency swap contracts	–	–	(11,604)	(5,496)
Liabilities from profit guarantee arrangement	–	–	(5,876)	–
	518	67	(39,650)	(128,490)
Analysed for reporting purpose as:				
Current	518	67	(2,211)	(9,176)
Non-current	–	–	(37,439)	(119,314)
	518	67	(39,650)	(128,490)

Note: Cross currency swap contracts

As at 31 March 2017 and 2018, the Group has entered into cross currency swap contracts to reduce its exposure to the currency exchange rate fluctuation in relation to 2018 Bonds and 2023 Notes issued by the Group as set out in note 33. Upon issuance of the 2018 Bonds and 2023 Notes, these cross currency swap contracts were designated as hedging instruments against the variability of cash flows arising from the 2018 Bonds and 2023 Notes respectively.

Major terms of cross currency swap contracts at 31 March 2018 and 31 March 2017 are set out below:

(i)	Date of contract:	9 November 2017
	Effective date:	13 November 2017
	Notional amount:	United States Dollar ("US$") 30,000,000
	Maturity:	13 May 2023
	Interest payment:	Receive interest at a fixed rate of 4.5% per annum on the US$ notional amount and pay interest at a fixed rate of 3.36% per annum on GBP 22,890,279 semi-annually
	Principal exchanged amount:	GBP22,890,279
(ii)	Date of contract:	27 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB333,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.95% per annum on US$53,738,318 semi-annually
	Principal exchanged amount:	US$53,738,318
(iii)	Date of contract:	25 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB476,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.97% per annum on US$76,817,669 semi-annually
	Principal exchanged amount:	US$76,817,669

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28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 3 March 2017, the Group entered into a sale and purchase agreement with Golden Wheel Tiandi Holdings Company Limited ("GWTH"), an independent third party to the Group, whereby the Group has agreed to sell, and GWTH has agreed to purchase, the entire issued share capital of Double Advance Group Limited ("DAGL"), a wholly owned subsidiary of the Company holding a hotel property included in the property, plant and equipment. The assets and liabilities of DAGL, which was expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2017.

The disposal, as set out in note 36, was completed on 12 May 2017. Details of the transaction are set out in Company's announcements dated 3 March 2017 and 12 May 2017.

29. CREDITORS AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Trade creditors		
– Construction cost and retention payable	883,501	353,878
– Others	100,306	66,636
	983,807	420,514
Construction cost and retention payable for capital assets	69,453	63,033
Rental and reservation deposits and receipts in advance	85,104	39,972
Other payable and accrued charges	587,115	365,887
	1,725,479	889,406

The following is an aged analysis of the trade creditors, based on the invoice date:

	2018 HK$'000	2017 HK$'000
0–60 days	894,855	406,662
61–90 days	16,541	2,442
Over 90 days	72,411	11,410
	983,807	420,514

30. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Amounts payable under finance leases:				
Within one year	6,582	4,365	5,629	3,775
In more than one year but not more than five years	12,431	8,349	11,518	7,594
	19,013	12,714	17,147	11,369
Less: Future finance charges	(1,866)	(1,345)	–	–
Present value of lease obligations	17,147	11,369	17,147	11,369
Less: Amount due within one year shown under current liabilities			(5,629)	(3,775)
Amount due after one year			11,518	7,594

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average borrowing rates for the year is 6.69% (2017: 6.51%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

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31. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Bank loans	11,971,398	10,161,641
Less: front-end fee	(23,976)	(29,956)
	11,947,422	10,131,685
Analysed for reporting purpose as:		
Secured	10,531,398	8,411,641
Unsecured	1,440,000	1,750,000
	11,971,398	10,161,641
Current liabilities	5,285,719	2,755,293
Non-current liabilities	6,661,703	7,376,392
	11,947,422	10,131,685
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	4,103,156	1,439,712
More than one year, but not exceeding two years	1,845,979	3,669,738
More than two years, but not exceeding five years	5,365,854	4,238,461
More than five years	656,409	813,730
	11,971,398	10,161,641

The carrying amounts of the borrowings include an amount of HK$1,193,830,000 (2017: HK$1,328,767,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

31. BANK BORROWINGS (continued)

Currencies	Interest rates	2018 HK$'000	2017 HK$'000
HK$	Hong Kong Interbank Offered Rates ("HIBOR") plus 1.00% to 3.00% (2017: HIBOR plus 1.20% to 3.00%)	6,623,210	5,397,088
RMB	100% of 1 year People's Bank of China Prescribed Interest Rate ("PBOC PIR") to 130% of 1 to 3 years PBOC PIR (2017: 100% of 1 year PBOC PIR to 130% of 1 to 3 years PBOC PIR)	701,713	894,644
S$	Singapore Swap Offered Rate ("S$ SOR") plus 1.10% to 1.20% (2017: S$ SOR plus 1.10% to 1.20%)	2,234,410	2,148,563
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% to plus 1.50% (2017: Malaysia BLR minus 1.50% to Malaysia BLR)	244,415	272,037
A$	Australia Bank Bill Swap Reference Rate ("Australia BBSW") plus 1.40% to 2.50% (2017: Australia BBSW plus 1.40% to 1.65%)	1,368,193	1,033,162
GBP	London Interbank Offered Rate ("LIBOR") plus 2.00% to 2.80% (2017: LIBOR plus 2.80%)	799,457	416,147
		11,971,398	10,161,641

32. AMOUNTS DUE TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

The amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The amount due to a shareholder of a non-wholly owned subsidiary under non-current liabilities represents amount due to a shareholder for financing the property development project in Singapore. The loan is unsecured, interest-free and due to a shareholder of FEC Skyline Pte. Ltd. ("FEC Skyline"), a 70% subsidiary of the Company. In accordance with the contractual terms of the shareholders' agreements signed in 2017, the amount is repayable only when FEC Skyline has available cash, which represent cash proceeds receive from the business after payment of operating expenses as provided in the annual budget including but not limited to bank loans and/or other financial institutions which are due for repayment together with the accrued interest. The expected repayment date of the amount due to a shareholder of a non-wholly owned subsidiary is on August 2020 and the difference between the principal amount of the advance and its fair value at initial recognition amounting to HK$19,681,000 has been included in the non-controlling interest as deemed capital contribution arising from interest-free loan advanced by a non-controlling shareholder during the year ended 31 March 2017.

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33. NOTES AND BONDS

	2023 Notes HK$'000	2021 Notes HK$'000	2018 Bonds HK$'000	Total HK$'000
At 1 April 2016	–	–	868,283	868,283
Issue of new notes	–	2,322,000	–	2,322,000
Less: transaction costs directly attributable to issue	–	(19,231)	–	(19,231)
Interest charged during the year	–	51,488	54,740	106,228
Interest paid during the year	–	(43,547)	(55,363)	(98,910)
Exchange realignment	–	6,000	(48,008)	(42,008)
Interest accrual and included in other payable	–	(5,820)	–	(5,820)
At 31 March 2017	–	2,310,890	819,652	3,130,542
Issue of new notes	1,168,313	–	–	1,168,313
Less: transaction costs directly attributable to issue	(11,930)	–	–	(11,930)
Interest charged during the year	21,210	91,586	54,236	167,032
Interest paid during the year	–	(81,848)	(52,783)	(134,631)
Interest accrual and included in other payable	(20,381)	(5,865)	–	(26,246)
Exchange adjustments	6,125	20,858	86,890	113,873
At 31 March 2018	1,163,337	2,335,621	907,995	4,406,953
Less: amount due within one year shown under current liabilities	–	–	(907,995)	(907,995)
	1,163,337	2,335,621	–	3,498,958

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of US$150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2018, the aggregate principal amount of the 2023 Notes outstanding was US$150,000,000 (equivalent to HK$1,174,500,000).

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of US$300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2018, the aggregate principal amount of the 2021 Notes outstanding was US$300,000,000 (equivalent to HK$2,349,000,000).

33. NOTES AND BONDS (continued)

2018 Bonds

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK$1,062,500,000) at the issue price of 100% of the principal amount with maturity date on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds bear interest at 6.17% per annum payable semi-annually. Dorsett partially repurchased a principal amount of RMB39,660,000 (equivalent to HK$49,972,000). In addition, the Company, through its subsidiary, purchased 2018 Bonds with the principal amount of RMB83,030,000 (equivalent to HK$101,712,000). As at 31 March 2018, the outstanding principal amount of 2018 Bonds was RMB727,310,000 (equivalent to HK$909,138,000).

The principal terms of 2023 Notes, 2021 Notes and 2018 Bonds:

a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the 2023 Notes, 2021 Notes and 2018 Bonds, the bonds are transferable without restrictions.

b) Unless previously redeemed or purchased and cancelled, the Company and Dorsett will redeem each 2023 Notes, 2021 Notes and 2018 Bonds at 100% at its principal amount together with unpaid accrued interest on the maturity date.

c) At any time the Company and Dorsett may, having given not less than 15 nor more than 30 days' notice to the noteholders or 30 nor more than 60 days' notice to the bondholders in accordance with the terms and conditions of the 2023 Notes, 2021 Notes and 2018 Bonds (which notice shall be irrevocable) redeem all, and not some only, of the 2023 Notes, 2021 Notes and 2018 Bonds at their principal amount together with interest accrued to the date fixed for redemption on the redemption date as a result of any change in, or amendment to, the applicable tax laws or regulations of the Cayman Islands or Hong Kong.

d) When a change of control occurs with respect to the Company and Dorsett, the noteholder of 2023 Notes, 2021 Notes and bondholder of 2018 Bonds will have the right at such holder's option, to require the Company and Dorsett to redeem all or some only of that 2023 Notes and 2021 Notes at 100% and 2018 Bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.

e) The 2023 Notes, 2021 Notes and 2018 Bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the 2023 Notes, 2021 Notes and 2018 Bonds) unsecured obligations of the Company and Dorsett and shall at all times rank pari passu and without any preference or priority among themselves.

Details of the issue of the 2023 Notes, 2021 Notes and 2018 Bonds were disclosed in Company's circular dated 7 November 2017, 25 August 2016 and Dorsett's circular dated 25 March 2013, respectively.

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34. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Others HK$'000 (note)	Total HK$'000
At 1 April 2016	76,027	129,961	60,726	36,751	(47,858)	71,331	326,938
Charge (credit) to profit or loss	10,263	20,830	–	(1,245)	(16,801)	25,850	38,897
Transfer to assets held for sales (note 28)	–	(3,206)	–	–	–	–	(3,206)
Exchange alignment	–	71	–	–	–	782	853
At 31 March 2017	86,290	147,656	60,726	35,506	(64,659)	97,963	363,482
Charge (credit) to profit or loss	2,885	9,415	–	(1,245)	(5,134)	125,120	131,041
Charge to assets revaluation reserve	–	–	9,000	–	–	–	9,000
Exchange alignment	(597)	19,259	6,724	–	–	5,867	31,253
At 31 March 2018	88,578	176,330	76,450	34,261	(69,793)	228,950	534,776

Note: Others represent the temporary difference arising from the deduction of the interest expenses and development expenditure of overseas subsidiaries at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 HK$'000	2017 HK$'000
Deferred tax assets	(48,410)	(31,233)
Deferred tax liabilities	583,186	394,715
	534,776	363,482

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose. No deferred tax recognised in respect of the charge in fair value of the investment properties located in Hong Kong and Singapore, as those properties were recovered through sales.

At 31 March 2018, the Group has unused tax losses of HK$1,384,764,000 (2017: HK$1,196,503,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$391,825,000 (2017: HK$364,283,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$992,939,000 (2017: HK$832,220,000) due to the unpredictability of future profit streams.

34. DEFERRED TAXATION (continued)

At 31 March 2018, the Group has deductible temporary difference in relation to accelerated depreciation of property, plant and equipment amounted to HK$356,441,000 (2017: HK$289,430,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC and Australia of HK$3,830,419,000 (2017: HK$2,985,646,000) generated after 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2016	2,131,709,116	213,171
Issue of shares in lieu of cash dividends (i)	104,061,601	10,406
Issue upon exercise of share option at HK$2.55 per share	2,600,000	260
At 31 March 2017	2,238,370,717	223,837
Issue of shares in lieu of cash dividends (ii)	51,965,423	5,197
Issue upon exercise of share option at HK$2.55 per share	11,450,000	1,145
At 31 March 2018	2,301,786,140	230,179

(i) On 13 February 2017 and 14 October 2016, the Company issued and allotted 20,452,621 and 83,608,980 new fully paid shares of HK$0.10 each at HK$3.254 and HK$2.878 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2017 interim dividend and 2016 final dividend pursuant to the scrip dividend scheme announced by the Company on 23 November 2016 and 23 June 2016 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 8 February 2018 and 9 October 2017, the Company issued and allotted 11,961,510 and 40,003,913 new fully paid shares of HK$0.10 each at HK$4.718 and HK$4.010 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2018 interim dividend and 2017 final dividend pursuant to the scrip dividend scheme announced by the Company on 27 November 2017 and 13 June 2017 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

All the shares issued during the two years ended 31 March 2018 rank pari passu in all respects with the existing shares in the Company.

Save as disclosed above, during the year, except the amount disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

36. DISPOSAL OF A SUBSIDIARY

In May 2017, the Group disposed of the entire equity interests in DAGL, which was classified as assets and liabilities held for disposal at 31 March 2017, and assigned the shareholder's loan made to that subsidiary. The net assets disposed of in the transaction were as follows:

	HK$'000
Property, plant and equipment	107,855
Debtors, deposits and prepayments	1,561
Other inventories	79
Bank balances and cash	1,616
Trade and other payables	(621)
Deferred tax liabilities	(3,399)
Net assets disposed of	107,091
Consideration	452,614
Net assets disposed of	(107,091)
Transaction costs incurred in connection with the disposal	(5,393)
Liabilities arising from profit guarantee arrangement (Note)	(20,000)
Gain on disposal	320,130
Total consideration satisfied by:	
Cash consideration received – current period	407,614
Sales deposit received – 2017	45,000
	452,614
Net cash inflow arising on disposal:	
Cash consideration received	407,614
Transaction costs paid	(5,393)
Bank balances and cash disposed of	(1,616)
	400,605

The turnover and profit for the period from 1 April 2017 to 12 May 2017 of DAGL, which have been included in the consolidated statement of profit or loss, were HK$30,804,000 and HK$509,000 (year ended 31 March 2017: HK$26,415,000 and HK$851,000) respectively. During the year ended 31 March 2018, DAGL contributed HK$12,375,000 (2017: HK$10,808,000) to the Group's net operating cash flows, paid HK$11,359,000 (2017:11,053,000) in respect of investing activities.

Note: As part of the disposal, the Group entered into a hotel management agreement with the purchaser to manage and operate the hotel held by DAGL (the "Hotel") and agreed to provide a profit guarantee whereby the Group will compensate the purchaser on a yearly basis, the shortfall between the annual guaranteed return of HK$18,000,000 and the gross operating profits to be generated by the Hotel, for a term of 6 years starting from the completion date of disposal. profit guarantee is accounted for as a derivative and is included in note 27.

37. MAJOR NON-CASH TRANSACTIONS

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$216,834,000 (2017: HK$307,189,000).

The Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK$9,934,000 (2017: HK$7,212,000).

38. CHARGE ON ASSETS

Bank borrowing of HK$10,531,930,000 (2017: HK$8,411,641,000) and obligations under finance leases of HK$17,147,000 (2017: HK$11,369,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2018 HK$'000	2017 HK$'000
Investment properties	2,058,974	1,811,461
Property, plant and equipment	6,429,653	5,037,296
Prepaid lease payments	533,321	497,635
Properties for sale	6,985,792	5,307,241
Bank deposits	22,023	28,957
Investment securities	432,340	–
	16,462,103	12,682,590

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

39. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	1,596,141	1,174,949
Others	30,714	6,453
	1,626,855	1,181,402

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40. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

At the end of the reporting period, investment properties and properties for sale with carrying amount of HK$3,187,707,000 (2017: HK$2,784,338,000) and HK$20,222,000(2017: HK$19,722,000) respectively were let out under operating leases. Gross rental income earned during the year is HK$139,003,000 (2017: HK$119,398,000) of which HK$138,948,000 (2017: HK$117,672,000) was derived from letting of investment properties.

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases which fall due:

	2018 HK$'000	2017 HK$'000
Within one year	101,837	89,686
In the second to fifth year inclusive	239,427	232,584
More than five years	108,488	52,491
	449,752	374,761

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2017: one to twenty years).

The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2018 HK$'000	2017 HK$'000
Premises	366,768	359,315
Equipment	2	21
	366,770	359,336

At the end of the reporting period, the Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	2018 HK$'000	2017 HK$'000
Within one year	80,568	54,523
In the second to fifth year inclusive	192,444	108,470
More than five years	27,453	33,840
	300,465	196,833

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2018 HK$'000	2017 HK$'000
Provision of building management service by associates	2,771	4,340

Details of the balances with associates, joint ventures, shareholders of non-wholly owned subsidiaries, an investee company and a related company as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) The Group has entered into three hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2018, hotel management services income of HK$1,794,000 (2017: HK$862,000) was received under these contracts.

(c) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

42. AMOUNTS DUE FROM/TO RELATED PARTIES/LOANS TO A JOINT VENTURE

The amounts due from/to associates, joint ventures, an investee company and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

In respect of the amounts classified under non-current assets, the Group does not expect repayment within the next twelve months from the end of the reporting period.

In respect to the amounts classified under non-current liabilities, the Group is not required to settle the balance within twelve months from the end of the reporting period.

As at 31 March 2017, loans to a joint venture with carrying amount of HK$77,313,000 were secured, bear interest ranging from 5.65% to 7.95% minus 0.75% per annum and are repayable by instalment/on demand.

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43. SHARE OPTION SCHEMES

On 31 August 2012, the Company adopted a new share option scheme and the old share option scheme of the Company adopted on 28 August 2002 was expired on 28 August 2012 (collectively referred to as the "FECIL Share Option Schemes"). The FECIL Share Option Schemes were approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Schemes, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Schemes is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options were granted by the Company on 25 August 2006, 8 May 2009 and 27 March 2013, at an initial exercise price at HK$3.290, HK$1.500 and HK$2.550 per share respectively to directors and employees of the Company and its subsidiaries.

At 31 March 2018, the number of options which remained outstanding under the FECIL Share Option Schemes was 1,500,000 (2017: 12,950,000) which, if exercise in full, would represents 0.07% (2017: 0.58%) of the enlarged capital of the Company.

Details of options granted are as follows:

Option type	Vesting period	Exercise period	Exercise price HK$
Options granted on 25 August 2006			
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.8.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.8.2016	3.290
Options granted on 27 March 2013			
Tranche 1	27.3.2013 to 28.2.2014	2.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 28.2.2015	2.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	2.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	2.3.2017 to 28.2.2020	2.550

43. SHARE OPTION SCHEMES (continued)

The movements in the options granted to employees in aggregate during the two years ended 31 March 2017 and 31 March 2018 are as follows:

Option type	Date of grant	At 1.4.2016	Lapsed during the year	Exercised during the year	At 31.3.2017	Lapsed during the year	Exercised during the year	At 31.3.2018
Tranche 4	25.8.2006	450,000	(450,000)	–	–	–	–	–
Tranche 5	25.8.2006	500,000	(500,000)	–	–	–	–	–
		950,000	(950,000)	–	–	–	–	–
Tranche 1	27.3.2013	1,950,000	–	(1,025,000)	925,000	–	(700,000)	225,000
Tranche 2	27.3.2013	3,200,000	–	(700,000)	2,500,000	–	(2,200,000)	300,000
Tranche 3	27.3.2013	4,000,000	–	(875,000)	3,125,000	–	(2,750,000)	375,000
Tranche 4	27.3.2013	6,400,000	–	–	6,400,000	–	(5,800,000)	600,000
		15,550,000	–	(2,600,000)	12,950,000	–	(11,450,000)	1,500,000
		16,500,000	(950,000)	(2,600,000)	12,950,000	–	(11,450,000)	1,500,000
Weighted average exercisable price		2.593	–	2.550	2.550	–	2.550	2.550
Number of options exercisable at the end of the year		10,100,000			12,950,000			1,500,000

Total consideration received by the Group for exercising the options granted amount to approximately HK$29,198,000 (2017: HK$6,631,000).

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK$3.96 (2017: HK$3.31).

Total share option expenses in relation to the options granted by the Company recognised during the year is nil (2017: HK$1,344,000).

The fair value of the options under FECIL Share Option Schemes at the date of grant determined using the Binomial model.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

44. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

Total retirement benefits expenses charged to profit or loss amounted to HK$46,875,000 in the current year (2017: HK$45,844,000).

45. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
FVTPL		
Designated at FVTPL	40,500	33,900
Held for trading	3,319,556	1,432,288
Derivative financial instruments	518	67
Available-for-sale investments	159,987	692
Loans and receivables (including cash and cash equivalents)	5,772,749	5,123,569
	9,293,310	6,590,516
Financial liabilities		
Derivative financial instruments	39,650	128,490
Amortised cost	18,032,832	14,326,302
	18,072,482	14,454,792

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank deposits, interest bearing receivables and variable-rate bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowings which carry interest at HIBOR, LIBOR, HK$ Prime Lending Rate, PBOC PIR, S$ SOR, Malaysia BLR and Australia BBSW. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section.

Interest rate sensitivity analysis

The sensitivity analysis considers only borrowings which have significant impact on the consolidated financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2017: 50 basis points) and all other variables were held constant, the Group's profit after tax would have decreased/increased by HK$21,629,000 (2017: HK$21,783,000) and the interest capitalised would have increased/decreased by HK$33,167,000 (2017: HK$23,878,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

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For the year ended 31 March 2018

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, (other than bonds and derivative financial instruments designated as hedging instruments) at the end of the reporting period are as follows:

	2018 HK$'000	2017 HK$'000
Assets		
A$	**244,109**	135,256
JPY	**5,123**	7,105
RMB	**1,006**	45,478
US$	**7,661**	9,118
EUR	**105,643**	11,923
S$	**53,907**	154,773
GBP	**211,546**	124,990

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than US$ for the individual group entity in Hong Kong since HK$ are pegged to US$ under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and US$. The following table details the Group's sensitivity to a 10% (2017: 10%) weakening in the HK$ against the relevant foreign currencies other than US$, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK$ weakens 10% against the relevant foreign currency. For a 10% strengthens in HK$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

	Increase in profit after tax	
	2018 HK$'000	2017 HK$'000
A$	**17,088**	11,294
JPY	**428**	593
RMB	**75**	3,797
US$	**640**	684
EUR	**8,821**	979
S$	**4,474**	12,924
GBP	**16,924**	10,437

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities have been 5% (2017: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$140,282,000 (2017: HK$61,213,000) as a result of the changes in fair value of held for trading investments and financial assets designated at fair value through profit or loss.

- investment revaluation reserve would have increased/decreased by HK$7,999,000 (2017: HK$34,000) as a result of the changes in fair value of available-for-sale investments.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the credit risk is significant reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers, except for the amounts due from an investee company, associates and joint ventures and other receivables, which in aggregate, constitute over 4% (2017: 6%) of the total financial assets. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In determining the recoverability of the amounts due from an investee company, associates and joint ventures, the Group takes into consideration the fair values of the underlying assets of the investee company, associates and joint ventures and the future operation and expected operating cashflows of these investee company, associates and joint ventures. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for pledged deposits, restricted bank deposits, deposit in a financial institution, time deposits and bank deposits are limited because the counterparties are banks or financial institutions with high credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long-term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2018							
Creditors and accruals	N/A	1,351,313	–	–	–	1,351,313	1,351,313
Amount due to a related company	N/A	19,095	–	–	–	19,095	19,095
Amounts due to associates	N/A	27,149	–	–	–	27,149	27,149
Amounts due to a joint venture	N/A	3,177	–	–	–	3,177	3,177
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	8,232	269,491	–	–	277,723	277,723
Bank and other borrowings							
Variable interest rate instruments	2.88	5,545,694	5,294,029	1,596,404	151,585	12,587,712	11,947,422
Obligations under finance leases	2.70	6,582	12,431	–	–	19,013	17,147
Notes and bonds	4.45	1,050,548	281,882	2,493,561	1,180,726	5,006,717	4,406,953
		8,011,790	5,857,833	4,089,965	1,332,311	19,291,899	18,049,979

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2017							
Creditors and accruals	N/A	766,427	–	–	–	766,427	766,427
Amount due to a related company	N/A	16,815	–	–	–	16,815	16,815
Amounts due to associates	N/A	7,186	–	–	–	7,186	7,186
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	26,907	–	246,740	–	273,647	273,647
Bank borrowings							
Variable interest rate instruments	3.62	3,175,635	4,993,196	3,046,954	347,657	11,563,442	10,131,685
Obligations under finance leases	2.70	4,365	8,349	–	–	12,714	11,369
Notes and bonds	4.40	136,453	1,023,899	2,458,950	–	3,619,302	3,130,542
		4,133,788	6,025,444	5,752,644	347,657	16,259,533	14,337,671

45. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2018 and 31 March 2017, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$2,529,554,000 and HK$1,400,885,000, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such term loans are expected to be repaid in accordance with the loan repayment schedules which are repayable by yearly instalment up to September 2023 (2017: September 2023). On this basis, the interest and principal cashflows for the variable interest rate instruments would be as follows:

	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
At 31 March 2018						
Variable interest rate instruments	**4,222,325**	**5,651,879**	**2,394,188**	**270,210**	**12,538,602**	**11,947,422**
At 31 March 2017						
Variable interest rate instruments	2,109,266	5,415,276	3,181,224	956,333	11,662,099	10,131,685

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities excluding certain financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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For the year ended 31 March 2018

45. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31/3/2018 HK$'000	Fair value as at 31/3/2017 HK$'000	Fair value hierarchy	Valuation technique and key inputs
1) Listed equity securities classified as financial assets at FVTPL	62,218	7,280	Level 1	Quoted bid prices in an active market
2a) Listed debt securities classified as financial assets at FVTPL	2,625,529	713,659	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTPL	42,880	137,070	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
3) Investment funds classified as financial assets at FVTPL	588,929	574,279	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at FVTPL	40,500	33,900	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks
5) Call/put options in unlisted equity securities and foreign currencies classified as derivative financial instruments	Assets – 468	Liabilities – (684)	Level 2	Discounted cash flows Future cash flows are estimated based on applying the expected yields of foreign currency and equity security by banks and a discount rate that reflects the credit risk of the banks

45. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31/3/2018 HK$'000	Fair value as at 31/3/2017 HK$'000	Fair value hierarchy	Valuation technique and key inputs
6) Forward foreign exchange contracts classified as derivative financial instruments	Asset – 50	Asset – 67	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
7) Interest rate swap contracts classified as derivative financial instruments	–	Liabilities – (2,996)	Level 2	Discounted cash flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rate, discounted at a rate that reflects the credit risk of various counterparties
8) Cross currency swap contracts classified as derivative financial instruments designated as hedging instruments	Liabilities – (22,170)	Liabilities – (119,314)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
9) Cross currency swap contracts classified as derivative financial instruments	Liabilities – (11,604)	Liabilities – (5,496)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

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45. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31/3/2018 HK$'000	Fair value as at 31/3/2017 HK$'000	Fair value hierarchy	Valuation technique and key inputs
10) Liabilities arising from profit guarantee arrangement	Liabilities – (5,876)	–	Level 3	Income Approach Discounting future debt free cash flows available for distribution to the owners to their present worth at market-derived rates of return appropriate for the risks and hazards of investing in similar business.
11) Unlisted debt securities classified as available-for-sale investments	146,423	–	Level 3	Discounted cash flow Future cash flows are estimated based on applying the interest yield curves of different types of mortgage loans as the key parameter

There were no transfers between Levels 1, 2 and 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Structured deposits HK$'000	Liabilities arising from profit guarantee arrangement HK$'000	Available – for – sales HK$'000
At 1 April 2016	24,000	–	–
Addition	9,900	–	–
At 31 March 2017	33,900	–	–
Addition	6,600	20,000	146,423
Fair value movement	–	(14,124)	–
At 31 March 2018	40,500	5,876	146,423

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss, as the management considers that the exposure is insignificant to the Group.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK$'000 (Note 31)	Notes and bonds HK$'000 (Note 33)	Dividend payable HK$'000	Amount due to a related company HK$'000 (Note 42)	Amounts due to associates HK$'000 (Note 42)	Amount due to a joint venture HK$'000	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (Note 32)	Obligations under finance leases HK$'000 (Note 30)	Total HK$'000
At 1 April 2017	10,131,685	3,130,542	–	16,815	7,186	–	273,647	11,369	13,571,244
Financing cash flows	1,099,357	1,021,752	(212,138)	2,280	19,963	3,177	3,507	(4,156)	1,933,742
Non-cash changes	4,181	(26,246)	(216,834)	–	–	–	–	9,934	(228,965)
Finance costs	345,991	167,032	–	–	–	–	–	–	513,023
Dividends recognised as distribution	–	–	428,972	–	–	–	–	–	428,972
Foreign exchange translation	366,208	113,873	–	–	–	–	569	–	480,650
At 31 March 2018	11,947,422	4,406,953	–	19,095	27,149	3,177	277,723	17,147	16,698,666

47. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has completed the following transactions:

i) The Group acquired 100% equity interest in certain subsidiaries with principal activities of hospitality and gaming business in Germany, Austria and Czech for a consideration of approximately US$42,000,000.

ii) The Group entered into subscription agreement with The Star Entertainment Group Limited ("The Star") to subscribe for 4.99% equity interest in The Star, at a subscription price of A$245,000,000.

The sellers are in the process of finalising the financial information of the acquired companies and it is impracticable to disclose the financial information and its impacts on the consolidated financial statements.

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current Assets		
Interests in subsidiaries	9,718,921	8,149,557
Current Asset		
Bank balances, deposits and cash	9,160	14,028
Current Liabilities		
Creditors and accrued charges	32,091	11,592
Bank borrowings	124,000	140,000
	156,091	151,592
Net Current Liabilities	(146,931)	(137,564)
Total Assets Less Current Liabilities	9,571,990	8,011,993
Capital and Reserves		
Share capital	230,179	223,837
Share premium	4,297,682	4,033,779
Reserves	687,040	686,075
	5,214,901	4,943,691
Non-current Liabilities		
Loan from a subsidiary	812,500	734,500
Amount due to a subsidiary	45,378	22,659
Notes	3,498,958	2,310,890
Deferred tax liabilities	253	253
	4,357,089	3,068,302
	9,571,990	8,011,993

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2016	213,171	3,730,625	28,458	27,313	628,830	286,181	4,914,578
Profit and other comprehensive income for the year	–	–	–	–	–	68,698	68,698
Dividends	–	–	–	–	–	(354,749)	(354,749)
Share issued in lieu of cash dividend	10,406	296,783	–	–	–	–	307,189
Shares issued upon exercise of share options	260	6,371	–	–	–	–	6,631
Recognition of equity-settled share-based payments expenses	–	–	–	1,344	–	–	1,344
Lapse of share options	–	–	–	(3,203)	–	3,203	–
At 31 March 2017	223,837	4,033,779	28,458	25,454	628,830	3,333	4,943,691
Profit and other comprehensive income for the year	–	–	–	–	–	454,150	454,150
Dividends	–	–	–	–	–	(428,972)	(428,972)
Share issued in lieu of cash dividend	5,197	211,637	–	–	–	–	216,834
Shares issued upon exercise of share options	1,145	52,266	–	(24,213)	–	–	29,198
At 31 March 2018	230,179	4,297,682	28,458	1,241	628,830	28,511	5,214,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2018	2017	
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	1 share of A$1	100	100	Property development
Indirect subsidiaries					
124 York Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
19 Bank Street Trust	Australia	N/A	77.75	77.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
94 York Street Trust	Australia	N/A	77.75	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apex Path Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Australian Property Management Pty Ltd	Australia	1 share of A$1	77.75	77.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.88	88.88	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park (Albert Street) Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	10,000 shares of HK$1	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2018	2017	Principal activities
Cheong Sing Property Development Limited	HK	500 shares of HK$100	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Property development
Dorsett City London Limited	UK	1 share of £1	100	100	Hotel operation
Dorsett London Hotel Limited	UK	1 share of £1	100	100	Hotel operation
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Double Advance Group Limited	BVI/HK	1 share of US$1	–	100	Hotel operation
Drakar Limited	Isle of Man/ United Kingdom	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Esmart Management Limited	HK	2 shares of HK$1	100	100	Hotel management
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	Curacao	6,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Properties Pty Limited	Australia	12 shares of A$1 225 redeemable preference shares of A$44.44	100 100	100 100	Investment holding and property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2018	2017	Principal activities
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 shares of A$1	100	100	Investment holding
		375 redeemable preference shares of A$10,000	100	100	
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited (formerly known as Marsh Wall Residences Limited)	United Kingdom	1 share of £1	100	100	Property development
FEC Financing Solutions Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Holdings Pte. Ltd (formerly known as Tang City Holdings Pte. Ltd.)	Singapore	1,000,000 shares of S$1	100	100	Investment holding
FEC Hotel Investments Pte Ltd (formerly known as Tang Hotel Investments Pte Ltd)	Singapore	2 shares of S$1	100	100	Investment holding and property development
FEC Northern Gateway Development Limited	UK	1 share of £1	100	–	Investment holding
FEC Skyline Pte. Ltd (formerly known as Tang Skyline Pte. Ltd)	Singapore	4,000,000 shares of S$1	70	70	Property development
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000 shares of DFL1	100	100	Investment holding
FEC Suites Pte. Ltd. (formerly known as Tang Suites Pte. Ltd.)	Singapore	1 share of S$1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2018	2017	
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares £1	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 of MYR1	100	100	Hotel operation
Midtown at Upper West Side Pty Ltd	Australia	2 shares of A$1	100	100	Investment holding
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Northern Gateway (FEC) No.1 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.2 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.3 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.4 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.5 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.6 Limited	UK	1 share of £1	100	–	Property development
Northern Gateway (FEC) No.7 Limited	UK	1 share of £1	100	–	Property development
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Regency Hotels Proprietary Limited	Australia	100 shares of A$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Roper Debt Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Scarborough Development Limited	HK	2 shares of HK$1	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	77.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Spencer Green Pty Ltd	Australia	1 share of A$1	100	100	Property development
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2018	2017	Principal activities
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property investment
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Tracia Limited	Isle of Man/UK	1 share of £1	100	100	Investment holding
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victor Solution Limited	HK	1 share of HK$1	100	100	Treasury management
Victoria Land Pty Limited	Australia	12 share of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding
上海帝盛酒店有限公司 (formerly known as 麗悦酒店管理(上海)有限公司)(i)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation
九江帝盛酒店管理有限公司(i)	PRC	Registered and paid up capital US$16,000,000	100	100	Hotel operation
成都帝盛酒店有限公司(i)	PRC	Registered and paid up capital RMB100,000	100	100	Hotel operation
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
廣州市星僑房地產開發有限公司(i)	PRC	Registered and paid up capital US$28,000,000	100	100	Property development

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except for Dorsett has issued 2018 Bonds as disclosed in note 33.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activity of these subsidiaries are summarised as follows:

Principal activity	Principal place of business	Number of subsidiaries	
		2018	2017
Inactive	Canada	1	1
	HK	39	35
	Macau	1	1
	Malaysia	6	4
	PRC	4	4
	Singapore	5	5
	UK	9	7
		65	57

LIST OF PRINCIPAL PROPERTIES

PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O — Office
R — Residential
S — Shops
CP — Car Park
H — Hotel
A — Agricultural
F — Ancillary Facilities

Name of property and location	Group's interest
Shanghai	
1. 133 units of shoplots in Jinqiu Xintiandi Lane 809 Jinqiu Road, Baoshan District	98.2%
2. Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 17I California Garden, Jinqiu Road, Baoshan District	98.2%
3. 306 car parking bays California Garden, Jinqiu Road, Baoshan District	98.2%
4. King's Manor Area 16, California Garden, Jinqiu Road, Baoshan District	98.2%
5. The Royal Crest II Area 17 II, California Garden, Jinqiu Road, Baoshan District	98.2%
6. Area 12 to 15 and 18, California Garden, Jinqiu Road, Baoshan District	98.2%
Guangzhou	
1. New Time Plaza Jian She Heng Road Yue Xiu District	50%
2. Gan Tang Yuan Huadidadao East Li Wan District	100%
3. Royal Riverside 10 Miaoqianjie North, Chajiao Li Wan District	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
23,446	S	Completed	Existing
21,942	F	Completed	Existing
12,563	CP	Completed	Existing
4,784	R	Completed	Existing
7,398	R	Completed	Existing
—	R	Planning stage	N/A
21,343	R	Foundation	N/A
47,080	R	Planning stage	N/A
47,529	R & S	Under construction	2019

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Hong Kong		
1.	Star Ruby Ground and 1st Floors, No. 1 San Wai Street Hung Hom	100%
2.	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	100%
3.	Far East Consortium Building 204–206 Nathan Road Tsim Sha Tsui	100%
4.	Fung Lok Wai, Yuen Long	25.33%
5.	Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15–23 Castle Peak Road Tsuen Wan	100%
6.	Route TWISK, Chuen Lung Tsuen Wan	100%
7.	Tan Kwai Tsuen, Yuen Long	100%
8.	Various lots, Pak Kong Sai Kung	100%
9.	Yau Kam Tau,Tsuen Wan	100%
10.	Basement to 5th Floor Nos. 135–143, Castle Peak Road Tsuen Wan	100%
11.	Aspen Crest Nos. 68–86A Wan Fung Street Wong Tai Sin, Kowloon	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
1,230	S	Completed	Existing
2,474	O	Completed	Existing
3,549	S & O	Completed	Existing
—	R	Planning stage	N/A
3,822	S	Completed	Existing
5,400	R	Planning stage	N/A
4,490	R	Under construction	2019
—	A	Planning stage	N/A
—	A	Planning stage	N/A
3,562	S & O	Completed	Existing
6,776	S & R	Under construction	2019

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
12. The Garrison Mei Tin Road, Tai Wai, Shatin New Territories	100%
13. Marin Point No. 31 Shun Lung Street Sha Tau Kok, New Territories	100%
14. Astoria Crest No. 229/231 Hai Tan Street, Sham Shui Po, Kowloon [i]	100%
15. Tai Po Road Sha Tin Heights Sha Tin, New Territories	100%
Australia	
1. The FIFTH 605–611 Lonsdale Street Melbourne, Victoria	100%
2. The Towers at Elizabeth Quay Edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth, Western Australia	100%
3. West Side Place 244–276 Spencer Street Melbourne, Victoria	100%
4. City Link Lot 2 and Lot 3A Wellington Street and Milligan Street, Perth, Western Australia	100%
5. Brisbane Queen's Wharf Tower 4 Tower 5 Tower 6	 50% 50% 50%
6. The Star Residences Casino Drive, Broadbeach Island, Broadbeach, Queensland	33.3%

Notes:

(i) A development project of URA, the Company has the development right of this project.

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
3,008	S & R	Under construction	2019
10,201	S & R	Under construction	2019
2,244	S & R	Under construction	2019
7,500	R	Planning stage	2021
2,451	R & S	Completed	Existing
37,690	R & S	Under construction	2019/2020
212,552	R & S	Under construction	2021 and onwards
20,844	R & S	Planning stage	2023
168,436	R & S	Planning stage	2023
	R & S	Planning stage	N/A
	R & S	Planning stage	N/A
27,406	R & S	Planning stage	2022

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Malaysia		
1.	Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	90%
2.	Dorsett Bukit Bintang Lot 470, Jalan Imbi Kuala Lumpur	100%
Singapore		
1.	ARTRA 10 Alexandra View	70%
UK		
1.	Alpha Square 63–69 Manilla Street & 50 Marsh Wall London E14	100%
2.	Hornsey Town Hall the Broad Way, Crouch End, London	100%
3.	MeadowSide Angel Meadows, Aspin Lane, Manchester	100%
4.	Northern Gateway New Cross, Lower Irk Valley and Collyhurst, Manchester	100%

(i) This represents site area.

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m²)	Types of property	Stage of completion	Expected completion (financial year)
422,907[i]	A	Planning stage	N/A
4,653	R	Completed	Existing
39,933	S & R	Under construction	2021
35,612	R & S	Planning stage	2024
9,987	R & O	Planning stage	2021
51,797	S & R	Under construction	2021
201,093	Planning	Planning stage	N/A

LIST OF PRINCIPAL PROPERTIES

HOTEL

Name of property and location		Group's interest
Hong Kong		
1.	Dorsett Wanchai, Hong Kong Nos. 387–397 Queen's Road East Wan Chai	100%
2.	Cosmo Hotel Hong Kong Nos. 375–377 Queen's Road East Wan Chai	100%
3.	Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	100%
4.	Silka Far East, Hong Kong Nos. 135–143 Castle Peak Road Tsuen Wan	100%
5.	Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	100%
6.	Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	100%
7.	Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	100%
8.	Dorsett Tsuen Wan, Hong Kong No.28 Kin Chuen Street Kwai Chung	100%
9.	Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
15,895	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
11,147	H	Completed	Existing
21,467	H	Completed	Existing
12,688	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
China		
1.	Dorsett Grand Chengdu No. 168 Xiyulong Street Qingyang District Chengdu Sichuan Province	100%
2.	Dorsett Wuhan Hong Kong & Macao Centre No. 118 Jianghan Road Hankou Wuhan Hubei Province	100%
3.	Dorsett Shanghai No. 800 Hua Mu Road Pudong New Area Shanghai	100%
4.	Dorsett Zhongshan No. 107 Zhongshan Yi Road West District, Zhongshan Guangdong Province	100%
5.	Lushan Resort Wenquan Zhen Xingzi Xian Jiujiang City Jiangxi Province	100%
Malaysia		
1.	Dorsett Kuala Lumpur 172, Jalan lmbi 55100 Kuala Lumpur Malaysia	100%
2.	Dorsett Grand Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m²)	Types of property	Stage of completion	Expected completion (financial year)
67,617	H	Completed	Existing
67,307	H	Completed	Existing
18,149	H	Completed	Existing
42,635	H	Under development	2020
35,220	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
3. Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	100%
4. Silka Maytower Kuala Lumpur No 7 Jalan Munshi Abdullah 50100 Kuala Lumpur Malaysia	100%
5. Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim Plentong 81750 Johor Malaysia	100%
6. Dorsett Residences Bukit Bintang 172 A Jalan Imbi 55100 Bukit Bintang Kuala Lumpur, Malaysia	100%
7. Sri Jati Jalan Jati, Off Jalan Imbi, 55100, Kuala Lumpur, Malaysia	100%
Singapore	
1. Dorsett Singapore 333 New Bridge Road 088 765 Singapore	100%
UK	
1. Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London E12 8WE, UK	100%
2. Dorsett City, London 9 Aldgate High Street London EC3N 1AH, UK	100%
3. Dorsett Shepherds Bush II, London 56 Shepherd's Bush Green London, UK	100%
4. Alpha Square Canary Wharf, E14 London E14, UK	100%
5. Hornsey Town Hall The Broadway Crouch End, London London UK	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m²)	Types of property	Stage of completion	Expected completion (financial year)
21,565	H	Completed	Existing
5,623	H	Completed	Existing
8,804	H	Completed	Existing
6,447	H	Completed	Existing
5,349	H	Under development	2019
16,226	H	Completed	Existing
14,651	H	Completed	Existing
9,647	H	Completed	Existing
4,169	H	Under development	2021
8,711	H	Under development	2024
2,681	H	Under development	2021

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Australia		
1.	Ritz-Carlton Tower 1, West Side Place, Melbourne Australia	100%
2.	Ritz-Carlton Elizabeth Quay, Perth Australia	100%
3.	4 Hotels in Queen's Wharf Brisbane Australia	25%
4.	Sheraton Grand Mirage Resort 71 Sea World Drive, Main Beach, Gold Coast, Queensland	25%
5.	Dorsett Melbourne Tower 3, West Side Place, Melbourne Australia	100%
6.	Dorsett at Perth City Link City Link, Perth Australia	100%
7.	Dorsett Gold Coast Casino Drive, Broadbeach Queensland, Australia	33.3%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
36,817	H	Under development	2022
29,183	H	Under development	2020
89,130	H	Under development	2023/2024
58,847	H	Completed	Existing
19,516	H	Under development	2022
14,488	H	Under development	2023
15,610	H	Under development	2023

LIST OF PRINCIPAL PROPERTIES

CAR PARK PROPERTY

Name of property and location		Group's interest
Australia		
1.	12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	77.75%
2.	12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	77.75%
3.	Central Square 25 Doveton Street South Ballarat, Victoria Australia	77.75%
4.	Fenton Street Devonport, Tasmania Australia	77.75%
5.	Gasworks Willis Street Launceston, Tasmania Australia	77.75%
6.	Hub Arcade 15–23 Langhorne Street Dandenong, Victoria Australia	77.75%
7.	133–141 Melville Street Hobart, Tasmania Australia	77.75%
8.	2–6 Mundy Street Bendigo, Victoria Australia	77.75%
9.	Northbank Place 507–581 Flinders Street Melbourne, Victoria Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
350 car parking bays	CP	Completed	Existing
1,679 m^2	S	Completed	Existing
634 car parking bays	CP	Completed	Existing
26 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
189 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
44 car parking bays	CP	Completed	Existing
200 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
10. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	77.75%
11. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	77.75%
12. 344 Queen Street Brisbane, Queensland Australia	77.75%
13. 15 Roper Street Adelaide, South Australia Australia	77.75%
14. 14–40 Stewart Street Shepparton, Victoria Australia	77.75%
15. 360 St Kilda Road Melbourne, Victoria Australia	77.75%
16. Toorak Place 521 Toorak Road Toorat, Victoria Australia	77.75%
17. 9–23 Watchorn Street Hobart, Tasmania Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
369 car parking bays	CP	Completed	Existing
1,690 m²	S	Completed	Existing
51 car parking bays	CP	Completed	Existing
715 car parking bays	CP	Completed	Existing
335 car parking bays	CP	Completed	Existing
180 car parking bays	CP	Completed	Existing
48 car parking bays	CP	Completed	Existing
35 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
18. Watergate 767 Bourke Street Docklands, Victoria Australia	77.75%
19. York Street Central 124 York Street Launceston, Tasmania Australia	77.75%
20. 9 Yarra Street, South Yarra, Victoria Australia	77.75%
21. Festival Car Park 53 Charlotte Street Brisbane, Australia	19.44%
22. Eden 677 Victoria Street Abbotsford, Victoria, Australia	77.75%
23. Monkey Bar 20 Endeavour Street Chatswood, New South Wales, Australia	77.75%
24. Bianca 120 Bay Street, Port Melbourne, Victoria, Australia	77.75%
25. Tip Top Edward Street, East Brunswick Melbourne, Australia	77.75%
Malaysia	
1. Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	100%
2. Windsor Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	100%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
111 car parking bays	CP	Completed	Existing
50 car parking bays	CP	Completed	Existing
100 car parking bays	CP	Completed	Existing
383 car parking bays	CP	Completed	Existing
121 car parking bays	CP	Completed	Existing
250 car parking bays	CP	Completed	Existing
141 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
1,718 car parking bays	CP	Completed	Existing
348 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
New Zealand		
1.	Knox Street, 41 Hood Street, Hamilton	77.75%
2.	16 Mowbray Street, Wellington	77.75%
3.	70 Tory Street Wellington	77.75%
UK		
1.	Car Park at Manchester Airport Boundary Farm, Styal Road, Manchester M22 5YA	88.88%
Hungary		
1.	Akacfa Parkolohaz 12–14 Akácfa Street District VII, Budapest	77.75%
2.	Hollo (Parkolohaz) 6 Holló Street District VII,Budapest	77.75%
3.	Kertesz Parkolohaz 24–28 Kertész Street District VII, Budapest	77.75%
4.	Szekely Parkolohaz 3 Székely Mihály street District VI, Budapest	77.75%
5.	Opera (Zichy) Parkolohaz 9 Zichy Jenö street District VI, Budapest	77.75%
6.	Weiner Parkolohaz 16 Weiner Leó street District VI, Budapest	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area/ no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
443 car parking bays	CP	Completed	Existing
53 car parking bays	CP	Completed	Existing
474 car parking bays	CP	Completed	Existing
1,800 car parking bays	CP	Completed	Existing
106 car parking bays	CP	Completed	Existing
255 car parking bays	CP	Completed	Existing
197 car parking bays	CP	Completed	Existing
308 car parking bays	CP	Completed	Existing
394 car parking bays	CP	Completed	Existing
132 car parking bays	CP	Completed	Existing

GLOSSARY

"2018 AGM"	the forthcoming annual general meeting of the Company to be held on Thursday, 23 August 2018 at 11:30 a.m. at Xinhua Room, Mezzanine Floor, Dorsett Wanchai Hong Kong, 387–397 Queen's Road East, Wanchai, Hong Kong.
"ARR"	average room rate.
"Articles"	Articles of Association of the Company, as amended from time to time.
"Associate"	has the meaning ascribed to it under the Listing Rules.
"AUD" or "A$"	Australian dollars, the lawful currency of Australia.
"Australia BBSW"	Australia Bank Bill Swap Reference Rate.
"Board"	the board of Directors.
"BVI"	the British Virgin Islands.
"CAGR"	compound annual growth rate.
"Care Park"	Care Park Group Pty. Ltd., a company incorporated in Australia with limited liability, an indirect non wholly-owned Subsidiary.
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules.
"CNY" or "RMB"	Chinese Yuan, Renminbi, the lawful currency of the PRC.
"Companies Law"	Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
"Company" or "FEC" or "FECIL"	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35).
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules.
"CTF"	Chow Tai Fook Group.
"Czech"	the Czech Republic.
"Director(s)"	the director(s) of the Company.
"Dorsett"	Dorsett Hospitality International Limited, formerly known as Kosmopolito Hotels International Limited, incorporated in the Cayman Islands and withdrew from listing on the Main Board of the Hong Kong Stock Exchange, an indirectly wholly-owned Subsidiary.
"Dorsett Group"	Dorsett and its subsidiaries.
"Dorsett Share Option Scheme"	the share option scheme of Dorsett was adopted on 10 September 2010.

GLOSSARY

"EUR"	Euro, the lawful currency of the eurozone.
"FECIL Share Option Schemes"	the share option schemes of the Company were adopted pursuant to the resolutions passed by the Shareholders on 28 August 2002 and 31 August 2012.
"FY"	financial year.
"GBP" or "£"	pounds sterling, the lawful currency of the United Kingdom.
"GDV"	gross development value.
"GFA"	gross floor area.
"Group"	the Company and its Subsidiaries.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKAS"	Hong Kong Accounting Standards.
"HKICPA"	the Hong Kong Institute of Certified Public Accountants.
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of PRC.
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"JPY"	Japanese Yen, the lawful currency of Japan.
"LC"	local currency.
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
"MYR"	Malaysian Ringgit, the lawful currency of Malaysia.
"OCC"	occupancy rate.
"PRC" or "Mainland China" or "China"	other regions in the People's Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC.
"RevPAR"	revenue per available room.
"Securities"	as the securities as defined in Schedule 1 to the SFO.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

GLOSSARY

"SGD" or "S$"	Singapore dollars, the lawful currency of Singapore.
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company.
"Shareholder(s)"	holder(s) of Share(s).
"sq. ft."	square feet.
"sq. m."	square meters.
"Subsidiary(ies)"	the subsidiary(ies) of the Company.
"The Star"	The Star Entertainment Group Limited.
"TWOC"	Trans World Corporation.
"UK"	the United Kingdom.
"URA"	Urban Renewal Authority.
"USD" or "US$"	United States dollars, the lawful currency of the United States of America.
"Year" or "FY2018"	the financial year of the Company from 1 April 2017 to 31 March 2018.
"%"	per cent.

This annual report, in both English and Chinese versions, is available on the Company's website at www.fecil.com.hk.

Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either English or Chinese version may request for a copy in the other language. The annual report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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