CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

As you may know, we have a very clear business focus to become a leader in providing overseas properties, hospitality and entertainment services to the Asia's middle class. I am pleased to report to our Shareholders that this strategic positioning is yielding encouraging results with record-breaking profitability last year. The Group experienced continuous development and expansion through the implementation of a series of effective business initiatives. We made several key achievements, and I am particularly proud that our recurring cash flow business grew strongly and we secured exciting opportunities that allow the Group to continue to grow in the coming years.

We continued to pursue our "Dual-Engine" development strategy targeting growth in both recurring cashflow streams and built-to-sell business. Great efforts have been made in all three recurring cashflow businesses, namely hotel, car park, and gaming and entertainment operations, with recurring income accounted for more than half of our core cash profit. Hotel segment achieved encouraging growth mainly driven by overall RevPAR growth and new acquisitions. The business also has a clear growth visibility with many new hotels in the development pipeline. In respect of our car park operations, we continued our expansion in the UK and continental Europe, pursuing car park acquisitions with high yields. Gaming and entertainment segment became our new income contributor following the acquisition of TWC and investment in a stake in The Star. With the first phase of Queen's Wharf Brisbane integrated resort expected to open in late 2022, we can expect the contribution from this segment will continue to grow. We believe that our strategy, featuring regional diversification and growing our four core businesses and reallocation of capital, will enable us to gain a higher return on equity than our industry peers in the long term.

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Property development continued to be a core business of the Group. We have built a strong property development portfolio to maintain future growth. During the last financial year, we continued to score historic new highs in our cumulative pre-sales value. Such figure points to a clear visibility for the Group's property sales in the years to come. The land resources we now have is sufficient for the Group's development in the next decade. The reason why we are diversified regionally with a clear focus of targeting the middle class segment is simply that the real estate industry has cycles. Regional diversification enables us to acquire land at a lower cost from different markets at appropriate timing. We will continue to invest in regions with strong population growth and strong demand for housing. This includes key cities in the UK and Australia as well as selected cities in Asia. In Manchester, in particular, housing for middle class has great potentials. At the moment, weaker pound and Australian dollar against the Hong Kong dollar has provided us with a good opportunity to allocate capital in these regions. Despite fierce competition in land acquisition, Greater Bay Area is also another region we will explore given its growth potentials. For land acquisition in Hong Kong, as mentioned in our last year's annual report, we remain cautious as we see prices have risen beyond affordability of the general public and profit margin has become thinner.

In respect of hotel operations, I am delighted to report that our hotel RevPAR in Hong Kong continued to improve, owing to an increase in tourist arrivals from Asian countries and long-haul tourism as well as a rebound of Mainland tourists. For other overseas hotel markets, our hotel operations also continued to benefit from more frequent travel and greater demand from the Asia's middle class. Going forward I expect new room additions in Australia and the UK will drive the growth of our hotel operations.

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Among all the cities we have business presence, we see great hotel opportunity in the UK, where weaker GBP has increased the attractiveness of the hotel and tourism sector. London, in particular, benefited from the weakened pound and attracted a record level of international tourists, boosting hotel performance. Our newly opened Dorsett City London as well as Dorsett Shepherds Bush both provided us with good returns on investment and development profits. It also gives us confidence that there is more room for growth, therefore, we are looking for more hotel opportunities in the region. We have commenced construction of Dorsett Shepherds Bush extension, and another two hotels in London are in development pipeline. Along with 11 hotels in Australia, we expect to add 15 hotels with more than 3,000 rooms for the Group by FY2024.

As for car park industry, we see the increasing trend of technology utilization as well as an increase of electric vehicles. This presents us with new value adding opportunities such as provision of recharging services and using more sophisticated software to manage revenue parking rates, thereby optimizing revenue. We see car park operations as our core business with great potential for regional expansion. From a long-term perspective, we plan to leverage the operational expertise of the Care Park brand to not only continuously consolidate its market leadership in Australia and New Zealand, but to also seek business expansion in Europe. In the long run, the development of our car park segment will be boosted through organic growth and acquisitions of new car parks.

The Group expanded into the gaming and entertainment industry last year as we believe it can generate long-term stable cash flow. Meanwhile, our gaming and entertainment business will benefit from the growth of middle-class population under our "Asian Wallet" strategy. Gaming segment is complementary to our hospitality segment, in which we target international tourists. The investments that we have made are showing strong recurring cash flow and the projects provide us with good rate of return and strong potential for growth.

As our business progresses, the Group is also committed to striking a balance between making profit and delivering sustainable development. We believe that building the right management team and good corporate governance are the most critical components for maintaining long-term sustainable success. Last year, the Group won a number of international awards in relation to corporate governance, corporate management, investor relations, environmental responsibility and social responsibility, and I am very proud of the social recognition for our efforts in this regard.

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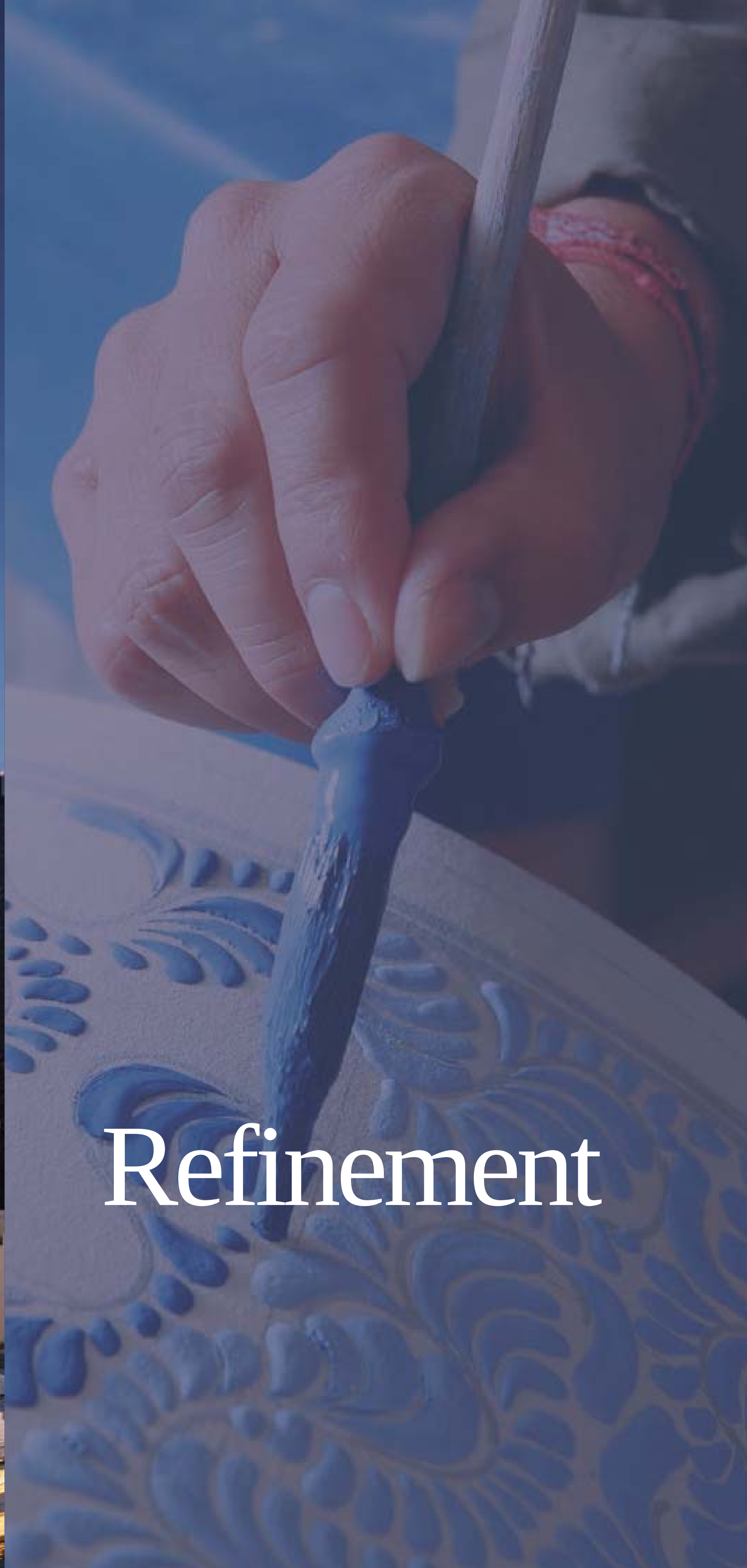
Looking ahead, although China's economy has been impacted by recent trade war turmoil between China and the United States and the slowdown of world economy, we see the signs of China's economy stabilizing after China government taking active measures to stimulate economy, such as rolling out tax cuts and the banks' reserve requirement ratio cuts to unleash cash for banks to lend in order to support economic activity. We believe China's GDP growth will still be higher than peer countries. As for FEC, with our clear business strategies and targets, I am optimistic we can achieve continued long term growth enabling us to increase our return to the Shareholders.

I would like to take the opportunity to thank our Shareholders, partners, customers and approximately 4,000 employees for their concerted effort, which yielded sustainable and steady development of our business. They are the key reasons for the Group's success.

David CHIU
Chairman and Chief Executive Officer

20 June 2019

West Side Place, Melbourne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