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