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 2016

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 2016 ("FY2016") as follows:

KEY ACHIEVEMENTS AND FINANCIAL HIGHLIGHTS

- Completed privatisation of Dorsett Hospitality International Limited ("Dorsett").
- Won Queen's Wharf development project.
- Cumulative presales value of properties under development reached a record high of approximately HK$7.5 billion as at 31 March 2016.
- Pipeline of development projects at approximately HK$39 billion as at 31 March 2016.
- Adjusting for hotel revaluation surplus and reflecting the completion of the privatization of Dorsett, net assets attributable to shareholders increased by 8.5% to HK$9.79 per share(i).
- Net gearing ratio was at 37.7%(i)(ii) and total cash and investment securities balance as at 31 March 2016 was at approximately HK$3.8 billion.

* *For identification purposes only*

- Group achieved better overall gross profit margin of 42.7% (FY2015: 38.1%) driven by better margin on residential development projects.

- Net profit attributable to shareholders amounted to approximately HK$734 million, a decrease of 23.3% over the previous financial year ("FY2015"). Adjusted cash profit[iii] amounted to HK$853 million (FY2015: HK$836 million).

- Basic earnings per share amounted to HK$0.37. Final dividend maintained at HK$0.13 per share (2015: HK$0.13 per share). The full year dividend was HK$0.16 per share (2015: HK$0.16 per share), representing an increase in dividend payout ratio to 43.2%, reflecting confidence in financial position of the Group.

Notes:

(i) Revaluation surplus on hotel assets of approximately HK$10,732 million was based on independent valuation carried out as at 31 March 2016 and was not recognized in the Company's consolidated financial statements, but was adjusted for calculation of net asset value per share and net gearing ratio.

(ii) Net gearing ratio is calculated by dividing total bank loans and bonds less bank and cash balances, and investment securities by the carrying amount of total equity and the unrecognised revaluation surplus on hotel assets.

(iii) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders of the Company. The amount is adjusted for minority interests.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000*
Revenue		**3,995,090**	5,109,780
Cost of sales and services		**(1,989,973)**	(2,884,377)
Depreciation and amortisation of hotel and car park assets		**(298,784)**	(278,985)
Gross profit		**1,706,333**	1,946,418
Other income		**23,259**	38,794
Other gains and losses	*4*	**181,416**	299,119
Administrative expenses			
– Hotel operations and management		**(375,716)**	(402,857)
– Others		**(222,492)**	(239,140)
Pre-operating expenses			
– Hotel operations and management		**(1,204)**	(14,080)
Selling and marketing expenses		**(105,385)**	(92,661)
Share of results of associates		**4,546**	16,746
Share of results of joint ventures		**(3,114)**	57
Finance costs	*5*	**(228,334)**	(224,042)
Profit before tax		**979,309**	1,328,354
Income tax expense	*6*	**(221,347)**	(330,406)
Profit for the year	*7*	**757,962**	997,948
Attributable to:			
Shareholders of the Company		**734,427**	956,539
Non-controlling interests		**23,535**	41,409
		757,962	997,948
Earnings per share			
Basic *(HK cents)*	*8*	**37**	51
Diluted *(HK cents)*		**36**	51

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**757,962**	997,948
Other comprehensive (expense) income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(187,559)**	(446,089)
Revaluation increase on available-for-sale investments	**–**	7
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	**(32,575)**	(117,029)
Reclassification to profit or loss on disposal of available-for-sale investments	**–**	235
Reclassification from hedging reserve to profit or loss	**43,732**	–
Other comprehensive expense for the year	**(176,402)**	(562,876)
Total comprehensive income for the year	**581,560**	435,072
Total comprehensive income attributable to:		
Shareholders of the Company	**589,988**	481,724
Non-controlling interests	**(8,428)**	(46,652)
	581,560	435,072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2016

	NOTES	**2016** **HK$'000**	2015 HK$'000
Non-current Assets			
Investment properties		**3,304,213**	3,154,315
Property, plant and equipment		**7,720,482**	7,491,993
Prepaid lease payments		**522,412**	541,476
Goodwill		**68,400**	68,400
Interests in associates		**342,407**	326,510
Interests in joint ventures		**41,052**	40,708
Investment securities		**692**	692
Deposits for acquisition of property, plant and equipment		**124,756**	130,385
Amounts due from associates		**70,734**	70,734
Amount due from a joint venture		**26,467**	27,248
Amount due from an investee company		**119,995**	119,995
Other receivables		**80,426**	25,319
Pledged deposits		**2,494**	2,564
Deferred tax assets		**35,512**	30,537
		12,460,042	12,030,876
Current Assets			
Properties for sale			
Completed properties		**583,706**	200,730
Properties for/under development		**8,056,484**	5,251,611
Other inventories		**9,414**	8,936
Prepaid lease payments		**15,181**	15,519
Debtors, deposits and prepayments	*10*	**527,404**	392,903
Deposits receivable from stakeholders		**586,880**	417,096
Other receivables		**12,605**	121,985
Amounts due from joint ventures		**50,018**	–
Amount due from an associate		**22,328**	–
Tax recoverable		**62,611**	14,461
Investment securities		**1,218,063**	1,150,244
Derivative financial instruments		**–**	2,058
Pledged deposits		**24,607**	272,982
Restricted bank deposits		**161,621**	51,158
Deposit in a financial institution		**11,331**	11,303
Bank balances and cash		**2,358,326**	2,273,734
		13,700,579	10,184,720

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Current Liabilities			
Creditors and accruals	*11*	**828,763**	737,344
Customers' deposits received		**2,460,113**	575,482
Obligations under finance leases		**3,468**	4,038
Amount due to a related company		**17,856**	45,785
Amounts due to associates		**8,836**	10,009
Amounts due to shareholders of non-wholly owned subsidiaries		**27,799**	28,286
Bonds		**–**	1,250,000
Derivative financial instruments		**8,904**	31,542
Tax payable		**182,621**	333,053
Secured bank borrowings		**2,932,693**	3,087,051
		6,471,053	6,102,590
Net Current Assets		**7,229,526**	4,082,130
Total Assets less Current Liabilities		**19,689,568**	16,113,006
Non-current Liabilities			
Secured bank borrowings		**7,863,277**	4,467,939
Obligations under finance leases		**4,845**	4,622
Amount due to a shareholder of a non-wholly owned subsidiary		**246,778**	–
Bonds		**868,283**	1,005,274
Derivative financial instruments		**76,680**	58,939
Deferred tax liabilities		**362,450**	315,303
		9,422,313	5,852,077
Net Assets		**10,267,255**	10,260,929
Capital and Reserves			
Share capital		**213,171**	191,374
Share premium		**3,730,625**	2,982,364
Reserves		**6,196,336**	5,969,912
Equity attributable to shareholders of the Company		**10,140,132**	9,143,650
Non-controlling interests		**127,123**	1,117,279
Total Equity		**10,267,255**	10,260,929

NOTES

FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company have been 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 REVISED 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 HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

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 and its subsidiaries (including hotel operations and management, property investments, 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)	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property development				
– Australia	**720,758**	1,243,825	**193,725**	261,025
– Hong Kong ("HK")	**34,671**	1,073,583	**(49,397)**	465,545
– Malaysia	**–**	–	**(24,586)**	(3,967)
– Other regions in People's Republic of China excluding HK ("PRC")	**1,219,607**	644,707	**786,538**	481,884
– Singapore	**–**	–	**(7,684)**	–
– United Kingdom ("UK")	**3,565**	–	**2,731**	1,885
	1,978,601	2,962,115	**901,327**	1,206,372
Property investment				
– HK	**36,831**	36,747	**117,290**	92,147
– PRC	**14,450**	14,014	**(29,026)**	(26,490)
– Singapore	**–**	5,355	**–**	(13,068)
	51,281	56,116	**88,264**	52,589
Operations of Dorsett and its subsidiaries				
– HK	**686,941**	815,603	**157,817**	146,248
– Malaysia	**215,547**	264,399	**18,723**	46,485
– PRC	**197,935**	196,968	**6,801**	(37,210)
– Singapore	**100,849**	102,606	**28,021**	31,256
– UK	**119,778**	74,451	**11,792**	(20,295)
	1,321,050	1,454,027	**223,154**	166,484
Car park operations and facilities management				
– Australia	**608,672**	600,349	**48,636**	51,149
– Malaysia	**14,001**	15,774	**6,635**	6,241
	622,673	616,123	**55,271**	57,390
Securities and financial product investments	**20,377**	21,075	**7,511**	(20,618)
Other operations	**1,108**	324	**3,741**	5,733
Segment revenue/segment profit	**3,995,090**	5,109,780	**1,279,268**	1,467,950
Unallocated corporate expenses			**(71,625)**	(80,035)
Finance costs			**(228,334)**	(59,561)
Profit before tax			**979,309**	1,328,354
Income tax expense			**(221,347)**	(330,406)
Profit for the year			**757,962**	997,948

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.

	2016	2015
	HK$'000	*HK$'000*
Property development		
– Australia	**2,567,468**	1,845,047
– HK	**2,161,886**	1,405,863
– Malaysia	**490,424**	394,732
– PRC	**2,788,467**	2,626,878
– Singapore	**2,390,450**	–
– UK	**348,355**	300,056
	10,747,050	6,572,576
Property investment		
– HK	**2,525,293**	2,751,823
– PRC	**4,222**	4,578
– Singapore	**–**	86,638
	2,529,515	2,843,039
Operations of Dorsett and its subsidiaries		
– HK	**4,217,831**	4,868,673
– Malaysia	**885,849**	968,052
– PRC	**2,078,333**	2,223,323
– Singapore	**675,385**	827,573
– UK	**999,932**	942,576
	8,857,330	9,830,197
Car park operations and facilities management		
– Australia	**699,048**	559,266
– Malaysia	**140,759**	143,847
	839,807	703,113
Securities and financial product investments	**563,919**	468,957
Other operations	**253,343**	179,811
Segment assets	**23,790,964**	20,597,693
Unallocated corporate assets	**2,369,657**	1,617,903
Total assets	**26,160,621**	22,215,596

4. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Change in fair value of investment properties	**191,612**	271,841
Loss on disposal of available-for-sale investments	**–**	(235)
Change in fair value of financial assets at fair value through profit or loss	**(54,832)**	(10,401)
Gain arising on transfer of completed properties for sale to investment properties	**735**	88,023
Change in fair value of derivative financial instruments	**9,833**	(7,903)
Net foreign exchange gain (loss)	**24,279**	(51,094)
Impairment loss recognised on trade debtors	**(1,432)**	(634)
Gain (loss) on disposal of property, plant and equipment	**160**	(48)
Reversal on impairment loss recognised on interest in a joint venture	**11,061**	9,570
	181,416	299,119

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**254,182**	274,242
Other loans	**329**	1,017
Convertible bonds	**–**	1,128
Finance leases	**9**	9
Interest on bonds	**124,348**	136,618
Less: net interest income from cross currency swap contracts	**(19,656)**	(24,030)
Amortisation of front-end fee	**6,106**	5,257
Others	**10,640**	3,576
Total interest costs	**375,958**	397,817
Less: amounts capitalised to properties under development:		
– investment properties	**(1,883)**	(14,672)
– properties for owners' occupation	**(21,152)**	(28,531)
– properties for sale	**(122,239)**	(127,240)
– construction-in-progress	**(2,350)**	(3,332)
	228,334	224,042

6. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**4,463**	74,241
PRC Enterprise Income Tax ("PRC EIT")	**169,723**	95,585
PRC Land Appreciation Tax ("PRC LAT")	**63,515**	33,262
Australia Income Tax	**22,475**	69,002
Malaysia Income Tax	**2,502**	6,050
Singapore Income Tax	**4,352**	95
	267,030	278,235
(Over) underprovision in prior years:		
Hong Kong Profits Tax	**(53,628)**	(235)
PRC EIT	**(33,481)**	–
Australia Income Tax	**605**	(297)
Malaysia Income Tax	**(48)**	165
Singapore Income Tax	**(1,338)**	(1,825)
	(87,890)	(2,192)
Deferred taxation	**42,207**	54,363
	221,347	330,406

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year 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 and Singapore is 30%, 25% and 17% of the estimated assessable profits for the year, respectively.

7. PROFIT FOR THE YEAR

	2016 *HK$'000*	2015 *HK$'000*
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	**974,579**	1,866,590
Auditor's remuneration	**10,108**	11,942
Depreciation		
– Operations of Dorsett and its subsidiaries	**268,612**	249,685
– Car park operations	**21,059**	20,106
– Others	**15,377**	13,662
	305,048	283,453
Amortisation of prepaid lease payments	**11,131**	10,760
Amortisation of investment in a joint venture (included in share of results of joint ventures)	**2,904**	2,904
Impairment loss recognised on trade debtors	**1,432**	634
Staff costs		
– Directors' emolument	**25,911**	24,430
– Other staff	**589,741**	588,539
– Share-based payment expense to staff	**1,180**	2,410
	616,832	615,379
Share of taxation of associates (included in share of results of associates)	**1,567**	1,473
and after crediting:		
Rental income, net of outgoings of HK$12,794,000 (2015: HK$23,407,000)	**113,878**	109,372
Dividend income from:		
– Investment held for trading	**287**	4,787
– Available-for-sale investments	**–**	87
	287	4,874
Bank interest income	**5,853**	6,100

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$734,427,000 (2015: HK$956,539,000) and the number of shares calculated as follows:

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,010,450**	1,874,579
Effect of dilutive potential ordinary shares – Company's share options	**2,608**	4,841
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,013,058**	1,879,420

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

9. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2016 interim dividend of HK3 cents per share (2015: 2015 interim dividend of HK3 cents per share)	**64,452**	57,018
2015 final dividend of HK13 cents per share (2015: 2014 final dividend of HK12 cents per share)	**269,276**	222,716
	333,728	279,734

The 2016 interim dividend and 2015 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$2.884 and HK$2.828 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 2016 of HK13 cents (2015: HK13 cents) per share 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$89,851,000 (2015: HK$154,654,000).

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:

	2016	2015
	HK$'000	*HK$'000*
0–60 days	**70,545**	76,427
61–90 days	**6,924**	4,388
Over 90 days	**12,382**	73,839
	89,851	154,654

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK$370,299,000 (2015: HK$276,603,000). The following is an aged analysis of the trade creditors, based on the invoice date:

	2016	2015
	HK$'000	*HK$'000*
0–60 days	**347,097**	198,730
61–90 days	**2,851**	1,590
Over 90 days	**20,351**	76,283
	370,299	276,603

FINAL DIVIDEND

The Board has recommended the payment of a final dividend for the year ended 31 March 2016 of HK13 cents (2015: 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 6 September 2016. 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 26 August 2016 (the "2016 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 6 September 2016. 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 13 September 2016. Dividend warrants and/or new share certificates will be posted on or around 14 October 2016.

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 2016 AGM

As set out above, the 2016 AGM is scheduled to be held on Friday, 26 August 2016. For determining the entitlement to attend and vote at the 2016 AGM, the Register of Members of the Company will be closed from Wednesday, 24 August 2016, to Friday, 26 August 2016, 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 2016 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 branch 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, 23 August 2016.

(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 2016 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Friday, 2 September 2016, to Tuesday, 6 September 2016, 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 branch 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 Thursday, 1 September 2016.

FINANCIAL REVIEW

1. Annual results

	For the year ended 31 March		
	2016	2015	Change
	HK$ million	*HK$ million*	
Revenue			
Sales of properties	**1,979**	2,962	–33.2%
Hotel operations and management	**1,321**	1,454	–9.1%
Car park operations and facilities management	**623**	616	+1.1%
Leasing and others	**72**	78	–7.7%
Total Revenue	**3,995**	5,110	–21.8%

The Company's consolidated revenue for FY2016 was approximately HK$4.0 billion, a decrease of 21.8% as compared with FY2015.

Revenue from sales of properties amounted to approximately HK$1,979 million in FY2016, a decrease of 33.2% as compared with FY2015, primarily due to completion of fewer residential property developments and hence lower sales recognition arising from presales of completed residential projects. During the financial year, projects completed included Upper West Side, Midtown (Stage 3) in Melbourne, and King's Manor in Shanghai. King's Manor was completed about a week before 31 March 2016 and further units were delivered after the year end. In addition, the Group also recognized sales of properties in View Pavilion in Shanghai which was completed in the previous financial year.

In FY2016, revenue from hotel operations and management amounted to approximately HK$1,321 million, a decrease of 9.1% compared to FY2015. The decrease was attributable mainly to decrease in average room rate and occupancy in the Hong Kong market as a result of a decrease in the number of overnight visitors from Mainland China, and the relative strength of the Hong Kong dollar which affected the Hong Kong hotel market where the Group has a significant presence.

Revenue from car park operations and facilities management amounted to approximately HK$623 million in FY2016, an increase of 1.1% as compared to FY2015 despite a weakened Australian and Malaysian dollar against Hong Kong dollar, as a result of the contribution of newly added car parks, with approximately 4,600 car park bays added to the Group's car park management portfolio during FY2016. Assuming constant exchange rate, revenue from the Group's car park operations increased by 11.5%.

Revenue from leasing of properties and others was largely unchanged, compared with FY2015, amounting to approximately HK$72 million.

In general, contributions from non-Hong Kong operations were affected by adverse currency 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 operation:

Rates as at	**31 March 2016**	31 March 2015	Change
HK$/AUD	**5.93**	5.92	0.2%
HK$/RMB	**1.20**	1.25	–4.0%
HK$/MYR	**1.97**	2.09	–5.7%
HK$/GBP	**11.12**	11.46	–3.0%
HK$/SGD	**5.74**	5.63	2.0%

Average rates for	**FY2016**	FY2015	Change
HK$/AUD	**5.93**	6.54	–9.3%
HK$/RMB	**1.23**	1.26	–2.4%
HK$/MYR	**2.03**	2.23	–9.0%
HK$/GBP	**11.29**	12.17	–7.2%
HK$/SGD	**5.69**	5.89	–3.4%

	For the year ended 31 March		
	2016	2015	Change
	HK$ million	*HK$ million*	
Gross Profit			
Sales of properties	**1,002**	1,086	–7.7%
Hotel operations and management	**541**	691	–21.7%
Car park operations and facilities management	**117**	124	–5.6%
Leasing and others	**46**	45	+2.2%
Total Gross Profit	**1,706**	1,946	–12.3%
Gross Profit Margin			
Sales of properties	**50.6%**	36.7%	
Hotel operations and management	**41.0%**	47.5%	
Car park operations and facilities management	**18.8%**	20.1%	
Leasing and others	**63.9%**	57.7%	
Total Gross Profit Margin	**42.7%**	38.1%	

Gross profit for FY2016 was approximately HK$1,706 million, a decrease of 12.3% as compared with FY2015. Gross profit from sales of properties amounted to approximately HK$1,002 million in FY2016, representing a decrease of 7.7% from FY2015. Gross profit margin from sales of properties increased to 50.6% in FY2016 compared to 36.7% in FY2015. The increase in gross profit margin was mainly due to the high profit margin in View Pavilion and King's Manor, both in Shanghai.

Gross profit from hotel operations and management amounted to approximately HK$541 million in FY2016, representing a decrease of 21.7% as compared to FY2015. Gross profit margin from hotel operations and management decreased to 41.0% in FY2016, mainly due to the reduction in revenue per available room ("RevPar") in the Hong Kong hotels operation which is a major market for the Group's hotel operations and management.

Gross profit contribution from car park operations and facilities management decreased by 5.6% to approximately HK$117 million for FY2016 due to a weakened Australian Dollar and Malaysian Ringgit against Hong Kong Dollar. Gross profit margin diluted slightly to 18.8% mainly due to a slight change in sales mix as revenue growth, in local currency terms, skewed towards third party car parks management contracts.

Gross profit from leasing and others was approximately HK$46 million and the segment's gross profit margin was 63.9% in FY2016.

Net profit attributable to shareholders of the Company for FY2016 amounted to approximately HK734 million, representing a decrease of 23.3%, compared with the last financial year, primarily due to completion of fewer residential property projects, hence lower sales recognition for pre-sales of completed residential projects, the performance of hotel operations and management in the Hong Kong market, adverse currency movements and a lower revaluation gain from investment properties during the current financial year.

Adjusted cash profit attributable to shareholders is calculated by adding depreciation and amortisation charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders of the Company which amounted to HK$853 million (FY2015: HK$836 million). The figure is adjusted for minority interests.

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2016.

	As at 31 March	
	2016	2015
	HK$ million	*HK$ million*
Bank loans and bonds		
Due within 1 year	**1,864**	3,821
Due 1–2 years	**1,691**	530
Due 2–5 years	**7,198**	5,167
Due more than 5 years	**920**	301
Total bank loans and bonds	**11,673**	9,819
Investment securities	**1,219**	1,151
Bank and cash balances	**2,531**	2,336
Liquidity position	**3,750**	3,487
Net debts(i)	**7,923**	6,332
Carrying amount of total equity	**10,267**	10,261
Add: hotel revaluation surplus	**10,732**	10,976
Total equity adjusting for hotel revaluation surplus	**20,999**	21,237
Net gearing ratio (net debts to adjusted equity)	**37.7%**	29.8%

Note:

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

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

During the year, the Group obtained a HK$1,350 million 3-year syndicated loan to refinance its CNY1,000,000,000 5.875 per cent bond due on 4 March 2016 and for the general working capital requirements of the Group. The successful refinancing of the bond reduced the overall finance costs of the Group substantially.

The Group also increased the leverage ratio on its Singapore hotel to finance the acquisition of Alexandra View in Singapore. An amount of approximately SGD272 million was drawn against the Singapore hotel to finance the acquisition. This project is a joint venture between the Group and Gigantic Global Limited with 70% and 30% of the shareholding respectively.

The increase in net borrowing contributed to the higher net gearing ratio of 37.7%.

The carrying amount of the total bank loans and bonds in the Company's consolidated statement of financial position include an amount of approximately HK$1,073 million (as at 31 March 2015: HK$521 million) reflected as current liabilities even though such sum is not repayable within one year, as the banks and/or financial institutions have discretionary rights to demand immediate repayment.

As at 31 March 2016, the undrawn banking facilities was approximately HK$5.4 billion, of which approximately HK$3.5 billion was for construction and/or development purposes while the remaining balance of approximately HK$1.9 billion was for the Group's general corporate use. The banking facilities together with the sales proceeds from the Group's upcoming property development projects places the Group in a good financial position to fund not only its existing business and operations but also further expansion of its business.

In addition, a total of 8 hotel assets with the Group were unencumbered, the capital value of which amounted to HK$3.0 billion as at 31 March 2016. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

3. Net asset value per share

	As at 31 March	
	2016	2015
	HK$ million	*HK$ million*
Equity attributable to shareholders of the Company	**10,140**	9,144
Add: Hotel revaluation surplus	**10,732**	8,119[(i)]
Total net asset value	**20,872**	17,263
No. of shares issued ("million")	**2,132**	1,914
Adjusted net asset value per share	**HK$9.79**	HK$9.02

(i) Adjusted for minority interest

Adjusting for revaluation surplus on hotel assets of approximately HK$10,732 million as at 31 March 2016 (HK$10,976 million as at 31 March 2015) and following completion of the privatisation of Dorsett, total net asset value of the Group reached approximately HK$20,872 million. Adjusted net asset value per share for the Company as at 31 March 2016 was approximately HK$9.79, representing an increase of 8.5% over the figure as at 31 March 2015.

In conjunction with Dorsett privatisation exercise, the Group undertook a valuation exercise for all of its assets (including the hotel assets), which showed that the unrecognized revaluation surplus of these assets (other than the hotel assets) was approximately HK$3,027 million as at 31 May 2015. This amount is not included in the calculation of the net asset value above.

4. Capital expenditure

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

During FY2016, the Group's capital expenditure amounted to approximately HK$328 million (2015: HK$300 million) primarily attributable to construction works on Dorsett City London and Silka Tsuen Wan Hong Kong, and the renovation works on Cosmopolitan Hotel Hong Kong and Dorsett Regency Kuala Lumpur. The capital expenditures were funded through a combination of external borrowings and internal resources.

5. Capital commitments

	As at 31 March	
	2016	2015
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**318,805**	259,477
Others	**33,745**	83,761
	352,550	343,238

BUSINESS REVIEW

1. Property division

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

Property investment comprises investments in retail and office buildings located in Mainland China, Hong Kong, Singapore and Melbourne. For FY2016, the Group recorded a revaluation gain of approximately HK$192 million from its investment properties, bringing the valuation of its investment properties to approximately HK$3.3 billion as at 31 March 2016 (31 March 2015: HK$3.2 billion).

The Group has a diversified portfolio in residential property development in Australia, Shanghai, Guangzhou, Hong Kong, London and Kuala Lumpur. To carry out property development in the different markets, the Group has strong local teams in each of these markets, which, coupled with the regionalisation approach allowing the Group to take advantage of the different property cycles in the different markets, 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 see benefits from the growing affluence of the middle class.

Total cumulative presales value of the Group's residential properties under development amounted to approximately HK$7.5 billion as at 31 March 2016. All developments under presale are expected to be completed and delivered within 3 years. As revenue will only be recognized when the sales of the property developments are completed, proceeds from the presales were not reflected in the consolidated statement of profit or loss. The Group expects a significant cash flow 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 2016.

Developments	**Location**	***HK$ million***	**Expected financial year of completion**
Eivissa Crest	Hong Kong	629	FY2017
Aspen Crest	Hong Kong	882	FY2019
Manhattan at Upper West Side (Stage 4)	Melbourne	1,741	FY2017
The FIFTH	Melbourne	1,225	FY2018
The Towers at Elizabeth Quay	Perth	1,411	FY2019
King's Manor	Shanghai	1,260	FY2017
Royal Riverside	Guangzhou	53	FY2017/18
Dorsett Bukit Bintang	Kuala Lumpur	316	FY2017/18
Cumulative presales value		7,517	

During FY2016, the Group launched presales of four of its residential development projects, namely (i) Aspen Crest in Hong Kong, (ii) King's Manor (second phase) in Shanghai, (iii) Tower 2 Royal Riverside in Guangzhou, and (iv) The Towers at Elizabeth Quay in Perth. Total expected gross development value ("GDV") and saleable floor area of these projects are approximately HK$7.5 billion and 1.8 million square feet ("sq. ft.") respectively.

Following the year end, presales were launched for three of the Group's developments, namely Royal Crest II in Shanghai and Tower 1 and Tower 2 of West Side Place in Melbourne. Presales for two other projects in Hong Kong, namely Tan Kwai Tsuen and Sha Tau Kok, are expected to be launched in the remainder of the financial year ending 31 March 2017. It is expected that these five developments together will bring in an estimated GDV of more than HK$8 billion and saleable floor area of approximately 1.5 million sq. ft.

In FY2016, the Group acquired two additional residential development sites, namely Shatin Heights in Hong Kong and Alexandra View in Singapore, both of which are currently under planning stage. As at 31 March 2016, 23 active residential property development projects were under various stages of development with total attributable saleable floor area of approximately 6.4 million sq. ft. across its geographical markets. Details of the pipeline are shown below.

Developments	**Attributable Saleable Floor Area**[i] *Sq. Ft.*	**Expected Attributable GDV**[ii] *HK$ million*	**Status/ Expected launch**	**Expected financial year of completion**
Melbourne				
Manhattan at Upper West Side (Stage 4)	388,000	1,741	Launched	FY2017
The FIFTH	284,000	1,225	Launched	FY2018
West Side Place				
– Tower 1	585,000	3,076	FY2017	FY2020/21
– Tower 2	487,000	2,561	FY2017	FY2020/21
– Tower 3	400,000	2,103	Planning	Planning
– Tower 4	576,000	3,028	Planning	Planning
Brisbane				
Queens Wharf[iii]				
– Tower 4	259,000	1,428	Planning	Planning
– Tower 5	236,000	1,417	Planning	Planning
– Tower 6	211,000	1,270	Planning	Planning
Perth				
The Towers at Elizabeth Quay	320,000	2,733	Launched	FY2019

Developments	Attributable Saleable Floor Area[(i)] *Sq. Ft.*	Expected Attributable GDV[(ii)] *HK$ million*	Status/ Expected launch	Expected financial year of completion
Shanghai				
King's Manor (remaining)	386,000	1,681	Launched	FY2017
Royal Crest II	259,000	1,380	FY2017	FY2017/18
Guangzhou				
Royal Riverside	728,000	2,136	Launched	FY2017/18
Hong Kong				
Eivissa Crest	36,000	767	Launched	FY2017
Aspen Crest	64,000	1,069	Launched	FY2019
Tan Kwai Tsuen	51,000	581	FY2017	FY2017/18
Sha Tau Kok	99,000	771	FY2017	FY2019
Tai Wai	33,000	399	Planning	Planning
Shatin Heights	70,000	1,200	Planning	Planning
Sham Shui Po	28,000	366	Planning	Planning
Kuala Lumpur				
Dorsett Bukit Bintang	215,000	825	Launched	FY2017/18
Singapore				
Alexandra View[(iv)]	290,000	2,840	FY2018	Planning
London				
Alpha Square	388,000	4,314	Planning obtained	Planning
Total	6,393,000	38,911		

Notes:

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

(ii) The amounts shown represent expected gross development value which may change subject to market conditions.

(iii) The residential development consists of a total saleable floor area of approximately 1,400,000 sq. ft. The Group has 50% interest in the residential development.

(iv) The residential development consists of a total saleable floor area of approximately 410,000 sq. ft. The Group has 70% interest in the residential development.

In addition to its development pipeline of approximately 6.4 million sq. ft., the Group has a land bank of approximately 4.8 million sq. ft. of floor area. The land bank comprises, inter alia, residential land in Shanghai and Guangzhou, and a joint venture project in Fong Lok Wai, Yuen Long, Hong Kong. With a total property development pipeline of approximately 11.2 million sq. ft., the Group's development is poised for continued growth in the coming years.

Australia

Manhattan at Upper West Side (Stage 4) consists of 641 apartments which were completely presold as at 31 March 2016. Its presale value was approximately HK$1,741 million and the development is expected to be completed in the financial year ending 31 March 2017.

The FIFTH is located adjacent to the current Upper West Side development and provides 402 apartments. As at 31 March 2016, it was completely presold and its presale value reached approximately HK$1,225 million. It is expected to be completed in the financial year ending 31 March 2018.

West Side Place is a mixed-use residential development located next to the Upper West Side development. This development is expected to have a residential saleable floor area of approximately 2 million sq. ft. from four towers with approximately 3,000 apartments. Tower 1 and Tower 2 were recently launched for presales and received strong response. The two towers combined consist of approximately 1,400 apartments. A hotel which will be operated by Ritz Carlton with approximately 260 hotel rooms will be located at the top of the Tower 1. The expected GDV for the residential component for the 2 towers is approximately HK$5.6 billion.

The Towers at Elizabeth Quay, Perth is a mixed-use development comprising residential apartments of approximately 320,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms and some retail area. As at 31 March 2016, its presale value reached HK$1,411 million, representing approximately 52% of the whole development. It is expected to be completed in the financial year ending 31 March 2019.

In November 2015, development agreements for an integrated resort and a residential development were signed with the State of Queensland, Australia for the delivery of the Queen's Wharf Project in Brisbane. The Group has a 50% interest in the residential development component which is now under the master planning stage. For further details, please refer to the section headed "Other Significant Events During FY2016" below.

In March 2016, the Group signed two Memoranda of Understanding ("MOU") with Chow Tai Fook Enterprises Limited ("CTF") and The Star Entertainment Group Limited ("The Star") for the development of (i) a 200-metre tower located on the ocean side of The Star's existing Jupiters Integrated Resort in Gold Coast which would house around 700 hotel rooms and apartments and (ii) another 200-metre hotel/apartment tower at The Star in Sydney featuring a Ritz Carlton hotel and an extension with connectivity to the existing property that would include further food and beverage outlets. This is a critical step for the Group's further expansion into Australia and is expected to enhance economies of scale of its operations there.

Mainland China

The Group has been developing California Garden, a premier township 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, two residential phases in California Garden are under various stages of construction, namely King's Manor and The Royal Crest II.

King's Manor consists of 479 apartments and 90 town houses with an expected GDV of approximately HK$2,600 million. A portion of the development with a GDV of approximately HK$920 million was completed during the last week of FY2016. The balance of the development is expected to be completed in FY2017. For the balance of approximately HK$1,680 million, its presale value reached approximately HK$1,260 million as at 31 March 2016, representing approximately 75% of the expected GDV of the balance.

Royal Crest II consists of 180 apartments and 42 town houses. The expected GDV is approximately HK$1,380 million. Its presale launch took place shortly after the financial year ended 31 March 2016. The Royal Crest II is expected to be completed in stages in the financial years ending 31 March 2017 and 2018.

In Guangzhou, Royal Riverside is a 5-tower residential development producing approximately 607 apartments with a total saleable floor area of approximately 728,000 sq. ft. Tower 2 was soft launched in February 2016 and its presale value as at 31 March 2016 was approximately HK$53 million, representing approximately 21% of the GDV of that tower. The remaining towers are expected to be launched for presale in the financial year ending 31 March 2017. Total expected GDV is approximately HK$2,136 million. The development is expected to be completed in the financial years ending 31 March 2017 and 2018.

Hong Kong

The Group has been actively building up its development pipeline in Hong Kong. The Group continues to increase its land bank through acquisition of redevelopment sites, by participating in government tender and bidding for projects with the Urban Renewal Authority ("URA").

Currently, the Group has seven residential development projects in the pipeline in Hong Kong.

Eivissa Crest consists of 106 residential apartments with approximately 36,000 sq. ft. in saleable floor area. The presale value reached approximately HK$629 million as at 31 March 2016, representing 82% of the total expected GDV. Completion took place after year end. The site was acquired and originally intended to be held for recurring income business. However, having considered the property market conditions, the Group decided to change the site to residential property development for sale. According to HKAS 40 "Investment properties", this development is treated as an investment property. Upon completion and when the titles of the development have been passed to buyers, the difference between the net disposal proceeds and the carrying amount of the asset will be presented as gains or losses on disposal of investment properties held for sale in the consolidated statement of profit or loss for the compliance of the relevant accounting standard.

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 2016, its presales value reached approximately HK$882 million, representing 83% 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 ending 31 March 2017. Completion is expected to be in the financial years ending 31 March 2017 and 2018.

The Group's residential development site at Sha Tau Kok was acquired through a government tender. This development comprises 263 low-rise apartments with approximately 99,000 sq. ft. in saleable floor area. Its presale launch is expected in the second half of the financial year ending 31 March 2017 and completion is expected in the financial year ending 31 March 2019.

A development site at Tai Wai, comprising 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, was also acquired by the Group through government tender. This project is under planning stage.

The Group also recently won through government tender a residential development site at Shatin Heights at a price of approximately HK$245 million. The land acquisition cost was funded through the Group's internal resources and is wholly owned by the Group. The gross floor area ("GFA") is approximately 88,000 sq. ft. and the project is currently under planning stage.

In addition, a residential development site at Sham Shui Po was acquired through URA. This residential development will comprise 72 apartments (mainly 1-bedroom apartment) with approximately 28,000 sq. ft. in saleable floor area. This project is 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 of approximately 215,000 sq. ft. in saleable floor area. As at 31 March 2016, presales value reached approximately HK$316 million, representing 38% of the total expected GDV. Completion is expected to take place in the financial years ending 31 March 2017 and 2018.

Singapore

In November 2015, the Group won a tender for a residential development site at Alexandra View, located next to Redhill MRT station in Singapore, at a tender price of approximately SGD377 million. The property development comprises a 99-year leasehold land parcel. Subject to finalising the development plan, the saleable floor area of the site is estimated at approximately 410,000 sq. ft., comprising residential development together with commercial component. This development is a joint venture in which the Group has a 70% shareholding.

United Kingdom

Alpha Square is a residential development site located in Marsh Wall, Canary Wharf, London. This mixed-use development consists of residential units totalling approximately 388,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms, retail component and other facilities. Planning approval was obtained in May 2016. The Group intends to continue to acquire and increase its land bank in the United Kingdom.

Momentum remains strong despite recent cooling measures implemented by authorities in different countries. During the year, the interest rate environment remained conducive to sales growth. The Group has a strong balance sheet to weather any unforeseen volatility and its regionalisation strategy helps to diversify the risks. The Group is cautiously optimistic about the upcoming challenges with good visibility for growth.

2. Hotel operations and management – Dorsett Hospitality International Limited

The key indicators of Dorsett's owned hotel operations for FY2016 are as follows:

	For the year ended 31 March	
	2016	2015
Hong Kong		
Occupancy rate	**86.0%**	92.7%
Average room rate *(HK$)*	**731**	856
RevPAR *(HK$)*	**629**	794
Revenue *(HK$'000)*	**650,496**	793,781
Mainland China		
Occupancy rate	**50.9%**	47.4%
Average room rate *(HK$)*	**507**	545
RevPAR *(HK$)*	**258**	258
Revenue *(HK$'000)*	**197,935**	196,968
Malaysia		
Occupancy rate	**65.8%**	64.7%
Average room rate *(HK$)*	**384**	491
RevPAR *(HK$)*	**252**	318
Revenue *(HK$'000)*	**215,547**	264,399
Singapore		
Occupancy rate	**82.0%**	77.3%
Average room rate *(HK$)*	**1,091**	1,188
RevPAR *(HK$)*	**894**	918
Revenue *(HK$'000)*	**100,849**	102,606
United Kingdom		
Occupancy rate	**79.3%**	61.1%
Average room rate *(HK$)*	**1,109**	1,185
RevPAR *(HK$)*	**879**	724
Revenue *(HK$'000)*	**119,778**	74,451
Group Total		
Occupancy rate	**72.7%**	73.6%
Average room rate *(HK$)*	**666**	762
RevPAR *(HK$)*	**484**	561
Revenue *(HK$'000)*	**1,284,606**	1,432,204

For FY2016, total revenue from hotel operations and management in Hong Kong decreased by 18.1% to approximately HK$650 million. The average room rate ("ARR") in Hong Kong decreased by 14.6% to HK$731, while the occupancy ("OCC") recorded a decline of 6.7 percentage points to 86.0%. The RevPAR was HK$629, down by 20.8%, compared with the previous financial year. The RevPAR performance in Hong Kong was adversely affected by the decline in number of overnight visitors arrivals from Mainland China and the relative strength of the Hong Kong dollar which eroded the competitiveness of the Hong Kong tourism market in which the Group has a significant presence.

Revenue from hotel operations and management in Mainland China increased 0.5% to approximately HK$198 million for FY2016. The growth was largely driven by the improved performance of Dorsett Grand Chengdu and Lushan Resort. However, ARR declined by approximately 7.0% to HK$507 due to the lower ARR of Lushan Resort and the overall impact of the depreciation of RMB. Excluding such currency impact, ARR in Mainland China declined 5.0% to RMB414. Overall OCC for the region came in at 50.9% compared to 47.4% of FY2015, due to improvement of OCC of Dorsett Grand Chengdu and Lushan Resort. As a result, RevPAR in Mainland China remained at HK$258.

In Malaysia, revenue from hotel operations and management declined 18.5% to approximately HK$216 million, largely attributable to the depreciation of Malaysian Ringgit against the Hong Kong dollar and lower revenue from food and beverage due to the austerity measures from the government in cutting down spending. ARR declined 21.8% to HK$384, however excluding the currency impact, ARR declined 14.0% to MYR189. OCC was up 1.1 percentage points to 65.8% while RevPAR declined 12.7% to MYR124.

In Singapore, Dorsett Singapore recorded a revenue of approximately HK$101 million for FY2016, representing a slight decline of 1.7% mainly as a result of the depreciation of the Singapore dollar against the Hong Kong dollar. RevPAR reached HK$894, a decline of 2.6%, compared to the previous financial year, however, excluding the impact on currency, RevPAR was up 0.9% to SGD157.

In the United Kingdom, Dorsett Shepherds Bush London recorded significant improvement in performance for FY2016, reaching a revenue of approximately HK$120 million, an increase of 60.9%, compared to the previous financial year. The RevPAR recorded an increase of 21.4% to HK$879.

As at 31 March 2016, the Group operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London), with approximately 6,000 rooms. The Group had 12 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. When all the hotels in the pipeline become operational, the Group will have 32 owned hotels operating more than 9,000 rooms.

In the next 12 months, it is anticipated that two new hotels will be opened, namely Silka Tsuen Wan in Hong Kong and Dorsett City in London. These two new hotels will add approximately 700 rooms to the Group's current operating portfolio.

In addition, as mentioned above, two MOUs were signed with CTF and The Star for the development of two hotel/apartment towers, one at The Star's existing Jupiters Integrated Resort in Gold Coast and the other at The Star in Sydney, in March 2016.

3. Car park operations and facilities management

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 354 car parks with approximately 71,000 car parking bays as at 31 March 2016, having added approximately 4,600 car parking bays during FY2016, including the acquisition of a car park with 473 car parking bays in New Zealand and another car park with 367 car parking bays in Brisbane, in which the Group has 25% interest. Of the Group's 354 car parks, 25 were self-owned car parks (20 in Australia, 3 in New Zealand and 2 in Kuala Lumpur) comprising approximately 7,000 car parking bays, with the remaining 64,000 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 46 contracts in relation to facilities management services as at 31 March 2016, it is expected that the car park operations and facilities management business will continue its steady growth.

OTHER SIGNIFICANT EVENTS DURING FY2016

1. Completion of privatisation of Dorsett

The scheme of arrangement for the privatisation of Dorsett became effective on 14 October 2015. In order to acquire Dorsett's minority shares representing approximately 26.03% of Dorsett's issued share capital, a total of 153,772,358 shares of the Company (approximately 7.42% of the enlarged share capital of the Company) were allotted and issued on 14 October 2015 and a total cash consideration of approximately HK$394 million was paid on 26 October 2015 to the Scheme Shareholders. The withdrawal of the listing of Dorsett Shares on the Stock Exchange took effect from 4:00 p.m. on 16 October 2015. The Dorsett Bonds continue to be listed on the Stock Exchange. Unless otherwise defined in this section or the context otherwise requires, terms defined in the composite scheme document dated 31 August 2015 as amended by the announcement dated 8 September 2015 jointly issued by the Company, Dorsett and Willow Bliss Limited shall have the same meanings when used in this section.

The Company is expected to benefit from the successful privatisation of Dorsett by way of (1) enhancement of the Company's net asset value; (2) better flexibility in financing capability of the Group; (3) increase in the Company's trading liquidity; (4) elimination of the holding company discount; and (5) savings in some of the overlapped corporate functions.

2. Queen's Wharf Brisbane

On 16 November 2015, Destination Brisbane Consortium (the "Consortium"), a joint venture between the Group, The Star Entertainment Group Limited ("The Star") and Chow Tai Fook Enterprises Limited ("CTF"), entered into Development Agreements with the Queensland State for the delivery of the Queen's Wharf Project in Brisbane, Australia (the "Project"). The Project comprises:

(1) an integrated resort component in which the Group's ownership is 25% (CTF: 25% and The Star: 50%) with an equity investment amount of approximately AU$193 million. Payments will be made progressively commencing from signing of the project documents up to completion of the project.

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

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately AU$226 million in respect of which it intends to fund from its internal resources.

The Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, Queensland, Australia and envisages three residential towers, five world class hotels, high end food and commercial outlets and a casino in Brisbane's prime waterfront district. Subject to the final approval of the master plan, the total core development GFA 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 land is expected to be handed over to the Consortium by 2017 with construction anticipated to commence in 2017. The integrated resort component is expected to open by 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. The Project is expected to contribute significantly to the recurring cash flow stream of the Group as well as adding to its residential development pipeline.

For more details, please refer to the announcement of the Company dated 16 November 2015.

PROSPECTS

The Company continues its regional diversification strategy to achieve sustainable growth. In Australia, the Queen's Wharf Brisbane project is expected to contribute significantly to the recurring income and cash flow stream. The joint venture with The Star and CTF to develop the two hotel/apartment towers in Gold Coast and Sydney will help further the Group's expansion into other cities in Australia. With the recent acquisition of the residential sites at Alexandra View in Singapore and at Shatin Heights in Hong Kong as well as the granting of the planning approval for Alpha Square at Canary Wharf in London, the Group's development pipeline now comprises 23 active projects across Mainland China, Hong Kong, Australia, United Kingdom, Singapore and Malaysia with an expected gross development value of HK$39 billion.

The hotel industry is facing a challenging market environment, in particular in Hong Kong. However, with the Group's pursuance of its Chinese Wallet strategy which continues to benefit from China's middle class increasing their spending on travels, the development pipeline of more than 3,000 rooms and the steady performance of the hotel sector in other countries in which the Group has a presence, the Group is optimistic of continued growth in the hotel business in the long term.

The car park operations and facilities management business has remained steady over the years and continues to provide a solid recurring cash flow stream.

The Group has a favorable liquidity position at approximately HK$3.8 billion. Together with the available undrawn credit facility of HK$5.4 billion, there is a significant war chest to support the growth of the Group. The net gearing ratio of 37.7% reflects the strength of the Group's balance sheet. Total cumulative presales value of HK$7.5 billion and a development pipeline of HK$39 billion indicate a clear visibility of the Group's future potential profitability.

With the privatization of Dorsett, the Group has increased flexibility to deploy capital and resources to other aspects of its business which in turn will help to enhance the overall return on the long-term basis.

Looking ahead, the Group believes it is well-positioned to deliver long-term and sustainable growth and expects a healthy revenue stream, creating long term value and returns for its shareholders.

MAJOR REGULATORY POLICIES AND THEIR IMPACTS

Australia

Recently, a number of states in Australia have announced an increase in stamp duty surcharge for residential property purchased by foreign purchasers. A number of Australian banks have also announced that they will tighten lending to foreign purchasers. Despite the above, the Group remains continuously optimistic about the Australian property market. After a series of interest rate cuts by the Reserve Bank of Australia ("RBA"), the mortgage interest costs for both local and international buyers reduced. In addition, the depreciation of the Australian dollar has made properties in Australia more attractive to international buyers. Currently, almost 70% of our products in Melbourne have been purchased by international buyers. Given that the Foreign Investment Review Board (FIRB) of Australia had restricted foreigners to purchase properties in secondary market ("second-hand" properties), international buyers have to purchase properties from the primary market ("first-hand" properties) in which the Group operates and thus the Group will continue to benefit from the international demand for property investment in Australia.

Adhering to the Group's "Chinese Wallet" strategy, the Group also extended its footprint into the tourism sector in Australia after the Consortium, in which the Group has a stake, was selected as the preferred proponent for the Queen's Wharf Project in July 2015. The interest rate cut by RBA and the recent depreciation of the Australian dollar has greatly reduced the group capital expenditure given the Group still remains in the investment phase in Australia. In addition, the "Tourism 2020" strategy led by the Australian Government advocates the boost of the tourism sector in Australia by encouraging investment in infrastructure, tax reduction and loosening other regulatory burden. The 10-year multiple-entry tourist visas to Chinese visitors as part of the deal in the free trade agreement ("FTA") entered into between China and Australia is a good example. The Group will continue to invest in the hospitality sector in Australia given the favorable policies and in anticipation of healthy growth in Australian tourism.

Mainland China

By the end of 2015, there was a gain of momentum in the Shanghai property market under the backdrop of the loosening monetary policies. The People's Bank of China ("PBOC") implemented a series of retention ratios for lowering interest rate and bank deposit reserve in the past years which have greatly reduced the finance cost for mortgages. In order to counter the potential overheating of the Shanghai property market, the Shanghai Municipal People's Government tightened the market using the "Shanghai Nine-Rule". This new policy requires that, instead of two years, non-Shanghainese registered citizens pay five years of social security money in order to qualify for the purchase of properties in Shanghai. The tightening measures also include the increase in the down payment percentage for the purchase of a second property in Shanghai to a minimum of 50% while forbidding prospective purchasers to use any other methods of financing from banks and financial institutions for the down payment. The Group shall adjust and accommodate the change in the policies. The Group anticipates, however, that the demand for properties in Shanghai will remain healthy despite the government's tightening measures.

The Group notes that there was a tax reform in relation to business tax. Commencing 1 May 2016, the replacement of business tax with value-added tax was extended to the fields of construction, real estate, finance and consumer services. The Group will continue to evaluate the tax reform impact on the Group's business.

Hong Kong

The housing market in Hong Kong has been affected in anticipation of the interest rate hike due to the Hong Kong dollar-US dollar peg. In addition, the Hong Kong government has been active in supplying more land to cater for the strong fundamental demand for housing. As a result, housing prices have had an adjustment since its peak in September 2015. Despite the recent decline in properties and land prices, the Group is of the view that the mass market for residential properties in Hong Kong remains healthy due to the solid fundamental housing demand. The Group will therefore continue to bid for land in Hong Kong.

In the hospitality sector, due to Mainland China's adoption of the measure of replacing the "multiple-entry" Individual Visit Endorsements for permanent residents of Shenzhen with the "one trip per week" Individual Visit Endorsements and due to the one-off RMB exchange rate adjustment by PBOC in August 2015, the number of arrivals of mainland Chinese tourists in Hong Kong dramatically declined. The appreciation of the Hong Kong dollar against the other Asian currencies further deterred tourists from visiting Hong Kong during FY2016. This impact affected the Hong Kong hotel industry, but the Group believes this is short-term, and with the Group's high responsiveness to fluctuations and changes in the markets and clear strategy through diversification of its business, the Group is optimistic about the fundamentals of the hotel business in the long term.

ENVIRONMENTAL POLICIES AND STAKEHOLDERS' ENGAGEMENT

The Group is committed to playing its part in environmental conservation and implementing eco-efficient practices in its business operations. The Group aims at reducing its carbon footprint in order to preserve our planet, including the use of energy-efficient LED lighting in the Group's projects in Melbourne.

Annually, the Group's hotels and guests in different locations support Earth Hour by turning off all non-essential lighting to raise awareness of the planet. The "3Rs" program namely, Reduce, Reuse and Recycle is in place in all of the Group's hotels to encourage not only hotels themselves but also guests to reduce consumption of water, waste and energy, and to minimise the carbon footprints to the planet.

To improve air quality, the majority of the Group's hotels are designated as smoke-free. The Group recognizes the environmental impact associated with the hotels and that is why it will continue to implement more sustainable business practices across the Group's operations.

The Group values the importance of stakeholder engagement which includes its employees, customers, suppliers, business partners and investors. Some initiatives have been carried out in order to achieve better communication with the Group's stakeholders and with the public in general. The Group recently revamped its corporate website with a new design and higher transparency of information. Riding on the increasing popularity of social media, the Group has set up its own WeChat public account allowing the general public to receive timely updates about the Group.

In terms of employees' benefits, the Group introduced a family programme which provides internship opportunities for children of its employees. The Group also took part in various career talks and seminars in order to attract young talent to join the Group.

The Group works with various suppliers and contractors in different locations. The Group has established policies and standards in order to select its suppliers and contractors and monitor their performance.

The Group has strengthened its investor relation functions. The Group's management have participated in various investor conferences and organized frequent press conferences, site visits and non-deal roadshows, etc. Through the above mentioned initiatives, the Group aims at improving its transparency and continuously delivering value to its shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had approximately 3,400 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.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2016, 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 deviation from Code Provision A.2.1 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.

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 audited consolidated results of the Group for the financial year ended 31 March 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 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

During the financial year ended 31 March 2016, the Company, through its subsidiary, Singford Holdings Limited, repurchased a total of 29,581,000 shares on the Stock Exchange and details of which are as follows:

Month of Repurchase	Number of Shares Repurchased	Price per share		Aggregate Consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$*
December 2015	17,581,000	2.95	2.61	49,015,450
January 2016	12,000,000	2.93	2.58	32,711,630

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fecil.com.hk. The Annual Report of the Company for the financial year ended 31 March 2016 and the notice of 2016 AGM will be despatched to the Shareholders and will also be available for viewing at each of 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, 23 June 2016

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.