MANAGING DIRECTOR'S REPORT

RESULTS AND DIVIDENDS

I am pleased to report that we achieved another record year for the financial year ended 31 March 2015 with a revenue increase of 25.7% to approximately HK$5,110 million. Such strong results demonstrate the success of the Group's geographical diversification development strategy, which has enabled the Group to generate more income streams from diversified portfolio across Asia Pacific, Australia, New Zealand and the United Kingdom. Profits attributable to shareholders increased to approximately HK$957 million. Excluding the one-off gain of approximately HK$259 million arising from mandatory acquisition of a property by the Singapore Government for the financial year ended 31 March 2014, the profits attributable to shareholders for the financial year ended 31 March 2015 increased by 46.1%. Earnings per share amounted to HK$0.51.

The board of directors recommended a final dividend of HK$0.13 per share for the financial year ended 31 March 2015. Including an interim dividend of HK$0.03 per share, total dividend for the year will be HK$0.16 per share, representing an increase of 6.7% from the last financial year.

As at 31 March 2015, Dorsett Group, which is 73.97% owned by the Company, recorded a significant revaluation surplus of approximately HK$10,976 million in relation to its hotel portfolio (2014: HK$10,954 million). Such revaluation surplus was not included in the consolidated financial statement as hotel assets are stated at cost. Adjusting for hotel revaluation surplus and minority interests, net asset value per share amounted to HK$9.02 for the year ended 31 March 2015. Net asset value did not include the revaluation of non-hotel and non-investment properties of the Group but adjusted to reflect to the depreciation of other currencies of Australian Dollar, Malaysian Ringgit and Great British Pound against Hong Kong Dollar. The Group is carrying out a valuation exercise of its real estate assets and the updated valuation will be included in the circular for the proposed privatisation of Dorsett.

BUSINESS REVIEW

Adhering to the Group's geographical diversification and "Chinese Wallet" strategy, the Group remains focused on major world cities including Melbourne and Perth, London, Hong Kong, Shanghai, Guangzhou, Singapore and Kuala Lumpur where we continue to develop our properties. The rapid growth of middle-class Chinese who are increasingly affluent has brought continued growth for the Group, both in the property development and hotel operations.

PROPERTY DEVELOPMENT

The Group's market diversification on property development across Asia Pacific, the United Kingdom and Australia has enabled it to capture opportunities to increase its land bank at low costs in the different markets. Focused on the mass market segment, we were able to benefit from the strong demand in the various markets and revenue from property sales amounted to approximately HK$2,962 million for the year, representing a growth of 41.9% compared to the previous financial year 2014. The contribution was mainly from the completion and sale of View Pavilion in Shanghai, Sevilla Crest and Star Ruby projects in Hong Kong, the Hudson project of Upper West Side (Stage 2) in Melbourne, Australia.

During the year, the Group launched the presale of five residential projects, totalling approximately 1.6 million sq. ft. of saleable floor area, namely the Eivissa Crest in Hong Kong, The FIFTH in Melbourne, Australia, Dorsett Bukit Bintang in Kuala Lumpur, Malaysia, King's Manor of California Garden in Shanghai and The Towers at Elizabeth Quay, Perth, Australia. As at 31 March 2015, total cumulative presale amounted to approximately HK$6.5 billion, of which contracted presale amounted to approximately HK$4.8 billion and registered presale amounted to approximately HK$1.7 billion. These projects will be completed and delivered in the next four years.

The Towers at Elizabeth Quay, Perth

In Australia, 584 units in the Hudson project on Upper West Side (Stage 2), Melbourne were completed and generated revenue of approximately HK$1,230 million for the year.

The Australian property market continues to enjoy sustained growth from local demand and increasing Chinese immigration to Australia. The Australian central bank cut its benchmark rate for the second time this year, to a record-low 2%. With the likely further relaxation of the monetary policy, we expect household consumption demand to further stimulate the Australian economy. The significant depreciation of the Australian Dollar against RMB has provided further incentive for Chinese to travel and invest in Australia and currently, immigrants from Mainland China is the biggest migrant group in Australia.

During the financial year, we saw the successful soft launch of The Towers at Elizabeth Quay, Perth, which brought overwhelming interest for the mixed-use high end residential development. The project will also include a Ritz-Carlton hotel.

The Tower at Elizabeth Quay is a significant addition to our pipeline in Australia. Besides, our Upper West Side development located in the city centre of Melbourne where the third and fourth phases recorded contracted presale of approximately HK$688 million and HK$1,738 million, respectively as at 31 March 2015. The FIFTH, a project neighbouring Upper West Side, Melbourne also recorded contracted presale amounting to approximately HK$1,029 million as at the same date.

Following the success of our Upper West Side project, the Group is planning the development of West Side Place which is a mixed-use development that will also include a Ritz-Carlton hotel. This project is expected to continue to contribute significantly to the future revenue stream in Australia.

In Hong Kong, Sevilla Crest and Star Ruby were completed during the financial year, contributing revenue of approximately HK$613 million and HK$441 million, respectively.

Alpha Square, London

The Hong Kong property market continues to be strong. Notwithstanding, the HKSAR government's plan to increase housing supply, prices and demand for residential units have remained strong. This lends to our continued optimism of the Hong Kong property market.

During the financial year, the Group launched the presale of Eivissa Crest, a residential project of the Group erected on 100 Hill Road, Hong Kong Island. Eivissa Crest recorded contracted presale totalling approximately HK$586 million as at 31 March 2015.

Eivissa Crest has approximately 36,000 sq. ft. of saleable floor area and is expected to be completed in the financial year ending 31 March 2016. This will be followed by the launch, during FY2016, of the presales of the redevelopment project at Wan Fung Street in Wong Tai Sin which will house approximately 200 units and the villa project in Tan Kwai Tsuen in Hung Shui Kiu, Yuen Long comprising 24 townhouses.

In Mainland China, the Group's focus is mainly on development in first tier cities, namely Shanghai and Guangzhou. In Shanghai, View Pavillon recorded a total revenue of approximately HK$628 million for the financial year.

The Chinese economy and real estate market have entered into a period of economic easing. In addition to lowering interest rates and deposit reserve requirement ratio, the Central Government has adopted a series of policies to help the real estate market including lowering the down-payment ratio for secondhand property. A series of "mini-stimulus" measures were also implemented in an attempt to stabilize economic growth and push for economic reform. In order to manage the property market by market-driven measures and to establish a long-term mechanism for regulating the property market, the different control measures adopted by government to distinguish the first two tier cities from other tier cities will likely bring continued population inflow in the first and second tier cities. In Shanghai and Guangzhou, where the Group's projects are located, property demand has remained strong. During the financial year, measures such as reducing the down payment ratio and raising the upper limit of mortgage lending boosted the demand for property in Shanghai.

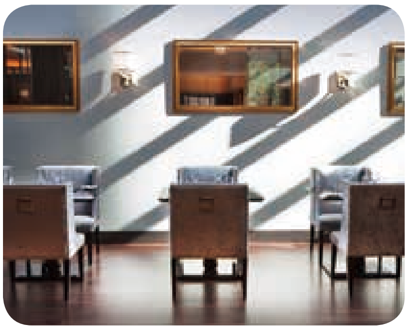
California Garden, Shanghai

As at 31 March 2015, View Pavilion and King's Manor in Shanghai California Garden, the Group's flagship project, recorded presale revenue of approximately HK$149 million and HK$176 million respectively.

In addition to Shanghai, the Group is developing Royal Riverside, in Guangzhou with a total saleable area of approximately 688,000 sq. ft., and the presales launch is scheduled for the second half of financial year 2016.

In the United Kingdom, according to statistics from the British Housing Association, there has been a shortage in housing supply not only in London, but also in the rest of the country. Overseas buyers including Asian buyers have been very active in the residential market in London. To target both the domestic as well as international demand in London, the Group acquired two land sites and intend to develop a mixed-use development ("Alpha Square") consisting of residences and a hotel on the sites. The planning application of the Alpha Square project, located in Canary Wharf London, is currently in progress. The Alpha Square project will be a significant milestone for the Group as it expands into the residential market in London. The Group intends to continue to increase its land reserve in London and is currently exploring the feasibility of other developments.

In Malaysia, the Group launched Dorsett Bukit Bintang, a residential project with a saleable floor area of approximately 215,000 sq. ft., during the year recorded a total pre-sale of approximately HK$397 million as at 31 March 2015.



Dorsett Shepherds Bush, London

In order to replenish its land reserves, the Group remained active in land tenders and successfully acquired additional three land sites in Hong Kong and London. As at 31 March 2015, the Group has a total property development pipeline of approximately 11 million sq. ft. which should meet its development target in the coming six to seven years.

Our regional development strategy has positioned us well to capture opportunities for land purchases. In the past, we have been able to acquire land at prime locations in different regions at relatively low prices, taking advantage of the cyclicality in property cycles. Such regional strategy has enabled us to minimise land costs and achieve an above average profit margin compared to other players in the industry.

HOTEL OPERATIONS

As middle-class Chinese become more affluent, their spending power has increased and evidently, many major cities around the world have experienced an increase in tourist arrivals from Mainland China. The Group's "Chinese Wallet" strategy is well positioned to capture these opportunities. The three brands under Dorsett target different market segment: the d. Collection comprises a selection of upscale charismatic hotels carefully chosen for their prime locations; the Dorsett Hotels & Resorts brand has two product lines: Dorsett Grand, which offers a series of richly tasteful hotels where high quality service and excellence and inspirational experiences abound, and Dorsett which features contemporary midscale hotels in carefully chosen urban locations, and its budget hotel brand, Silka Hotels, has great appeal for value-savvy customers with the best in convenience and comfort it offers at a great value price.

Income from hotel operations and management for the year amounted to approximately HK$1,454 million, representing a year-on-year increase of 13%, primarily driven by increase in room inventory. Affected by a slow down in arrivals of mainland tourists using the Individual Visitation Scheme and the Occupy Central movement from late-September 2014 to mid-December 2014, the Group's hotel operations in Hong Kong recorded a decrease in both average room rate and occupancy rate. For the FY2015, income from hotels in Hong Kong contributed approximately 54.6% to the overall income from the Group's hotel operation and therefore weakness in this market has a relatively significant impact on the overall hotel performance. Elsewhere, the Group witnessed encouraging performance from certain hotel operations in Mainland China, and its hotel in Singapore and London. As at 31 March 2015, the Group owned 20 hotels with a total of 6,043 rooms. Two new hotels namely the Lushan Resort in Jiangxi province, PRC and the Dorsett Shepherds Bush Hotel in London, United Kingdom, commenced their operations. Further hotels are currently planned and we expect to continue to add room capacity in the coming years as we pursue the "Chinese Wallet" strategy.

The Group believes that the growth in new hotels will increase contributions to the Group in terms of revenue in the long term and Dorsett Group will continue to strive for strategic growth through opportunistic acquisitions and continuous development of new hotels.

CAR PARK OPERATIONS AND FACILITIES MANAGEMENT

The car park operations and facilities management business of the Group includes car parks ownership and management as well as facilities management. The Group's "Care Park" brand is one of the major chain car park brands in Australia. The Group's business has gradually expanded into facilities and building management with the development of the Australian Property Management ("APM") brand. The division generates sustainable and steady cash flows for the Group with revenue for the year posting a year-on-year increase of 0.5% to approximately HK$616 million. Assuming constant exchange rate, gross profit contribution from the division from the division posted a year-on-year increase of 12.4%. During the year, the Group acquired two car parks in New Zealand with a total of 487 car parking bays. As at 31 March 2015, the Group managed a total of 335 car parks with approximately 65,300 car parking bays, representing an increase of 22.2% compared to 31 March 2014.

On facility and building management, we had about 35 property management contracts as at 31 March 2015. During the year, we expanded into Johor Bahru, Malaysia providing management services for a major shopping mall. We expect that the car park operations and facilities management division will continue to grow at a steady pace in the coming year.

Car park operations and facilities management

QUEEN'S WHARF PROJECT IN BRISBANE

During the year, the Group signed a consortium bid agreement with Chow Tai Fook Enterprises Limited ("CTF") and Echo Entertainment Group Limited ("Echo") to jointly bid, under the name of "Destination Brisbane Consortium" for the development of an entertainment precinct and integrated resort in Queen's Wharf, Brisbane, Australia. Destination Brisbane Consortium brings together FEC's experience in international hospitality operation and mixed-use development and, CTF's extensive VIP customer base in

Queen's Wharf Brisbane Project

China and Asian markets, as well as Echo's operational experience in integrated resorts. If the bid is successful, both FEC and CTF will make 25% capital contribution to the development of the integrated resort while Echo will contribute 50% and act as the gaming operator under a long-term gaming operator agreement. Furthermore, FEC and CTF will jointly contribute 50% in capital for the residential component of the Queen's Wharf Brisbane project. The project is expected to contribute significantly to the recurring cashflow stream of the Group as well as add to the residential development pipeline. We expect the results of our bid to be announced shortly.

Queen's Wharf Brisbane Project

POSSIBLE PRIVATISATION OF DORSETT

On 20 May 2015, the Board of FEC requested the Board of Dorsett to put forward a proposal to the holders of Scheme Shares regarding the possible privatisation of Dorsett by Willow Bliss Limited (the Offeror), a wholly-owned subsidiary of FEC, by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands. Under the Proposal, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Consideration, which would be satisfied by (i) a cash consideration of HK$0.72 per Scheme Share; and (ii) 0.28125 new FEC Share to be issued for each Scheme Share.

The Board of FEC considers that the implementation of the above proposal will be beneficial to the respective shareholders of FEC and Dorsett. The Proposal is subject to the approval of the Dorsett shareholders and regulatory authority and the completion of all conditions as enumerated in the joint announcement. A detailed timetable for the implementation of the Proposal will be included in the Scheme Document.

For more details and the capitalised terms used herein, please refer to the joint announcement made by the Company and Dorsett on 27 May 2015.

PROSPECTS

Looking ahead, the property market in Australia is expected to remain buoyant due to the current low interest rate environment and expected further interest rate cuts in the coming months, which is likely to drive demand for real estates domestically and internationally. In Mainland China, the Central Government has pushed forward reform of its economy into a sustainable "new normal" model, with stepped up efforts on growth stabilization and economic restructuring. Measures include scaling up investments in infrastructure, stabilization of real estate market, increasing domestic consumption, enhancement of urban planning and construction standards and formation and implementation of city cluster planning. By adhering to sector-based guiding instruction and implementing policies according to domestic conditions, the Government looks to cater for domestic needs of home purchase and upgrade and aiding the stable and healthy development of real estate market. In Hong Kong, until the United States begins to enter into an upward interest rate cycle, Hong Kong's low interest rate environment and strong domestic underlying demand should continue to support the residential market. In the United Kingdom, it is expected that the overall macro-economic environment will continue to be positive with the residential market remaining attractive to local and foreign buyers.

Although market conditions is expected to remain difficult in the short term, the Group expects that its hotel operations will weather the current challenging market conditions in Hong Kong. Cautiously optimistic, the Group believes that in the longer term future, the expansion of Hong Kong Disneyland Theme Park and the completion of significant infrastructure projects, such as the Hong Kong-Zhuhai-Macau Bridge and the inclusion of Hong Kong in the high-speed railway network in Mainland China, will be factors which will boost tourism in Hong Kong. The Group will also continue to grow its hotel portfolio in Asia and the United Kingdom and actively pursue suitable opportunities in new markets.

The Group's car park operations and facilities management business is expected to continue to generate steady recurring income. The Group will actively explore opportunities to grow its car park operations and facilities management business.

In the medium term, the Group's development pipeline of approximately HK$35 billion of gross development value will provide the Group with a stable revenue stream. The Company will maintain its regionalization strategy and continue to diversify its earnings stream to achieve sustainable growth. If successful in the bidding process, the Queen's Wharf Brisbane project will transform the Group with additional recurring income source from the gaming industry. Leveraging on its solid project portfolio, the Company is well-positioned to continue to create long term value for its shareholders through regular dividend distributions and enhancement in net asset value of the Group.

Chris Cheong Thard HOONG
Managing Director