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## **FAR EAST CONSORTIUM INTERNATIONAL LIMITED**

**遠東發展有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

*Website: <http://www.fecil.com.hk>*

**(Stock Code: 35)**

### **ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

#### **RESULTS**

The board of directors (the “Board”) of Far East Consortium International Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 March 2017 (“FY2017”) as follows:

#### **FINANCIAL AND BUSINESS HIGHLIGHTS**

- Revenue and net profit attributable to shareholders of the Company for FY2017 increased by 25.3% and 52.3% respectively to approximately HK\$5,005 million and HK\$1,118 million respectively as compared to the financial year ended 31 March 2016 (“FY2016”) primarily due to strong recorded sales in residential developments in Shanghai and Melbourne and improved performance in recurring income business (including the hotel division and car park division). Adjusted cash profit<sup>(i)</sup> amounted to HK\$1,157 million (FY2016: HK\$853 million).
- As at 31 March 2017, cumulative pre-sales value of properties under development amounted to approximately HK\$10.7 billion (HK\$7.5 billion as at 31 March 2016) following the successful launch of West Side Place Towers 1 and 2 in Melbourne.
- During FY2017, HK\$6.8 billion pre-sale of residential developments was achieved (FY2016: HK\$4.6 billion), an increase of approximately 47.8%, as compared to FY2016.

\* For identification purposes only

- Bank and cash balances and investment securities of the Group increased to approximately HK\$5.6 billion as at 31 March 2017 (HK\$3.8 billion as at 31 March 2016).
- Net gearing ratio<sup>(ii)(iii)</sup> was 31.5% as at 31 March 2017 (37.7% as at 31 March 2016).
- Basic earnings per share amounted to HK\$0.51 (FY2016: HK\$0.37 per share). Final dividend increased to HK\$0.15 per share (FY2016: HK\$0.13 per share). Including HK\$0.035 of interim dividend paid, total full year dividend will amount to HK\$0.185 per share (FY2016: HK\$0.16 per share), representing a dividend payout ratio of 36.3%, reflecting confidence in the financial position of the Group.
- Net asset value per share<sup>(iii)</sup> as at 31 March 2017 increased by HK\$1 during FY2017 and reached approximately HK\$10.79 per share (HK\$9.79 as at 31 March 2016).
- For the FY2017, the Group was honoured with several international awards in relation to company management, investor relations, corporate governance and corporate social responsibility including the prestigious “Best Managed Company in Asia in the Real Estate Category” award from *Euromoney*.
- Post year end, disposal of Silka West Kowloon Hotel in Hong Kong was completed with an estimated net profit of approximately HK\$316 million.
- The Group also signed an agreement with the Manchester City Council to deliver the “Northern Gateway” development, arguably the largest residential project in Manchester delivering in excess of 10,000 new homes over the next decade.

*Notes:*

- 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.
- 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.
- Revaluation surplus on hotel assets of approximately HK\$13,354 million was based on independent valuation carried out as at 31 March 2017 (HK\$10,732 million as at 31 March 2016) 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.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<i>NOTES</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue		<b>5,005,309</b>	3,995,090
Cost of sales and services		<b>(2,709,013)</b>	(1,989,973)
Depreciation and amortisation of hotel and car park assets		<b>(306,701)</b>	(298,784)
Gross profit		<b>1,989,595</b>	1,706,333
Other income		<b>25,099</b>	23,259
Other gains and losses	4	<b>368,458</b>	181,416
Administrative expenses			
– Hotel operations and management		<b>(372,063)</b>	(375,716)
– Others		<b>(212,230)</b>	(222,492)
Pre-operating expenses			
– Hotel operations and management		<b>(8,116)</b>	(1,204)
Selling and marketing expenses		<b>(46,435)</b>	(105,385)
Share of results of associates		<b>(4,520)</b>	4,546
Share of results of joint ventures		<b>86</b>	(3,114)
Finance costs	5	<b>(173,235)</b>	(228,334)
Profit before tax		<b>1,566,639</b>	979,309
Income tax expense	6	<b>(433,780)</b>	(221,347)
Profit for the year	7	<b>1,132,859</b>	757,962
Attributable to:			
Shareholders of the Company		<b>1,117,688</b>	734,427
Non-controlling interests		<b>15,171</b>	23,535
		<b>1,132,859</b>	757,962
Earnings per share			
Basic ( <i>HK cents</i> )	8	<b>51</b>	37
Diluted ( <i>HK cents</i> )		<b>51</b>	36

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2017*

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u><b>1,132,859</b></u>	<u>757,962</u>
<b>Other comprehensive (expense) income for the year</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(391,262)</b>	(187,559)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	<b>(42,640)</b>	(32,575)
Reclassification from hedging reserve to profit or loss	<u>–</u>	<u>43,732</u>
Other comprehensive expense for the year	<u><b>(433,902)</b></u>	<u>(176,402)</u>
Total comprehensive income for the year	<u><b>698,957</b></u>	<u>581,560</u>
Total comprehensive income (expense) attributable to:		
Shareholders of the Company	<b>684,017</b>	589,988
Non-controlling interests	<u><b>14,940</b></u>	<u>(8,428)</u>
	<u><b>698,957</b></u>	<u>581,560</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2017**

	<i>NOTES</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current Assets</b>			
Investment properties		<b>3,001,786</b>	3,304,213
Property, plant and equipment		<b>7,481,570</b>	7,720,482
Prepaid lease payments		<b>486,491</b>	522,412
Goodwill		<b>68,400</b>	68,400
Interests in associates		<b>667,416</b>	342,407
Interests in joint ventures		<b>353,742</b>	41,052
Investment securities		<b>692</b>	692
Deposits for acquisition of property, plant and equipment		<b>117,601</b>	124,756
Amounts due from associates		<b>70,724</b>	70,734
Amount due from a joint venture		<b>25,372</b>	26,467
Amount due from an investee company		<b>119,995</b>	119,995
Other receivables		<b>79,936</b>	80,426
Pledged deposits		<b>3,723</b>	2,494
Deferred tax assets		<b>31,233</b>	35,512
		<b>12,508,681</b>	12,460,042
<b>Current Assets</b>			
Properties for sale			
Completed properties		<b>280,341</b>	583,706
Properties for/under development		<b>8,889,843</b>	8,056,484
Other inventories		<b>8,137</b>	9,414
Prepaid lease payments		<b>14,466</b>	15,181
Debtors, deposits and prepayments	<i>10</i>	<b>375,190</b>	527,404
Deposits receivable from stakeholders		<b>252,109</b>	586,880
Other receivables		<b>11,688</b>	12,605
Loan to a joint venture		<b>77,313</b>	–
Amounts due from joint ventures		<b>51,204</b>	50,018
Amount due from an associate		<b>32,748</b>	22,328
Tax recoverable		<b>136,267</b>	62,611
Investment securities		<b>1,466,188</b>	1,218,063
Derivative financial instruments		<b>67</b>	–
Pledged deposits		<b>25,234</b>	24,607
Restricted bank deposits		<b>267,983</b>	161,621
Deposit in a financial institution		<b>11,331</b>	11,331
Bank balances and cash		<b>3,881,894</b>	2,358,326
		<b>15,782,003</b>	13,700,579
Assets classified as held for sale		<b>109,277</b>	–
		<b>15,891,280</b>	13,700,579

	<i>NOTES</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Current Liabilities</b>			
Creditors and accruals	<i>11</i>	<b>889,406</b>	828,763
Customers' deposits received		<b>2,109,874</b>	2,460,113
Obligations under finance leases		<b>3,775</b>	3,468
Amount due to a related company		<b>16,815</b>	17,856
Amounts due to associates		<b>7,186</b>	8,836
Amounts due to shareholders of non-wholly owned subsidiaries		<b>26,907</b>	27,799
Derivative financial instruments		<b>9,176</b>	8,904
Tax payable		<b>358,917</b>	182,621
Bank borrowings		<b>2,755,293</b>	2,932,693
		<b>6,177,349</b>	6,471,053
Liabilities associated with assets classified as held for sale		<b>3,600</b>	–
		<b>6,180,949</b>	6,471,053
<b>Net Current Assets</b>		<b>9,710,331</b>	7,229,526
<b>Total Assets less Current Liabilities</b>		<b>22,219,012</b>	19,689,568
<b>Non-current Liabilities</b>			
Obligations under finance leases		<b>7,594</b>	4,845
Amount due to a shareholder of a non-wholly owned subsidiary		<b>246,740</b>	246,778
Derivative financial instruments		<b>119,314</b>	76,680
Notes and bonds		<b>3,130,542</b>	868,283
Bank borrowings		<b>7,376,392</b>	7,863,277
Deferred tax liabilities		<b>394,715</b>	362,450
		<b>11,275,297</b>	9,422,313
<b>Net Assets</b>		<b>10,943,715</b>	10,267,255
<b>Capital and Reserves</b>			
Share capital		<b>223,837</b>	213,171
Share premium		<b>4,033,779</b>	3,730,625
Reserves		<b>6,534,186</b>	6,196,336
Equity attributable to shareholders of the Company		<b>10,791,802</b>	10,140,132
Non-controlling interests		<b>151,913</b>	127,123
<b>Total Equity</b>		<b>10,943,715</b>	10,267,255

## NOTES

### FOR THE YEAR ENDED 31 MARCH 2017

#### 1. GENERAL

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.

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

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 HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to HKAS 40	Transfer of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

#### 3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. 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, operations of Dorsett Hospitality International Limited (“Dorsett”) and its subsidiaries (including hotel operations and management, property investment, securities and financial product investments), 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.

## 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)	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Property development				
– Australia	1,724,234	712,987	513,444	186,528
– Hong Kong (“HK”)	–	34,671	(21,906)	(49,397)
– Malaysia	–	–	(538)	(24,586)
– Other regions in People’s Republic of China excluding HK (“PRC”)	1,212,454	1,219,607	749,779	786,538
– Singapore	–	–	(7,579)	(7,684)
– United Kingdom (“UK”)	13	3,565	(1,066)	2,731
	<b>2,936,701</b>	1,970,830	<b>1,232,134</b>	894,130
Property investment				
– Australia	5,418	7,771	2,390	7,197
– HK	36,243	36,831	194,131	117,290
– PRC	12,922	14,450	(19,289)	(29,026)
	<b>54,583</b>	59,052	<b>177,232</b>	95,461
Operations of Dorsett and its subsidiaries				
– HK	665,300	650,496	159,125	156,104
– Malaysia	209,320	215,547	16,378	18,723
– PRC	218,845	197,935	(8,985)	6,801
– Singapore	93,534	100,849	28,896	28,021
– UK	121,955	119,778	7,551	11,792
	<b>1,308,954</b>	1,284,605	<b>202,965</b>	221,441
Car park operations and facilities management				
– Australia	628,452	608,672	51,385	48,636
– Malaysia	9,408	14,001	5,613	6,635
– UK	3,581	–	2,790	–
	<b>641,441</b>	622,673	<b>59,788</b>	55,271
Securities and financial product investments	62,478	56,822	112,104	9,224
Other operations	1,152	1,108	9,990	3,741
Segment revenue/segment profit	<b>5,005,309</b>	3,995,090	<b>1,794,213</b>	1,279,268
Unallocated corporate expenses			(54,339)	(71,625)
Finance costs			(173,235)	(228,334)
Profit before tax			<b>1,566,639</b>	979,309
Income tax expense			(433,780)	(221,347)
Profit for the year			<b>1,132,859</b>	757,962

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.



## 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.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Property development		
– Australia	<b>3,309,546</b>	2,461,054
– HK	<b>2,179,248</b>	1,943,039
– Malaysia	<b>641,353</b>	490,424
– PRC	<b>2,559,895</b>	2,788,467
– Singapore	<b>2,369,356</b>	2,390,450
– UK	<b>327,605</b>	348,355
	<b>11,387,003</b>	10,421,789
Property investment		
– Australia	<b>161,296</b>	106,414
– HK	<b>2,242,535</b>	2,744,140
– PRC	<b>4,821</b>	4,222
	<b>2,408,652</b>	2,854,776
Operations of Dorsett and its subsidiaries		
– HK	<b>3,627,380</b>	3,574,531
– Malaysia	<b>819,955</b>	885,849
– PRC	<b>1,887,490</b>	2,078,333
– Singapore	<b>608,915</b>	675,385
– UK	<b>1,068,067</b>	999,932
	<b>8,011,807</b>	8,214,030
Car park operations and facilities management		
– Australia	<b>759,231</b>	699,048
– Malaysia	<b>137,101</b>	140,759
– UK	<b>139,708</b>	–
	<b>1,036,040</b>	839,807
Securities and financial product investments	<b>1,442,422</b>	1,207,219
Other operations	<b>220,812</b>	253,343
Segment assets	<b>24,506,736</b>	23,790,964
Unallocated corporate assets	<b>3,893,225</b>	2,369,657
Total assets	<b>28,399,961</b>	26,160,621

#### 4. OTHER GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Change in fair value of investment properties	248,742	191,612
Change in fair value of financial assets at fair value through profit or loss	52,527	(54,832)
Gain arising on transfer of completed properties for sale to investment properties	31,043	735
Change in fair value of derivative financial instruments	10,421	9,833
Net foreign exchange gains	45,806	24,279
Reversal on impairment loss (impairment loss) recognised on trade debtors	1,252	(1,432)
Impairment loss recognised in respect of interest in an associate	(25,000)	–
Reversal on impairment loss recognised on interest in a joint venture	3,667	11,061
Gain on disposal of property, plant and equipment	–	160
	<u>368,458</u>	<u>181,416</u>

#### 5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on:		
Bank borrowings	269,277	254,182
Other loans	159	329
Finance leases	–	9
Interest on notes and bonds	102,286	124,348
Less: net interest income from cross currency swap contracts	(4,620)	(19,656)
Amortisation of front-end fee	9,709	6,106
Others	3,975	10,640
	<u>380,786</u>	<u>375,958</u>
Total interest costs		
Less: amounts capitalised to properties under development:		
– investment properties	–	(1,883)
– properties for owners' occupation	(32,510)	(21,152)
– properties for sale	(175,041)	(122,239)
– construction-in-progress	–	(2,350)
	<u>173,235</u>	<u>228,334</u>

## 6. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The income tax expense comprises:		
Current tax:		
HK Profits Tax	14,721	4,463
PRC Enterprise Income Tax (“PRC EIT”)	185,004	169,723
PRC Land Appreciation Tax (“PRC LAT”)	63,180	63,515
Australia Income Tax	118,368	22,475
Malaysia Income Tax	1,821	2,502
Singapore Income Tax	13,454	4,352
UK Income Tax	456	–
	<u>397,004</u>	<u>267,030</u>
(Over) underprovision in prior years:		
Hong Kong Profits Tax	(3,402)	(53,628)
PRC EIT	–	(33,481)
Australia Income Tax	–	605
Malaysia Income Tax	70	(48)
Singapore Income Tax	1,211	(1,338)
	<u>(2,121)</u>	<u>(87,890)</u>
Deferred taxation	<u>38,897</u>	<u>42,207</u>
	<u><b>433,780</b></u>	<u><b>221,347</b></u>

HK 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%.

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% (2016: 25%), 17% and 20% of the estimated assessable profits for both years, respectively.

## 7. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	1,664,570	974,579
Auditor's remuneration	12,754	10,108
Depreciation		
– Operations of Dorsett and its subsidiaries	273,800	268,612
– Car park operations	24,020	21,059
– Others	15,640	15,377
	<u>313,460</u>	<u>305,048</u>
Amortisation of prepaid lease payments	10,631	11,131
Amortisation of investment in a joint venture (included in share of results of joint ventures)	2,904	2,904
(Reversal of impairment loss) impairment loss recognised on trade debtors	(1,252)	1,432
Staff costs (included HK\$351,686,000 (2016: HK\$330,104,000) in cost of sales and services)		
– Directors' emoluments	23,298	25,911
– Other staff	612,237	589,741
– Share-based payment expenses to staff	615	1,180
	<u>636,150</u>	<u>616,832</u>
Share of taxation of associates (included in share of results of associates)	<u>1,417</u>	<u>1,567</u>
and after crediting:		
Rental income, net of outgoings of HK\$14,503,000 (2016: HK\$12,794,000)	104,895	113,878
Bank interest income	<u>15,084</u>	<u>5,853</u>

## 8. 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\$1,117,688,000 (2016: HK\$734,427,000) and the number of shares calculated as follows:

	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,173,825	2,010,450
Effect of dilutive potential ordinary shares – Company's share options	<u>2,178</u>	<u>2,608</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>2,176,003</b></u>	<u><b>2,013,058</b></u>

The computation of diluted earnings per share in prior year did not assume the exercise of its indirect subsidiary Dorsetts' share options as the exercise prices of those options are higher than the average market prices of the Dorsett's shares.

## 9. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Dividends recognised as distribution during the year:		
2017 interim dividend of HK3.5 cents per share (2016: 2016 interim dividend of HK3 cents per share)	77,627	64,452
2016 final dividend of HK13 cents per share (2016: 2015 final dividend of HK13 cents per share)	<u>277,122</u>	<u>269,276</u>
	<u><b>354,749</b></u>	<u><b>333,728</b></u>

The 2017 interim dividend and 2016 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\$3.254 and HK\$2.878 per share respectively. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2017 of HK15 cents (2016: HK13 cents) per share, total amount of HK\$335,756,000 has been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors, net of allowance of doubtful debt, of HK\$97,869,000 (2016: HK\$89,851,000).

Trade debtors aged over 60 days are past due but are not impaired.

Trade debtors mainly represent receivable 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.

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–60 days	80,050	70,545
61–90 days	3,966	6,924
Over 90 days	13,853	12,382
	<u>97,869</u>	<u>89,851</u>

## 11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$420,514,000 (2016: HK\$370,299,000). The following is an aged analysis of the trade creditors, based on the invoice date:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–60 days	406,662	347,097
61–90 days	2,442	2,851
Over 90 days	11,410	20,351
	<u>420,514</u>	<u>370,299</u>

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend for the year ended 31 March 2017 of HK15 cents (2016: HK13 cents) per ordinary share (the “Proposed Final Dividend”). The Proposed Final Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 30 August 2017. 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 Company’s forthcoming annual general meeting to be held on 21 August 2017 (the “2017 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 30 August 2017. 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 6 September 2017. Dividend warrants and/or new share certificates will be posted on or around 9 October 2017.

## **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 2017 AGM**

As set out above, the 2017 AGM is scheduled to be held on Monday, 21 August 2017. For determining the entitlement to attend and vote at the 2017 AGM, the Register of Members of the Company will be closed from Wednesday, 16 August 2017 to Monday, 21 August 2017, 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 2017 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 Tuesday, 15 August 2017.

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

As stated above, the Proposed Final Dividend is subject to the approval of Shareholders at the 2017 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Monday, 28 August 2017 to Wednesday, 30 August 2017, 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 Friday, 25 August 2017.

## FINANCIAL REVIEW

### 1. Revenue analysis

The Company's consolidated revenue for FY2017 was approximately HK\$5,005,000,000, an increase of 25.3% as compared with FY2016. A breakdown of revenue is shown below:

	<b>FY2017</b> <i>HK\$ million</i>	FY2016 <i>HK\$ million</i>	Change
<b>Major business</b>			
Sales of properties	<b>2,937</b>	1,971	49.0%
Hotel operations and management	<b>1,309</b>	1,285	1.9%
Car park operations and facilities management	<b>641</b>	623	2.9%
Leasing of properties and others	<b>118</b>	116	1.7%
Total revenue	<b>5,005</b>	3,995	25.3%

Revenue from sales of properties amounted to approximately HK\$2,937 million in FY2017, a robust increase of 49.0% as compared with FY2016, primarily due to increase in recognition of sales from completion of residential developments. In FY2017, projects completed included Manhattan at Upper West Side (Stage 4) in Melbourne and King's Manor in Shanghai.

Revenue from hotel operations and management amounted to approximately HK\$1,309 million during FY2017, an increase of 1.9% as compared to FY2016, primarily due to the recovery of the performance of the hotels in Hong Kong (which is the major hotel revenue contributor) in the second half of FY2017 and the contribution from Silka Tsuen Wan which opened in February 2017.

For FY2017, revenue from car park operations and facilities management amounted to approximately HK\$641 million, an increase of 2.9% as compared to FY2016, and approximately 3,500 car parking bays were added to the Group's car park management portfolio.

Revenue relating to leasing of properties and others amounted to approximately HK\$118 million for FY2017, an increase of 1.7% as compared to FY2016.



## 2. Analysis of gross profit

	Property development <i>HK\$'000</i>	Hotel operations and management <i>HK\$'000</i>	Car park operations and facilities management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
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%
For FY2016					
Revenue	1,970,830	1,284,605	622,673	116,982	3,995,090
Gross profit	1,002,272	541,203	116,781	46,077	1,706,333
Depreciation	–	278,549	20,235	–	298,784
Adjusted gross profit	1,002,272	819,752	137,016	46,077	2,005,117
Adjusted gross profit margin	50.9%	63.8%	22.0%	39.4%	50.2%

Gross profit for FY2017 was approximately HK\$1,990 million, an increase of 16.6% as compared with FY2016. Gross profit from sales of properties amounted to approximately HK\$1,272 million in FY2017, representing an increase of 26.9% from FY2016. Gross profit margin from sales of properties was 43.3% in FY2017 (FY2016: 50.9%), lower than that in FY2016 as there was more recognition of sales from Australia which has a lower margin as compared to Mainland China.

Adjusted gross profit and adjusted gross profit margin from hotel operations and management amounted to approximately HK\$801 million and 61.2% in FY2017. The performance reflects an improvement in the hotel business in Hong Kong in the second half of FY2017 versus the first half as well as the same period in FY2016.

Adjusted gross profit contribution from car park operations and facilities management was approximately HK\$137 million for FY2017 due to a reduction in contribution from revenue from fines and penalties. The adjusted gross profit margin in this segment diluted slightly to 21.4% mainly due to a slight change in sales mix skewed towards third party car parks management contracts.

Gross profit from leasing and others was approximately HK\$86 million for FY2017 and the segment's gross profit margin was 73.1% in FY2017.

Net profit attributable to shareholders of the Company for FY2017 amounted to approximately HK\$1,118 million, representing an increase of 52.3%, compared with FY2016. 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 2017	As at 31 March 2016	Change
HK\$/AUD	<b>5.93</b>	5.93	–
HK\$/RMB	<b>1.13</b>	1.20	(5.8%)
HK\$/MYR	<b>1.75</b>	1.97	(11.2%)
HK\$/GBP	<b>9.67</b>	11.12	(13.0%)
HK\$/SGD	<b>5.56</b>	5.74	(3.1%)
Average rates for	<b>FY2017</b>	FY2016	Change
HK\$/AUD	<b>5.93</b>	5.93	–
HK\$/RMB	<b>1.17</b>	1.23	(4.9%)
HK\$/MYR	<b>1.86</b>	2.03	(8.4%)
HK\$/GBP	<b>10.40</b>	11.29	(7.9%)
HK\$/SGD	<b>5.65</b>	5.69	(0.7%)

Impact of such currency movement to the Group's net profit attributable to shareholders for FY2017 is analysed below:

	<i>HK\$' million</i>
Profit attributable for FY2017	
Impact from:	
RMB	21.2
MYR	1.0
GBP	0.1
Total impact <sup>(i)</sup>	22.3

Note (i) assuming that the exchange rates do not change between FY2017 and FY2016.

### 3. 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 2017.

	<b>As at 31 March 2017 HK\$ million</b>	As at 31 March 2016 HK\$ million
Bank loans, notes and bonds		
Due within 1 year	<b>1,431</b>	1,864
Due 1–2 years	<b>4,482</b>	1,691
Due 2–5 years	<b>6,547</b>	7,198
Due more than 5 years	<b>814</b>	920
	<hr/>	<hr/>
Total bank loans, notes and bonds	<b>13,274</b>	11,673
	<hr/>	<hr/>
Investment securities	<b>1,467</b>	1,219
Bank and cash balances	<b>4,161</b>	2,531
	<hr/>	<hr/>
Liquidity position	<b>5,628</b>	3,750
	<hr/>	<hr/>
Net debts <sup>(i)</sup>	<b>7,646</b>	7,923
	<hr/>	<hr/>
Carrying amount of the total equity	<b>10,944</b>	10,267
Add: hotel revaluation surplus	<b>13,354</b>	10,732
	<hr/>	<hr/>
Total adjusted equity	<b>24,298</b>	20,999
	<hr/>	<hr/>
Net gearing ratio (net debts to total adjusted equity)	<b>31.5%</b>	37.7%
	<hr/>	<hr/>

*Note (i)* 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 represented primarily fixed income securities and investments in fixed income funds.

The liquidity position of the Group as at 31 March 2017 was approximately HK\$5.6 billion, representing an increase of 50.1% from the balance as at 31 March 2016, primarily due to the collection of sales proceeds upon completion of the Group's residential developments during FY2017 namely Manhattan at Upper West Side (Stage 4) in Melbourne and King's Manor in Shanghai, stable cash inflow from the Group's recurring income business as well as proceeds from the issuance of the medium term notes, which were offset by repayment of bank borrowings, equity requirement on some property-related projects and certain capital expenditure.

In August 2016, the Company successfully established a US\$1,000 million medium term note programme (the "Medium Term Note Programme") which is listed on the Stock Exchange, under which the Company has the flexibility to issue multi-currency notes in the international capital market as and when funding is needed. In September 2016, the Company issued US\$300 million 3.75 percent 5-year notes (the "Issue") due on 8 September 2021 under the Medium Term Note Programme. 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.

During FY2017, notwithstanding the Issue, the Group's net debts reduced by approximately HK\$277 million to HK\$7.6 billion. 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 2.68% for FY2017 (3.16% for FY2016).

The table below shows the Group's debts profile.

	<b>As at 31 March 2017 HK\$ million</b>	<b>As at 31 March 2016 HK\$ million</b>
The Company's notes	<b>2,311</b>	–
Dorsett bonds	<b>820</b>	868
Unsecured bank loans	<b>1,744</b>	1,741
Secured bank loans		
– Property development and investment	<b>3,418</b>	3,907
– Hotel operations and management	<b>4,572</b>	4,821
– Car park operations and facilities management	<b>398</b>	327
– Others	<b>11</b>	9
	<hr/> <b>13,274</b>	<hr/> 11,673
Total bank loans, notes and bonds	<b>13,274</b>	11,673

The carrying amounts of the total bank loans, notes and bonds in the Company's consolidated statement of financial position as at 31 March 2017 include an amount of approximately HK\$1,329 million (as at 31 March 2016: HK\$1,073 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 2017, the Group's undrawn banking facilities were approximately HK\$4.3 billion which were all committed banking facilities, of which approximately HK\$2.4 billion was in relation to construction development while the balance of approximately HK\$1.9 billion was for the Group's general corporate use. The 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 fund not only its existing business and operations but also to further expand its business.

In addition, upon completion of the disposal of Silka West Kowloon Hotel, a total of 8 hotel assets within the Group remain unencumbered. The capital value of these 8 hotels amounted to HK\$4.4 billion based on independent valuation assessed as at 31 March 2017. 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\$13,354 million, based on independent valuation assessed as at 31 March 2017 (HK\$10,732 million as at 31 March 2016), the Group's total consolidated equity as at 31 March 2017 was approximately HK\$24,298 million. The net gearing ratio of the Group was at 31.5%.

#### 4. Net asset value per share

	<b>As at 31 March 2017 HK\$ million</b>	As at 31 March 2016 HK\$ million
Equity attributable to shareholders of the Company	<b>10,792</b>	10,140
Add: Hotel revaluation surplus	<b>13,354</b>	10,732
Total net asset value	<b>24,146</b>	20,872
Number of shares issued (million)	<b>2,238</b>	2,132
Net asset value per share	<b>HK\$10.79</b>	HK\$9.79

Total net asset value of the Group reached approximately HK\$24,146 million after adjusting for revaluation surplus on hotel assets of approximately HK\$13,354 million, based on independent valuation assessed as at 31 March 2017 (HK\$10,732 million as at 31 March 2016). Net asset value per share for the Company as at 31 March 2017 increased by HK\$1 within the financial year and reached approximately HK\$10.79.

## 5. Capital expenditure

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

During FY2017, the Group's capital expenditure amounted to approximately HK\$458 million primarily attributable to the construction works on the Group's hotel properties, namely Silka Tsuen Wan in Hong Kong (opened in February 2017) and Dorsett City in London (to be opened in July 2017), as well as the renovation works in Dorsett Wanchai (formerly known as Cosmopolitan Hotel) in Hong Kong and Dorsett Kuala Lumpur. The capital expenditure was funded through a combination of borrowings and internal resources.

## 6. Capital commitments

	<b>As at 31 March 2017 HK\$ million</b>	<b>As at 31 March 2016 HK\$ million</b>
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	<b>1,175</b>	319
Others	<b>6</b>	34
	<b><u>1,181</u></b>	<b><u>353</u></b>

## 7. Post balance sheet events

### *Northern Gateway Partnership*

In April 2017, the Group signed an agreement with the Manchester City Council, UK to deliver the "Northern Gateway" project 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 10,000 new homes over the next decade. It will allow the city centre to expand and provide the optimal mix of high quality housing in well-planned new areas. The overarching 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. This is an addition to the Angel Meadow scheme under which the Group plans to build 756 new homes around the historic Angel Meadow Park located at the periphery of the Northern Gateway development.

The Group is currently developing a masterplan of the development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy. The 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.

#### *Development of Perth City Link Sites in Australia*

In May 2017, the Group was selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link in Western Australia. These three lots will be home to a range of apartments and an integrated complex. The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district (Northbridge). The Western Australian Government has invested more than A\$1.4 billion in the project to deliver world class transport infrastructure and create one of Australia's most unique transit oriented developments.

In late 2016, the Group was selected to develop Lots 2 and 3A at the Perth City Link, a development comprising a 270-room hotel under Dorsett's operation and 350 residential apartments. Altogether, the Perth City Link project will provide the Group with a good pipeline in Perth CBD for the years to come.

#### *Sale of Silka West Kowloon*

In May 2017, the Group, through the disposal of Double Advance Group Limited ("DAGL"), its wholly owned subsidiary, completed the sale of Silka West Kowloon at a consideration of HK\$450 million. Dorsett Hospitality International Services Limited, the Company's wholly owned subsidiary, concurrently entered into a hotel management agreement with DAGL as a manager providing hotel management services in relation to the management and operation of the hotel for a term of 6 years.

The Group is expected to record a gain of approximately HK\$316 million attributable to the Group, net of the estimated expenses and taxes in relation to the sale.

This transaction provided a good opportunity for the Group to realise the profits made and to reflect the value of the hotel. With the Group remaining as the manager of the hotel under the brand of "Silka" and "絲麗", this allows the Group to continue its expansion into the hotel management business. The sale proceeds would provide additional cash flow to the Group to enable it to redeploy its resources to other investment opportunities.

For more details, please refer to the Company's announcements dated 3 March 2017 and 12 May 2017.

## **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 in Shanghai, Hong Kong, Singapore and Melbourne. For FY2017, a fair value gain of investment properties of approximately HK\$280 million was recognized, primarily due to an increase in fair value of the investment properties in Shanghai, Hong Kong and Melbourne (following completion of Upper West Side). As at 31 March 2017, valuation of investment properties reached approximately HK\$3.0 billion (31 March 2016: HK\$3.3 billion), a decrease of approximately HK\$300 million mainly because of the disposal of Eivissa Crest in April 2016.

Eivissa Crest is a residential project with 106 residential apartments totalling approximately 36,000 square feet ("sq. ft.") in saleable floor area ("SFA"). The site was previously acquired for the purpose of generating recurring income. However, having considered the market conditions, the Group subsequently decided to change the site to residential property development for sale, and accordingly, the site was treated as an investment property according to HKAS 40 "Investment Properties". Upon the delivery of these residential units in FY2017, the difference between the net disposal proceeds and the carrying amount of these units was recognized as gain on disposal of investment properties held for sale.

The Group has a diversified portfolio in residential property development in Australia, Mainland China, Hong Kong, the United Kingdom, Singapore and Malaysia. 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 regionalization approach, allows 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 where the Group can benefit from the growing affluence of the middle class.



In FY2017, presale of HK\$6.8 billion was achieved and its breakdown is shown below. This compared to the total presales of HK\$4.6 billion achieved in FY2016, reflects an increase of HK\$2.2 billion or 47.8%.

		<b>Presale value achieved in FY2017 HK\$ million</b>
Aspen Crest	Hong Kong	162
The Towers at Elizabeth Quay	Perth	354
Royal Riverside (Towers 1, 2 and 4)	Guangzhou	834
The Royal Crest II	Shanghai	820
West Side Place (Towers 1 and 2)	Melbourne	4,571
Others		64
		<hr/>
		6,805
		<hr/>

Total cumulative presales value of the Group's residential properties under development amounted to approximately HK\$10.7 billion as at 31 March 2017. As revenue will only be recognized when the sales of the property developments are completed, value of the presales was not reflected in the Group's consolidated income statement. The Group expects a significant cash inflow when the projects are completed.

The following shows a breakdown of the Group's total cumulative presales value of residential properties under development as at 31 March 2017.

<b>Developments</b>	<b>Location</b>	<b>HK\$ million</b>	<b>Expected financial year of completion</b>
Aspen Crest	Hong Kong	1,044	FY2019
The FIFTH	Melbourne	1,225	FY2018
West Side Place (Towers 1 and 2)	Melbourne	4,571	FY2021
The Towers at Elizabeth Quay	Perth	1,765	FY2020
King's Manor (remaining)	Shanghai	114	FY2018
The Royal Crest II	Shanghai	820	FY2018
Dorsett Bukit Bintang	Kuala Lumpur	297	FY2018
Royal Riverside (Towers 1, 2 and 4)	Guangzhou	887	FY2018
		<hr/>	
Cumulative contracted presales value		10,723	
		<hr/>	

Currently the Group has 24 active residential property development projects with expected attributable saleable floor area of approximately 8.7 million sq. ft. under various stages of development across the regions. Details of the Group's pipeline as at 31 March 2017 are shown below.

<b>Developments</b>	<b>Attributable saleable floor area<sup>(i)</sup> Sq. ft.</b>	<b>Expected attributable GDV<sup>(ii)</sup> HK\$ million</b>	<b>Status/ expected launch</b>	<b>Expected financial year of completion</b>
<b>Melbourne</b>				
West Side Place				
– Towers 1 and 2	1,072,000	5,601	Launched	FY2021
– Tower 3	667,000	3,239	Planning	Planning
– Tower 4	834,000	4,263	FY2018	FY2022/23
The FIFTH	284,000	1,225	Launched	FY2018
<b>Perth</b>				
Perth City Link (Lot 2)	190,000	916	Planning	Planning
The Towers at Elizabeth Quay	320,000	2,733	Launched	FY2020
<b>Brisbane</b>				
Queen's Wharf Brisbane <sup>(iii)</sup>				
– Tower 4	259,000	1,104	FY2019	Planning
– Tower 5	224,000	1,119	Planning	Planning
– Tower 6	439,000	2,198	Planning	Planning
<b>Shanghai</b>				
King's Manor (Townhouse)	77,000	463	Launched	FY2018
The Royal Crest II	259,000	1,316	Launched	FY2018
<b>Guangzhou</b>				
Royal Riverside				
– Towers 1, 2 and 4	390,000	1,138	Launched	FY2018
– Towers 3 and 5	293,000	873	FY2018	FY2019
<b>Hong Kong</b>				
Aspen Crest	64,000	1,065	Launched	FY2019
Tan Kwai Tsuen	51,000	714	FY2018/19	FY2019
Marin Point	103,000	1,075	FY2018	FY2019
Sham Shui Po	28,000	560	FY2018	FY2019/20
Tai Wai	33,000	627	FY2019	FY2019/20
Shatin Heights	70,000	1,200	Planning	Planning
<b>Kuala Lumpur</b>				
Dorsett Bukit Bintang	215,000	755	Launched	FY2018
<b>London</b>				
Alpha Square	377,000	4,014	FY2018/19	Planning
Hornsey Townhall	102,000	839	FY2018/19	Planning

<b>Developments</b>	<b>Attributable saleable floor area<sup>(i)</sup> Sq. ft.</b>	<b>Expected attributable GDV<sup>(ii)</sup> HK\$ million</b>	<b>Status/ expected launch</b>	<b>Expected financial year of completion</b>
<b>Manchester</b>				
Angel Meadow at NOMA	551,000	2,142	FY2018	FY2020/21
<b>Singapore</b>				
Artra <sup>(iv)</sup>	290,000	2,624	FY2018	FY2021
<b>Total development pipeline as at 31 March 2017</b>	<b>7,192,000</b>	<b>41,803</b>		
Acquired post 31 March 2017				
<b>Manchester</b>				
Northern Gateway <sup>(v)</sup>	<u>1,500,000<sup>(v)</sup></u>	<u>5,400<sup>(v)</sup></u>	Developing master plan	
<b>Total development pipeline post 31 March 2017</b>	<b><u>8,692,000</u></b>	<b><u>47,203</u></b>		

*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 (“GDV”) 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) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development.
- (v) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. Further land acquisitions are expected and will increase both saleable floor area and GDV for the Northern Gateway development. Expected saleable floor area is subject to planning approval.

In addition to the above, the Group has entered into memoranda of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino sites in Gold Coast and Sydney. Subject to the planning approval, the development of the casino site in Gold Coast will be staged and residential apartments' and hotels will be integrated into a broader development and upgrade of the site being undertaken by the Star Entertainment Group. Planning approval for stage 1 of the Gold Coast site consisting of 406 apartments and a 300-room hotel has been obtained while the remaining stages are under planning. The development of the casino site in Sydney is still at the master planning stage. These projects are expected to contribute to the residential pipeline of the Group.

Post year end, the Group was also selected as the preferred bidder for Lots 3B, 6 and 7 of the Perth City Link project. For further details, please see below.

### *Australia*

#### *Melbourne*

West Side Place is a mixed-use residential development located in 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 2,800 apartments. A hotel which will be operated by Ritz Carlton with approximately 263 hotel rooms will be located at the top of Tower 1. Presales of Towers 1 and 2 were launched in June 2016 and presale value of HK\$4.6 billion was achieved representing 82.1% of the total expected GDV of HK\$5.6 billion for these 2 towers as at 31 March 2017. Construction of Towers 1 and 2 is expected to begin in 2017 with completion expected in the financial year ending 31 March 2021. Presale of Tower 4 is expected to be launched in June 2017. Total GDV of the whole development of West Side Place is expected to be more than HK\$13 billion. This development is expected to generate significant 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\$1.2 billion has been completely presold. It is expected to be completed in the second half of the financial year ending 31 March 2018.

Manhattan at Upper West Side (Stage 4) was completed in late July 2016. It consists of 641 apartments with GDV of approximately HK\$1.7 billion. Approximately 5.6% (or 36 apartments) of the pre-sales were not completed as at 31 March 2017 with 30 units subsequently sold.

#### *Perth*

The Towers at Elizabeth Quay is a mixed-use development comprising residential apartments of approximately 320,000 sq. ft. in saleable floor area, a luxury hotel with 204 rooms to be operated by Ritz-Carlton, approximately 20,000 sq. ft. of commercial or retail area as well as other ancillary facilities. As at 31 March 2017, its pre-sales value reached approximately HK\$1.8 billion, representing 66.7% of the expected GDV. Construction is currently underway and development is expected to be completed in the financial year ending 31 March 2020.

In late August 2016, the Group signed a contract to purchase Lots 2 and 3A of the Perth City Link project which 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. Subsequently in May 2017, the Group was 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.

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Altogether, these 5 lots of the Perth City Link project will provide the Group with a good pipeline in Perth CBD for the coming years.

### *Brisbane*

The residential component of the Queen's Wharf Project consists of 3 residential towers with SFA of approximately 1,800,000 sq. ft. The first tower is expected to be launched in FY2019. This residential component is 50% owned by the Group with the remaining 50% owned by Chow Tai Fook Enterprises Limited ("CTF").

Preliminary construction work of Queen's Wharf, Brisbane including the Integrated Resort (of which the Group owns 25%) started in early 2017 after the land was handed over by the government. The project encompasses a total area of approximately 9.4 hectares 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 gross floor area of the project is expected to be 544,600 square meters ("sq. m.") of which approximately 167,000 sq. m. relates to the residential component.

The Integrated Resort component is expected to commence operation in stages in or before 2022. The 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.

In October 2016, the new casino license was granted by the Queensland Government, Australia. Operation of the casino is permitted to commence upon completion of the integrated resort component of the development. This casino license will deliver the key operating terms for successful delivery of the integrated resort which includes a casino license term and an integrated resort precinct lease term of 99 years, a 25-year casino exclusivity period within 60 kilometres from the Brisbane CBD from commencement of operations of the integrated resort, maximum approved electronic gaming machines of 2,500, and unlimited gaming tables (including electronic derivations).

The project is expected to contribute significantly to the Group's recurring cash flow stream as well as residential development pipeline.

### *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. Currently, 2 residential phases, namely King's Manor and The Royal Crest II, are under various stages of completion.

King's Manor consists of 479 apartments and 90 town houses, of which 476 apartments and 54 town houses had been delivered up to 31 March 2017. The remaining portion with an expected GDV of HK\$463 million is expected to be delivered and recognized as revenue in the financial year ending 31 March 2018.

The Royal Crest II consists of 180 apartments and 42 town houses. The expected GDV is approximately HK\$1,316 million. As at 31 March 2017, all of the apartments amounting to HK\$745 million were completely presold. Presale for town houses commenced in September 2016. Total presale value of the whole development reached HK\$820 million, representing 62.3% of its total GDV. The Royal Crest II is expected to be completed in the financial year ending 31 March 2018.

In Guangzhou, Royal Riverside is a 5-tower residential development producing 607 apartments with a total saleable floor area of approximately 683,000 sq. ft. and a total expected GDV of approximately HK\$2 billion. Towers 1, 2 and 4 started to show its strong momentum since the second half of FY2017 with the cumulative pre-sales value reaching HK\$887 million as at 31 March 2017. Presale of Tower 3 is expected to be launched in FY2018 and completion of the two stages of the development is expected in the financial years ending 31 March 2018 and 2019 respectively.

### *Hong Kong*

The Group continues to seek development opportunities in Hong Kong through participation in government tenders and bidding for projects with the Urban Renewal Authority ("URA").

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

Aspen Crest is a redevelopment project and consists of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 16,000 sq. ft. of commercial component. As at 31 March 2017, its presales value reached over HK\$1 billion, representing 98.0% of the total expected GDV. Its completion is expected to take place in the financial year ending 31 March 2019.

A residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 51,000 sq. ft. in saleable floor area is expected to be launched for presale in the second half of the financial year 2018. Completion is expected to be in the financial year ending 31 March 2019.

Marin Point, located at Sha Tau Kok comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area. Total expected GDV is HK\$1.1 billion. Its presale was launched in May 2017 with a satisfactory presale performance. Completion is expected in the financial year ending 31 March 2019.

A residential development site at Hai Tan Street, Sham Shui Po was acquired through URA. This residential development will comprise 72 apartments (mainly 1-bedroom apartments) with approximately 28,000 sq. ft. in saleable floor area. Expected GDV is HK\$560 million. Presale is expected to commence in FY2018 with completion anticipated to be in the financial year ending 31 March 2019/2020.

A development site at Mei Tin Road, Tai Wai, comprises a residential component of approximately 33,000 sq. ft. in saleable floor area and a commercial component of approximately 5,800 sq. ft. in gross floor area. Total expected GDV is HK\$627 million. Completion is expected to be in the financial year ending 31 March 2019/2020.

Another residential development site at Tai Po Road Shatin Heights comprises more than 60 apartments and 4 houses. The project has a gross floor area of approximately 88,000 sq. ft. and is currently under planning stage.

#### *Malaysia*

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. As at 31 March 2017, presales value reached approximately HK\$297 million, representing 39.3% of the total expected GDV. Completion is expected to take place in the financial year ending 31 March 2018. The Group is considering allocating a portion of the development to be operated as serviced apartments.

#### *United Kingdom*

##### London

Alpha Square is a residential development site in Marsh Wall, Canary Wharf, London. The development will feature a mixed-use complex including residences of approximately 377,000 sq. ft. in saleable floor area, a hotel of approximately 231 rooms and commercial facilities. The Group is reviewing an opportunity to combine this site with an adjacent site for joint development.

Hornsey Town Hall, located in North London, is a redevelopment project which will be converted into a mixed-use development featuring a residential component, a hotel/serviced apartment tower and a town hall with communal areas. The residential component will provide approximately 120 apartments with saleable floor area of approximately 102,000 sq. ft. The hotel/serviced apartment and communal areas will provide recurring income to the Group. The development is under planning stage.

## Manchester

In August 2016, the Group was appointed by Manchester Place and The Co-operative Group as the developer for the Angel Meadow site at NOMA, one of the major residential growth areas for Manchester, the United Kingdom. The plan is to build more than 756 apartments with approximately 551,000 sq. ft. saleable floor area around the historic Angel Meadow Park, which is at the periphery of the Northern Gateway development. Presale is expected to be launched in the financial year ending 31 March 2018.

As mentioned under “Post Balance Sheet Events” above, the Group signed an agreement to deliver the “Northern Gateway” project in Manchester. The project, subject to further land acquisitions, represents a significant addition of over 10,000 new homes over the next decade to the Group’s development pipeline. The Group is currently developing a master plan for the project.

## Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore. The development consists of 400 apartments with approximately 410,000 sq. ft. in saleable floor area and a commercial component of approximately 20,000 sq ft. This development is owned by a joint venture in which the Group has a 70% interest. The Group launched the presale in April 2017.

## 2. Hotel operations and management

The following summarises the regional operating performance of Dorsett’s owned hotels for FY2017 and FY2016 in local currency (“LC”).

	Occupancy Rate		Average room rate		RevPar		Revenue	
			(LC)	(LC)	(LC)	(LC)	(LC' 000)	(LC' 000)
For the year ended 31 March	2017	2016	2017	2016	2017	2016	2017	2016
Hong Kong (HK\$)	90.1%	86.0%	695	731	626	629	665,300	650,496
Malaysia (MYR)	66.8%	65.8%	190	189	127	124	112,236	106,181
Mainland China (RMB)	61.2%	50.9%	411	414	251	211	188,011	161,712
Singapore (SGD)	80.2%	82.0%	181	192	145	157	16,480	17,727
United Kingdom (GBP)	88.0%	79.3%	99	98	87	78	11,700	10,583
			(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$'000)	(HK\$'000)
<b>Group Total</b>	<b>77.6%</b>	<b>72.7%</b>	<b>625</b>	<b>666</b>	<b>485</b>	<b>484</b>	<b>1,308,566</b>	<b>1,284,606</b>



The Group's hotel operations for FY2017 recorded a total revenue of approximately HK\$1.3 billion, representing an increase of 1.9% from that in FY2016. Overall occupancy rate increased approximately 4.9 percentage points. Affected by adverse currency movements, overall average room rate decreased 6.2% to HK\$625 per night. As a result, revenue per available room ("RevPAR") was maintained at a similar level to that of FY2016 at HK\$485 for FY2017.

Hong Kong remained the main contributor to the Group's hotel operations which accounted for approximately 50% of the hotel revenue. The occupancy rate ("OCC") increased approximately 4.1 percentage points and average room rate ("ARR") decreased by 4.9% to HK\$695 as compared to last year, resulting in a slight decrease in the RevPAR for Hong Kong to HK\$626 per night. In February 2017, Silka Tsuen Wan opened contributing 409 rooms to the Group's operating portfolio. Overall improvement in performance in the second half of FY2017 as shown below and the addition of the hotel rooms helped to increase revenue in Hong Kong to HK\$665 million for FY2017.

<b>Hong Kong</b>	<b>FY2017</b>		<b>FY2016</b>	
	<b>2H</b>	<b>1H</b>	<b>2H</b>	<b>1H</b>
Occupancy rate	<b>92.8%</b>	<b>87.2%</b>	86.3%	85.7%
Average room rate ( <i>HK\$</i> )	<b>751</b>	<b>632</b>	783	679
RevPar ( <i>HK\$</i> )	<b>697</b>	<b>551</b>	676	582

OCC and ARR for Hong Kong in the second half of FY2017 were recorded at 92.8% and HK\$751 respectively while RevPar was HK\$697. In FY2017, the Group was able to capture the improving market by adopting a new sales and marketing strategy to attract a wider base of more diverse international visitors. The improved performance in Hong Kong is expected to extend into the near future. With the renovated rooms of Dorsett Wanchai (rebranded from Cosmopolitan Hotel) and Silka Far East as well as the addition of rooms contributed by the newly-opened Silka Tsuen Wan, the Group remains optimistic in further maximizing its revenue and enhancing its market competitiveness.

In Malaysia, revenue from hotel operations and management for FY2017 increased by 5.7% to approximately MYR112 million as compared to FY2016. OCC and ARR were maintained at similar levels to those of FY2016. RevPar had a slight increase to MYR 127 per night. As shown from the 2 years' operating data below, the operating performance of hotels in Malaysia is stabilizing and steadily improving.

<b>Malaysia</b>	<b>FY2017</b>		<b>FY2016</b>	
	<b>2H</b>	<b>1H</b>	<b>2H</b>	<b>1H</b>
Occupancy rate	<b>65.4%</b>	<b>68.3%</b>	65.4%	66.2%
Average room rate ( <i>MYR</i> )	<b>194</b>	<b>187</b>	188	190
RevPar ( <i>MYR</i> )	<b>126</b>	<b>128</b>	123	126

In Singapore, Dorsett Singapore recorded revenue of approximately SGD16 million for FY2017, similar to the level of FY2016. For FY2017, OCC was 80.2% and ARR was SGD181 per night. RevPAR was recorded at SGD145 per night. Further details of the 2 years' operating data of the performance in Singapore are provided in the following.

<b>Singapore</b>	<b>FY2017</b>		<b>FY2016</b>	
	<b>2H</b>	<b>1H</b>	<b>2H</b>	<b>1H</b>
Occupancy rate	<b>80.8%</b>	<b>79.5%</b>	83.1%	80.9%
Average room rate ( <i>SGD</i> )	<b>176</b>	<b>187</b>	192	191
RevPar ( <i>SGD</i> )	<b>142</b>	<b>149</b>	160	155

In Mainland China, OCC in FY2017 increased by 10.3 percentage points compared with the last financial year while ARR kept at a similar level at RMB411. As a result, RevPAR increased by 19.0% to RMB251 as compared to FY2016. Revenue increased by 16.3% to approximately RMB188 million for FY2017 mainly due to the significant improved performance of Dorsett Grand Chengdu and Dorsett Shanghai. OCC of Dorsett Grand Chengdu rose by 21.7 percentage points to 59.3% while RevPar soared by 51.4% to RMB202. Dorsett Shanghai benefitted from a more diversified customer mix and higher proportion of corporate and exhibition customers which resulted in its OCC's incline of 8.5 percentage points to 85.3% and RevPar at RMB581 for FY2017, an increase of 17.4%, as compared to FY2016. It is expected that the operational performance of hotels in Mainland China will continue to grow as illustrated by the 2 years' operating data below.

<b>Mainland China</b>	<b>FY2017</b>		<b>FY2016</b>	
	<b>2H</b>	<b>1H</b>	<b>2H</b>	<b>1H</b>
Occupancy rate	<b>62.7%</b>	<b>59.7%</b>	50.8%	51.1%
Average room rate ( <i>RMB</i> )	<b>408</b>	<b>414</b>	408	429
RevPar ( <i>RMB</i> )	<b>256</b>	<b>247</b>	207	219

In the United Kingdom, Dorsett Shepherds Bush recorded revenue of approximately GBP12 million for FY2017, an increase of approximately 10.6% as compared to FY2016. In the second half of 2017, the depreciation of Sterling Pound improved UK's tourism business including performance of the hotels in London. OCC improved by 8.6 percentage points to 88% and RevPAR rose by 11.9% to GBP87 per night. Dorsett Shepherds Bush' recent operating data below show that its performance for FY2017 was stable and is expected to continue to grow.

<b>United Kingdom</b>	<b>FY2017</b>		<b>FY2016</b>	
	<b>2H</b>	<b>1H</b>	<b>2H</b>	<b>1H</b>
Occupancy rate	<b>86.4%</b>	<b>89.4%</b>	68.7%	90.0%
Average room rate ( <i>GBP</i> )	<b>97</b>	<b>102</b>	99	97
RevPar ( <i>GBP</i> )	<b>84</b>	<b>91</b>	68	88

On 6 February 2017, together with The Star Entertainment Group Limited and CTF, the Group completed the acquisition of the Sheraton Grand Mirage Resort at Gold Coast, Australia. The Group owns a 25% interest in the joint venture. The Sheraton Grand Mirage Resort is an iconic property and Gold Coast's only 5-star beachfront resort. Property facilities include 295 rooms and suites, a swimming pool, fitness centre, spa facilities and surrounding beach. This was a tremendous opportunity as the Sheraton Grand Mirage Resort is a unique hotel property that offers not only existing cash flow stream but also potential development opportunity. The beachfront property is highly complementary to the Queen's Wharf Brisbane project and will immediately add operating capacity to the Group's current portfolio of hotels. Furthermore, the hotel site includes surplus land which provides room for expansion, subject to planning in the future.

On 12 May, 2017, the Group's wholly owned subsidiary which owns Silka West Kowloon Hotel was sold for HK\$450 million with the Group continuing to manage the hotel for a term of 6 years. Please refer to the "Post Balance Sheet Events" above and the Company's announcements dated 3 March 2017 and 12 May 2017 for more details.

Dorsett City hotel in London is expected to open in the first half of the financial year ending 31 March 2018. This 13-storey hotel will add 267 rooms to the Group's current operating portfolio. With its location right next to the Aldgate Station, it is in a perfect spot for both business and leisure travelers.

Currently, the Group operates 21 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore, 1 in London and 1 in Gold Coast) with approximately 6,600 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. With the disposal of Silka West Kowloon Hotel in May 2017 and when all the hotels in the pipeline become operational, the Group will own 35 hotels operating approximately 10,100 rooms. The Group also manages 3 other hotels (1 in Hong Kong and 2 in Malaysia) with approximately 700 rooms.

### **3. Car park operations and facilities management**

In FY2017, the Group's car park business completed a program to upgrade its central monitoring system, enabling the management team of this business to have a better control on the day-to-day operations of the business and providing a strong foundation for acquisition and growth. The Group's car park division is currently actively evaluating a number of acquisition opportunities.

In December 2016, the Group acquired a car park in the vicinity of Manchester Airport in UK at a consideration of GBP13.4 million. This car park will continue to be operated under the brand of FSS Manchester Airport Car Park. With a capacity of approximately 1,500 car parking bays, it is expected to enhance the source of steady cash flow to the Group. This car park is jointly owned on a 50/50 basis by the Company and Care Park and is the first acquisition in UK for both companies marking an important and meaningful milestone of the partners' overseas expansion.

The Group's car park and facilities management business includes car park operations and property management services. 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 business sector has been achieving steady growth over the years, with the Group's portfolio under management growing into 390 car parks with approximately 74,500 car parking bays as at 31 March 2017, having added approximately 3,500 car parking bays during FY2017. Of the Group's 390 car parks, 29 were self-owned car parks (23 in Australia, 3 in New Zealand, 2 in Kuala Lumpur and 1 in Manchester) comprising approximately 9,200 car parking bays, with the remaining 65,300 car parking bays in Australia, New Zealand 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.

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 64 contracts in relation to facilities management services as at 31 March 2017 as well as its entry into the UK market, it is expected that the car park operations and facilities management business will continue its steady growth.

## **OUTLOOK**

Market conditions for the property sector in major cities in which the Group is operating will remain challenging. Following a period of monetary easing, the central banks in some of the major economies, in particular the United States, have stopped quantitative easing and have started to increase interest rates. A number of economists have also raised concerns that uncertainty brought by "Brexit" may have an impact on the British economy which may delay house buying by consumers. In addition, the government of a number of countries has imposed tightening measures such as higher stamp duty on property purchases and more stringent borrowing requirements for property buyers. Some of these measures are aimed to reduce potential overheating in the residential market and may have an impact on the operating environment for the Group in relation to property sales.

Despite the above, the Group is confident that it has a strong balance sheet to weather through any potential volatility in the property market. Over the last several years, the Group has strengthened its balance sheet with strong retained earnings. It has also accumulated significant revaluation surplus within its hotel portfolio. With an updated valuation on its hotel portfolio, the Group's net gearing was reduced to a comfortable level of 31.5% as at 31 March 2017, taking into account the revaluation surplus. In fact, the Group is well positioned to continue to expand its three core businesses. With a total cash and investment securities position totalling HK\$5.6 billion and total undrawn credit facilities of HK\$4.3 billion, the Group has ample capacity to seek further growth opportunities by enhancing its development pipeline for both residential and hotel development as well as through selective land acquisitions.

On the residential development business, the Group will continue to focus on the cities with good population growth potential. We will continue to strengthen the operating team and to selectively replenish our land bank. We will maintain resilience through economic cycles and will seek to grow further by taking advantage of short-term market instabilities. We will also seek to de-risk development projects through earlier presales of properties, even before construction. With the signing of the Northern Gateway deal, the Group has secured a significant pipeline in UK. This, combined with cumulative presales reaching over HK\$10 billion as at 31 March 2017 and the recent strengthening of the development pipeline, the visibility of contribution from the residential development is good in the mid- to long-term horizon.

On the hotel front, the Group currently has 21 operating own hotels (approximately 6,600 rooms) and has a healthy pipeline of additional 14 hotels and approximately 3,500 rooms planned. We continue to experience growth in UK market and have seen recovery in a number of other core Asian markets. This, together with the new hotel additions, will likely drive the growth in the business. The Group will continue to adopt a "Chinese Wallet" strategy and pursue opportunities arising from the anticipated increase in the outbound tourist numbers from Asia.

In respect of the car park business, the Group will continue to leverage on the technology and management platform it has built to expand into other markets. With the recent acquisition of the 1,500 car parking bays near the Manchester Airport, the Group intends to further expand into the market with more acquisitions. It will continue to adopt the model of managing and operating self-owned car parks and third party car parks. The Group believes that car parks are a unique asset class that not only provide good operating cash flow but also offer property development potential.

Preliminary construction work has commenced on the Queen's Wharf Brisbane project. When completed, this will bring a new strong cashflow stream for the Group.

The Group will continue to reward its shareholders with strong dividends whilst retaining some earnings to facilitate growth. With a strong development pipeline and a growing recurring cashflow business, we are confident that the Group can continue to deliver long term value to the shareholders.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2017, the Group had approximately 3,600 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.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Throughout the year ended 31 March 2017, the Company has complied with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except for the deviations from Code Provisions A.2.1 and E.1.2 described below.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer 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.

Pursuant to Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company. Due to unavoidable business engagement, the Chairman was unable to attend the annual general meeting of the Company held on 26 August 2016. The Chairman had arranged for other directors and management, who are well-versed in the Company’s business and affairs, to attend the meeting and communicate with Shareholders.

## **AUDIT COMMITTEE**

The Audit Committee, comprising all of the Company’s three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM, has reviewed the accounting principles, standard and practices adopted by the Company, and discussed matters relating to auditing, risk management and internal control and financial reporting, including the review of the audited consolidated results of the Group for year ended 31 March 2017.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2017 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

## **PUBLICATION OF THE RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.fecil.com.hk](http://www.fecil.com.hk). The Annual Report of the Company for the financial year ended 31 March 2017 and the notice of 2017 AGM will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board of  
**Far East Consortium International Limited**  
**Tak Shing CHOI**  
*Company Secretary*

Hong Kong, 13 June 2017

*As at the date of this announcement, the Board comprises four executive directors, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU and Mr. Craig Grenfell WILLIAMS; one non-executive director, Mr. Chi Hing CHAN; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM.*