



遠東發展有限公司

Far East Consortium International Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 035

Future-Ready 蓄勢待發

INTERIM REPORT 2016-17 中期報告





Departures

Flight	Destination	Time
HK035	UNITED KINGDOM	19:30
HK035	MALAYSIA	19:30
HK035	SINGAPORE	19:45
HK035	CHINA	19:40
HK035	HONG KONG	19:50
HK035	AUSTRALIA	20:05
HK035	NEW ZEALAND	20:10
HK035		20:20
HK035		20:45

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UNITED KINGDOM

- Property development
- Hotel operations



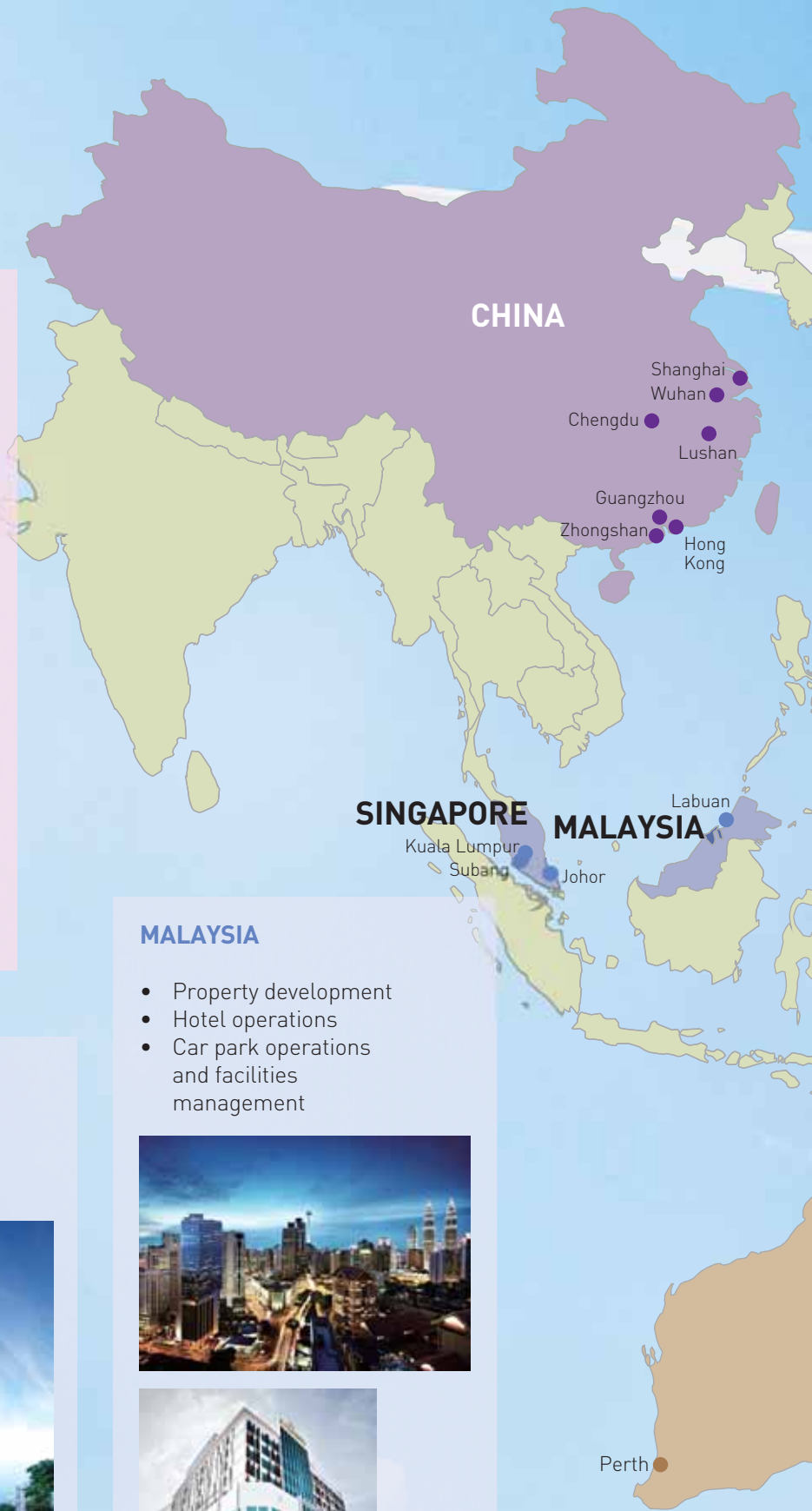
SINGAPORE

- Property development
- Investment properties
- Hotel operations



MALAYSIA

- Property development
- Hotel operations
- Car park operations and facilities management



DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

FEC has a geographically diverse footprint across the Asia Pacific and Europe

CHINA

- Property development
- Investment properties
- Hotel operations



HONG KONG

- Property development
- Investment properties
- Hotel operations



AUSTRALIA

- Brisbane
- Gold Coast
- Sydney

Melbourne

NEW ZEALAND

Australia & New Zealand

- Property development
- Investment properties
- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment



MAJOR EVENTS OF FINANCIAL YEAR 2016/ 2017

The Group and its Queen's Wharf Brisbane partners entered into Memorandum of Understanding for development of The Star Entertainment Group's properties in Sydney and Gold Coast



APRIL 2016

APRIL 2016

The Group honored as the "Best at Corporate Social Responsibility" in FinanceAsia's "Asia's Best Managed Companies 2016" Poll

MAY 2016

The Group obtained the planning approval of Alpha Square, London





The Group appointed as the developer for key Perth City Link site mixed-use development to add to city vibrancy



The Group successfully issued US\$300 million 3.75 percent 5-year Notes due 2021 under Medium Term Note Programme

SEPTEMBER 2016

AUGUST 2016

SEPTEMBER 2016

AUGUST 2016

The Group appointed as the developer for Angel Meadow Site at NOMA, one of the major residential growth areas for Manchester in the UK

The Group honoured as the "Best Managed Company in Asia in the Real-Estate Category" in Euromoney's "Best Managed Companies Survey 2016"



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)

Chris Cheong Thard HOONG,
B.ENG., ACA

Dennis CHIU, B.A.

Craig Grenfell WILLIAMS, B.ENG.
(CIVIL)

Non-executive Director

Denny Chi Hing CHAN, EMBA

Independent Non-Executive Directors

Kwok Wai CHAN

Peter Man Kong WONG, J.P.

Kwong Siu LAM

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)

Peter Man Kong WONG

Kwong Siu LAM

NOMINATION COMMITTEE

David CHIU (Chairman)

Kwok Wai CHAN

Peter Man Kong WONG

Kwong Siu LAM

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)

David CHIU

Peter Man Kong WONG

EXECUTIVE COMMITTEE

David CHIU

Chris Cheong Thard HOONG

Dennis CHIU

Craig Grenfell WILLIAMS

Boswell Wai Hung CHEUNG

MANAGING DIRECTOR

Chris Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Boswell Wai Hung CHEUNG

COMPANY SECRETARY

Tak Shing CHOI

AUTHORISED REPRESENTATIVES

David CHIU

Tak Shing CHOI

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
Reed Smith Richards Butler
Maples and Calder
HWL Ebsworth Lawyers
Lo & Lo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank
China (Asia) Limited

Nanyang Commercial Bank,
Limited

OCBC Wing Hang Bank Limited

Public Bank (Hong Kong) Limited

The Hongkong and Shanghai

Banking Corporation Limited

The Bank of East Asia, Limited

Malaysia

Public Bank Berhad

OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad

Oversea-Chinese Banking
Corporate Limited

The Hongkong and Shanghai

Banking Corporation Limited

Australia

Australia and New Zealand Banking
Group Limited

Bank of Western Australia

Commonwealth Bank of Australia
Limited

Oversea-Chinese Banking

Corporation Limited

United Overseas Bank Limited

Westpac Banking Corporation

Mainland China

China Construction Bank
Corporation

Dah Sing Bank (China) Limited

HSBC Bank (China) Company
Limited

Industrial and Commercial Bank of
China Limited

Public Bank (Hong Kong) Limited

Shanghai Pudong Development
Bank

Wing Lung Bank Limited

United Kingdom

Oversea-Chinese Banking

Corporation Limited

The Bank of East Asia, Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

P.O. Box 1043, Whitehall House,
238 North Church Street,
George Town,
Grand Cayman KY1-1102,
Cayman Islands

PRINCIPAL OFFICE

16th Floor, Far East Consortium
Building,
121 Des Voeux Road Central,
Hong Kong

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)

6.0% CNY Bonds 2018 of Dorsett
(Code: 85917)

3.75% USD Medium Term Notes
2021 (Code: 4310)

The Stock Exchange of Hong Kong
Limited

WEBSITE

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

INTERIM RESULTS 2016–17

INTERIM RESULTS

The board of directors (the “Board”) of Far East Consortium International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2016 (“1H FY2017”). These unaudited consolidated financial statements have been reviewed by the Company’s audit committee (the “Audit Committee”) prior to recommending them to the Board for approval.

INTERIM DIVIDEND

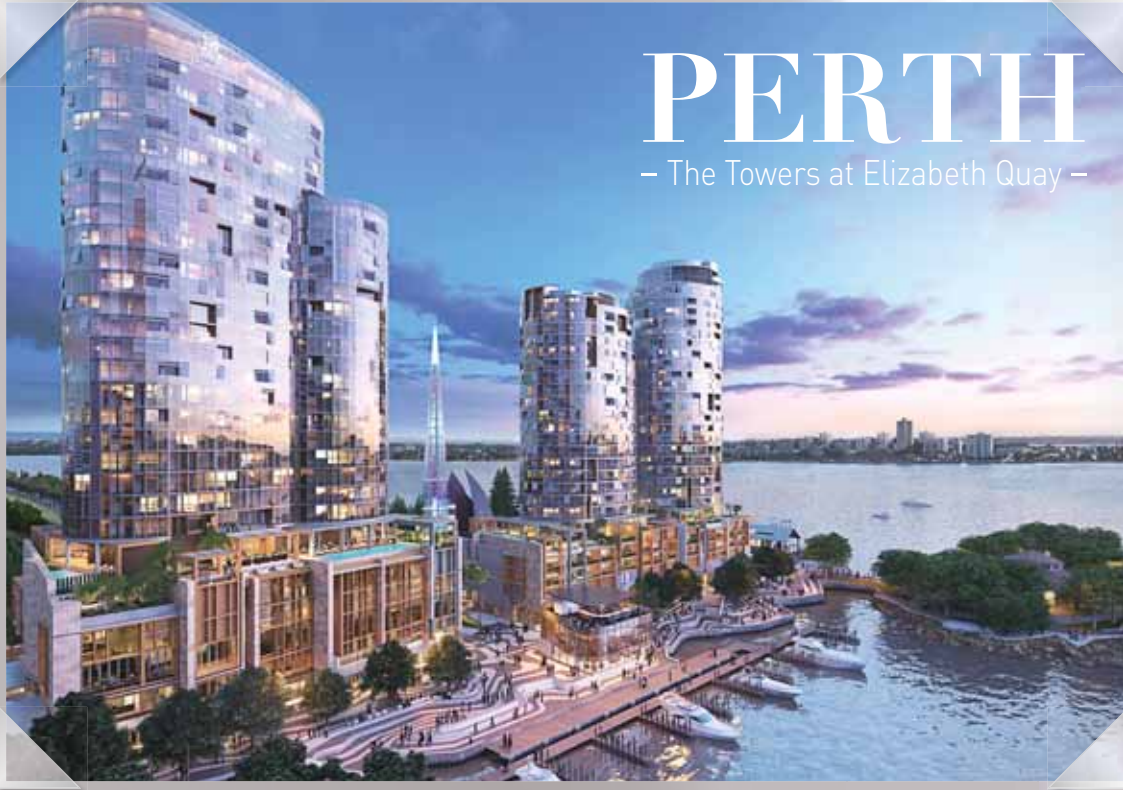
The Board has declared the payment of an interim dividend for the six months ended 30 September 2016 of HK3.5 cents (30 September 2015: HK3 cents) per ordinary share (the “Interim Dividend”). The Interim Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 29 December 2016. The Interim 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 The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of, and permission to deal in the new shares to be allotted and issued 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 29 December 2016. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election (if applicable) on or around 10 January 2017. Dividend warrants and/ or new share certificates will be posted on or around 13 February 2017.



PERTH

– The Towers at Elizabeth Quay –



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS



Financial and Business Reviews

Financial review

1. Revenue analysis

The Company's consolidated revenue for 1H FY2017 was approximately HK\$3.0 billion, an increase of 59.0% as compared with the six months ended 30 September 2015 ("1H FY2016"). A breakdown of revenue is shown below:

Major business	1H FY2017 HK\$ million	1H FY2016 HK\$ million	Change
Sales of properties	1,960	889	120.5%
Hotel operations and management	616	622	-1.0%
Car park operations and facilities management	309	299	3.3%
Leasing of properties	24	26	
Others	44	21	
Total revenue	2,953	1,857	59.0%

Revenue from sales of properties amounted to approximately HK\$1,960 million in 1H FY2017, a robust increase of 120.5% as compared with 1H FY2016. During 1H FY2017, two projects were completed, namely Manhattan at Upper West Side (Stage 4) in Melbourne and King's Manor (apartments) in Shanghai.

Revenue from hotel operations and management amounted to approximately HK\$616 million in 1H FY2017, a slight decrease of 1.0% as compared to 1H FY2016.

Revenue from car park operations and facilities management amounted to approximately HK\$309 million in 1H FY2017, an increase of 3.3% as compared to 1H FY2016. During 1H FY2017, approximately 5,200 car park bays were added to the Group's car park management portfolio.

Revenue relating to leasing of properties maintained at approximately HK\$24 million for 1H FY2017, a similar level as for 1H FY2016.



In general, contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar, but the impact of such currency movement to the Group's results for 1H FY2017 was less than that for 1H FY2016. 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	30 September 2016	31 March 2016	Change
HK\$/AUD	5.90	5.93	(0.51%)
HK\$/RMB	1.16	1.20	(3.33%)
HK\$/MYR	1.87	1.97	(5.08%)
HK\$/GBP	10.02	11.12	(9.89%)
HK\$/SGD	5.67	5.74	(1.22%)

Average rates for	1H FY2017	1H FY2016	Change
HK\$/AUD	5.92	5.67	4.41%
HK\$/RMB	1.18	1.24	(4.84%)
HK\$/MYR	1.92	1.92	-
HK\$/GBP	10.57	11.59	(8.80%)
HK\$/SGD	5.71	5.53	3.25%

2. Gross profit analysis

	Property development HK\$'000	Hotel operations and management HK\$'000	Car park operations and facilities management HK\$'000	Others HK\$'000	Total HK\$'000
For 1H FY2017					
Revenue	1,960,239	616,408	309,494	66,466	2,952,607
Gross profit	765,537	232,771	56,943	53,314	1,108,565
Depreciation and amortization	-	137,359	10,083	-	147,442
Adjusted gross profit	765,537	370,130	67,026	53,314	1,256,007
Adjusted gross profit margin	39.1%	60.0%	21.7%	80.2%	42.5%
For 1H FY2016					
Revenue	889,203	622,079	299,018	46,764	1,857,064
Gross profit	298,625	239,949	57,222	32,772	628,568
Depreciation and amortization	-	141,387	9,091	-	150,478
Adjusted gross profit	298,625	381,336	66,313	32,772	779,046
Adjusted gross profit margin	33.6%	61.3%	22.2%	70.1%	42.0%

MANAGEMENT DISCUSSION AND ANALYSIS

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 its easily-monetizable nature), bank loans and borrowings and equity as at 30 September 2016.

	As at	
	30.9.2016 HK\$ million	31.3.2016 HK\$ million
Bank loans, notes and bonds		
Due within 1 year	1,258	1,864
Due 1 – 2 years	1,708	1,691
Due 2 – 5 years	8,780	7,198
Due more than 5 years	355	920
Total bank loans, notes and bonds	12,101	11,673
Investment securities	1,087	1,219
Bank and cash balances	4,335	2,531
Liquidity position	5,422	3,750
Net debts ⁽ⁱ⁾	6,679	7,923
Carrying amount of the total equity	10,429	10,267
Add: hotel revaluation surplus	10,732	10,732
Total adjusted equity	21,161	20,999
Net gearing ratio (net debts to total adjusted equity)	31.6%	37.7%

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 represent primarily fixed income securities and investments in fixed income funds.

The liquidity position of the Group as at 30 September 2016 was approximately HK\$5.4 billion, representing an increase of 44.6% from the balance as at 31 March 2016, primarily due to the collection of sales proceeds upon completion of the Group's two residential developments during 1H 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, recognition of sales of approximately HK\$620 million which was booked as disposal of investment properties as well as proceeds from the issuance of the below-mentioned medium term notes, and offset by repayment of bank borrowings 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 1H FY2017, the Group's net debts reduced by approximately HK\$1.2 billion to HK\$6.7 billion, notwithstanding the Issue. The Group will continue to settle 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 and lowering the Group's overall cost of borrowing. The Group's average cost of borrowing was approximately 3.07% for 1H FY2017 (3.41% for 1H FY2016).

The table below shows the Group's debts profile.

	As at	
	30.9.2016 HK\$ million	31.3.2016 HK\$ million
The Company's notes	2,322	–
Dorsett bonds	840	868
Unsecured bank loans	1,742	1,741
Secured bank loans		
– Property development and investment	2,715	3,907
– Hotel operations and management	4,125	4,821
– Car park operations and facilities management	349	327
– Others	8	9
Total bank loans, notes and bonds	12,101	11,673

The carrying amounts of the total bank loans, notes and bonds in the Company's consolidated statement of financial position include an amount of approximately HK\$725 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 30 September 2016, the Group's undrawn banking facilities were approximately HK\$5.0 billion which were all committed banking facilities, of which approximately HK\$2.2 billion was in relation to construction development while the balance of approximately HK\$2.8 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, a total of 8 hotel assets within the Group were unencumbered as at 30 September 2016, the capital value of which amounted to HK\$3.0 billion based on independent valuation assessed 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.

Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$10,732 million, based on independent valuation assessed as at 31 March 2016 (HK\$10,976 million as at 31 March 2015), the Group's total consolidated equity as at 30 September 2016 was approximately HK\$21,161 million. The net gearing ratio of the Group was at 31.6%, which was maintained at a similar healthy level as of 31 March 2016.



Manhattan at Upper West Side (Stage 4)



MANAGEMENT DISCUSSION AND ANALYSIS

4. Net asset value per share

	As at	
	30.9.2016 HK\$ million	31.3.2016 HK\$ million
Equity attributable to shareholders of the Company	10,291	10,140
Add: Hotel revaluation surplus	10,732	10,732
Total net asset value	21,023	20,872
Number of shares issued (million)	2,132	2,132
Net asset value per share	HK\$9.86	HK\$9.79

Adjusting for revaluation surplus on hotel assets of approximately HK\$10,732 million, based on independent valuation assessed as at 31 March 2016 (HK\$10,976 million as at 31 March 2015), total net asset value of the Group reached approximately HK\$21,023 million. Net asset value per share for the Company as at 30 September 2016 was approximately HK\$9.86.

5. Capital expenditure

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

During 1H FY2017, the Group's capital expenditure amounted to approximately HK\$240 million primarily attributable to construction works on the Group's hotel properties to be opened, namely Dorsett City in London and Silka Tsuen Wan in Hong Kong, and the renovation works on Dorsett Wanchai (formerly known as Cosmopolitan Hotel) in Hong Kong. The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at	
	30.9.2016 HK\$ million	31.3.2016 HK\$ million
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	240,085	318,805
Others	18,176	33,745
	258,261	352,550

7. Post balance sheet events

Casino licence granted to Destination Brisbane Consortium

In October 2016, the Queensland Government, Australia granted a new casino licence to the 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"), for its Queen's Wharf Brisbane project.

The casino licence was issued to the Consortium under which casino operations are permitted to commence upon completion of the integrated resort component of the development, which is expected to take place in 2022. The Group and CTF each has 25% interest in the integrated resort component (excluding residential component) and The Star has the remaining 50% interest. This casino licence will deliver the key operating



terms for successful delivery of the integrated resort, which include casino licence term and 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).

Redevelopment of Hornsey Town Hall, London

In November 2016, the Group was announced as the preferred bidder of the Hornsey Town Hall redevelopment project in London, the United Kingdom. The site will be converted into a mixed-used development featuring residential component, a hotel and a town hall with communal areas.

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 1H FY2017, a fair value gain of investment properties of approximately HK\$212 million was recognized. The increase in valuation of investment properties was mainly 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 30 September 2016, valuation of investment properties reached approximately HK\$2.8 billion (31 March 2016: HK\$3.3 billion), a decrease of HK\$0.5 billion after recognising the disposal of Eivissa Crest.

Eivissa Crest is a residential project with 106 residential apartments totalling approximately 36,000 square feet ("sq. ft.") in saleable floor area. 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 during 1H FY2017, the difference between the net disposal proceeds and the carrying amount of these units, the delivery of 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 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 regionalisation approach, allow 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



Queen's Wharf, Brisbane



Alpha Square, London



MANAGEMENT DISCUSSION AND ANALYSIS

property developments are largely focused on mass residential market where the Group can benefit from the growing affluence of the middle class.

Total cumulative presales value of the Group's residential properties under development amounted to approximately HK\$9.8 billion as at 30 September 2016. As revenue will only be recognized when the sales of the property developments are completed, proceeds of the presales were 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 30 September 2016.

Developments	Location	HK\$ million	Expected financial year of completion
Aspen Crest	Hong Kong	989	FY2019
Manhattan at Upper West Side	Melbourne	364 ⁽ⁱ⁾	FY2017
The FIFTH	Melbourne	1,218	FY2018
West Side Place (Towers 1 and 2)	Melbourne	3,378	FY2021
The Towers at Elizabeth Quay	Perth	1,626	FY2019
King's Manor	Shanghai	841	FY2017
The Royal Crest II	Shanghai	806	FY2018
Royal Riverside (Towers 1, 2 and 4)	Guangzhou	240	FY2018
Dorsett Bukit Bintang	Kuala Lumpur	305	FY2017/18
Cumulative contracted presales value		9,767	

Note:

(i) Represents remaining units awaiting settlement.

During 1H FY2017, the Group launched presales of four of its residential development projects, namely (i) West Side Place Towers 1 and 2; (ii) town houses at King's Manor; (iii) The Royal Crest II; and (iv) Tower 1 at Royal Riverside. Total expected gross development value ("GDV") and saleable floor area of these four development projects are approximately HK\$7.7 billion and 1.5 million sq. ft. respectively.

Currently the Group has 21 active residential property development projects with expected attributable saleable floor area of approximately 6.6 million sq. ft. under various stages of development across the regions. Details of the Group's pipeline as at 30 September 2016 are shown below.



King's Manor, Shanghai



The Towers at Elizabeth Quay, Perth



Eivissa Crest, Hong Kong



Developments	Attributable saleable floor area ⁽ⁱⁱ⁾ Sq. ft.	Expected attributable GDV ⁽ⁱⁱⁱ⁾ HK\$ million	Status/ Expected launch	Expected financial year of completion
Melbourne				
West Side Place				
– Towers 1 and 2	1,072,000	5,573	Launched	FY2021
– Tower 3	400,000	2,093	FY2018	Planning
– Tower 4	576,000	3,013	Planning	Planning
The FIFTH	284,000	1,218	Launched	FY2018
Manhattan at Upper West Side	85,000	364	Completed	Completed in FY2017
Perth				
Perth City Link	188,000	986	Planning	Planning
The Towers at Elizabeth Quay	320,000	2,719	Launched	FY2019
Brisbane				
Queen's Wharf Brisbane ⁽ⁱⁱⁱ⁾	706,000	4,094	Planning	Planning
Shanghai				
King's Manor	284,000	1,249	Launched	FY2017
The Royal Crest II	259,000	1,404	Launched	FY2018
Guangzhou				
Royal Riverside	683,000	2,065	Launching	FY2018
Hong Kong				
Aspen Crest	64,000	1,069	Launched	FY2019
Tan Kwai Tsuen	51,000	581	FY2017/18	FY2018
Sha Tau Kok	99,000	994	Planning	FY2019
Sham Shui Po	28,000	400	Planning	FY2019/20
Tai Wai	33,000	440	Planning	FY2019/20
Shatin Heights	70,000	1,200	Planning	Planning
Kuala Lumpur				
Dorsett Bukit Bintang	215,000	790	Launched	FY2017/18
London				
Alpha Square	388,000	3,887	FY2018/19	Planning
Manchester				
Angel Meadow at NOMA	425,000	1,490	FY2018/19	Planning
Singapore				
Alexandra View ^(iv)	290,000	2,805	FY2018	Planning
Total	6,520,000	38,434		

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.
- (ii) The amounts shown represent expected gross development value attributable to the Group, which may change subject to market conditions.
- (iii) This residential development consists of a total floor area of approximately 1,400,000 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.

In addition to the above, the Group has entered into a memorandum of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino sites in Gold Coast and Sydney. These projects are expected to contribute to the residential pipeline of the Group.

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 million sq. ft. from 4 towers with approximately 3,000 apartments. A hotel which will be operated by Ritz Carlton with approximately 260 hotel rooms will be located at the top of Tower 1. Presales of Towers 1 and 2 were launched in June 2016 with a very promising result on which a strong momentum has been built. Total expected GDV of these 2 towers is HK\$5.6 billion, of which HK\$3.4 billion was presold as at 30 September 2016, representing over 60% of the GDV. They are expected to be completed in FY2021. Presale of Tower 3 is expected to start in the financial year ending 31 March 2018. Total GDV of West Side Place is expected to be more than HK\$10 billion. This development is expected to strengthen the Group's cashflow and 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 financial year ending 31 March 2018.

Manhattan at Upper West Side (Stage 4) was completed in late July 2016. Total GDV of this development was approximately HK\$1,734 million. Approximately 79% of the development was delivered in August and September 2016, with the balance of approximately HK\$364 million expected to be settled and recognized as revenue in the six months ending 31 March 2017.

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 Ritz-Carlton hotel with more than 200 rooms, approximately 20,000 sq. ft. of commercial or retail area as well as other ancillary facilities. As at 30 September 2016, its presales value reached approximately HK\$1.6 billion, representing 59.8% of the expected GDV. This development is expected to be completed in the financial year ending 31 March 2019.

In late August 2016, the Group signed a contract to purchase Perth City Link project, which is a mixed-use development located adjacent to the Perth Arena. This project will deliver more than 350 residential apartments and approximately 250 hotel rooms to be managed by Dorsett on two prime lots. It is a major project undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district (Northbridge). The project is currently under planning stage.



Brisbane

The Consortium, a joint venture between the Group, The Star and CTF, entered into Development Agreements with the Queensland State for the delivery of the Queen's Wharf Project in Brisbane (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 AUD193 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 AUD226 million which the Group intends to fund from its internal resources. The Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, 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 ("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 in 2017 with construction anticipated to commence shortly thereafter. The integrated resort component is expected to open by end of 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 Group's recurring cash flow stream as well as add to its 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 construction.

King's Manor consists of 479 apartments and 90 town houses, out of which 255 apartments and 54 town houses have been delivered up to 30 September 2016. Out of the remaining portion which includes 224 apartments and 36 town houses with an expected GDV of HK\$1,249 million, units worth HK\$841 million have been presold, representing 67.3% of the expected GDV, as at 30 September 2016. It is expected that a significant portion of the presold units will be delivered and recognised as revenue in the six months ending 31 March 2017.

The Royal Crest II consists of 180 apartments and 42 town houses. The expected GDV is approximately HK\$1,404 million. The presale launch of the 180 apartments took place in April 2016, with its presales value reaching HK\$777 million as at 30 September 2016, representing 97.7% of the total GDV of the apartments totaling HK\$795 million. Presale for town houses commenced in September 2016, driving the total presales value for the project to reach HK\$806 million. 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 HK\$2 billion. Towers 1, 2 and 4 have been launched for presale with the cumulative presales value reaching HK\$240 million as at 30 September 2016. The development is expected to be completed in the financial year ending 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

The Group has been actively building 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 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 30 September 2016, its presales value reached approximately HK\$989 million, representing 92.5% 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 quarter of 2017. Completion is expected to be in the financial year ending 31 March 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 planned to commence in the second quarter of 2017 with completion 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 apartment) with approximately 28,000 sq. ft. in saleable floor area. Completion is expected to be in the financial year ending 31 March 2019/2020.

A development site at Mei Tin Road, 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 acquired by the Group through government tender. Completion is expected to be in the financial year ending 31 March 2019/2020.

The Group also acquired through government tender a residential development site at Tai Po Road, Shatin Heights. This development will comprise more than 60 apartments and 4 houses. The project has a GFA 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 30 September 2016, presales value reached approximately HK\$305 million, representing 38.6% of the total expected GDV. Completion is expected to take place in the financial years ending 31 March 2017 and 2018.

United Kingdom

Alpha Square is a residential development site in Marsh Wall, Canary Wharf, London. During 1H FY2017, the Group obtained planning approval of this development which will feature a mixed-use complex including residences of approximately 388,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms and commercial facilities. This development is currently under master planning stage.

In August 2016, the Group was appointed by Manchester Place and The Co-operative Group as a developer for the Angel Meadow site at NOMA, one of the major residential growth areas for Manchester, the United Kingdom. Subject to planning approval, it is expected to build more than 600 apartments with approximately 425,000 sq. ft. of saleable floor area. Currently, this development is under planning stage.

*Singapore*

Alexandra View is a residential project located next to the Redhill MRT station in Singapore. The development is expected to consist of approximately 410,000 sq. ft. in saleable floor area, and is owned by a joint venture in which the Group has a 70% interest. The Group plans to launch its presale in April 2017.

2. *Hotel operations and management*

The performance of Dorsett's owned hotel operations for 1H FY2017 is summarised as follows:

For the 6 months ended	30.9.2016	30.9.2015
Hong Kong		
Occupancy rate	87.2%	85.7%
Average room rate (HK\$)	632	679
RevPAR (HK\$)	551	582
Revenue (HK\$ million)	287	300
Malaysia		
Occupancy rate	68.3%	66.2%
Average room rate (HK\$)	360	364
RevPAR (HK\$)	246	241
Revenue (HK\$ million)	108	102
Mainland China		
Occupancy rate	59.7%	51.1%
Average room rate (HK\$)	489	528
RevPAR (HK\$)	292	270
Revenue (HK\$ million)	108	103
Singapore		
Occupancy rate	79.5%	80.9%
Average room rate (HK\$)	1,070	1,057
RevPAR (HK\$)	851	855
Revenue (HK\$ million)	49	48
United Kingdom		
Occupancy rate	89.4%	90.0%
Average room rate (HK\$)	1,075	1,136
RevPAR (HK\$)	962	1,022
Revenue (HK\$ million)	64	69
Total		
Occupancy rate	76.2%	73.2%
Average room rate (HK\$)	599	641
RevPAR (HK\$)	456	469
Revenue (HK\$ million)	616	622

The Group's hotel operations for 1H FY2017 recorded a total revenue of approximately HK\$616 million which was at a similar level as compared with that in 1H FY2016. Overall occupancy rate ("OCC") increased by 3 percentage points year-on-year while the room revenue per available room ("RevPAR") decreased by 2.8% year-on-year to HK\$456 in part due to adverse currency movements.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong remains the main contributor to the Group's hotel operations and management revenue, representing 46.6% (HK\$287 million) of the Group's total revenue in that segment. The OCC increased by 1.5 percentage points year-on-year and average room rate ("ARR") decreased by approximately 6.9% year-on-year to HK\$632, resulting in an approximately 5.3% year-on-year decrease in RevPAR to HK\$551. As the challenging hotel business environment in Hong Kong showed signs of a turnaround, the Group has adjusted its distribution strategy and launched a number of sales and marketing campaigns to minimize such adverse impact. The increased OCC is expected to enhance upcoming RevPAR and a moderate growth of hotel performance in Hong Kong is anticipated in the near medium term.

In Malaysia, revenue from hotel operations and management for 1H FY2017 increased by 5.9% year-on-year to approximately HK\$108 million. OCC increased by 2.1 percentage points year-on-year, with ARR decreased by 1.1% year-on-year and RevPAR increased by 2.1% year-on-year. Compared with 1H FY2016, hotel performance in Malaysia was stable and the impact from currency exchange was relatively mild.

In Singapore, Dorsett Singapore recorded a revenue of approximately HK\$49 million for 1H FY2017, maintaining at a similar level as for 1H FY2016. OCC was 79.5% and a slight increase to HK\$1,070 was noted in ARR, resulting in a RevPAR of HK\$851.

In Mainland China, OCC in 1H FY2017 increased by 8.6 percentage points year-on-year while ARR decreased by 7.4% year-on-year to HK\$489. RevPAR increased by 8.1% year-on-year to HK\$292 and revenue increased by 4.9% year-on-year to approximately HK\$108 million. Assuming constant exchange rate, RevPAR increased by 12.8% and revenue increased by 10.1% year-on-year, primarily due to significant improvement in the performance of Dorsett Grand Chengdu and Dorsett Shanghai. OCC of Dorsett Grand Chengdu improved significantly by 23.3 percentage points year-on-year to 56.6% which significantly enhanced its RevPAR by 49.6% year-on-year to RMB189. Dorsett Shanghai's improvement in results continued with a more diversified customer mix, with its OCC and ARR improving by 5.2 percentage points and 8.3% year-on-year respectively. Its RevPAR recorded a year-on-year increase of 15.2%.

In the United Kingdom, Dorsett Shepherds Bush recorded a revenue of approximately HK\$64 million for 1H FY2017, a decrease of 7.2% as compared with 1H FY2016, mainly as a result of unfavorable currency movement. Assuming constant exchange rate, revenue increased by 2.9% year-on-year, with ARR and RevPAR also increasing by 3.5% and by 3.1% year-on-year respectively. Post Brexit, depreciation of Sterling Pound improved UK's tourism business including hotel performance in London, with the Group's OCC improved 5.8 percentage points and RevPAR increased 5.7% in the United Kingdom after the event.

In the next 6 months, it is anticipated that two new hotels will be opened, namely Dorsett City in London and Silka Tsuen Wan in Hong Kong. These two new hotels will add approximately 700 rooms to the Group's current operating portfolio.

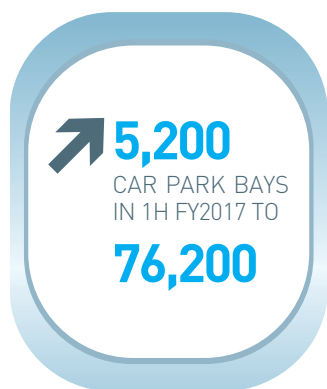
As at 30 September 2016, the Group operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London) with approximately 6,000 rooms. The Group has 13 hotels in the development pipeline, of which two are Ritz Carlton hotels, one each in Melbourne and Perth, 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 33 owned hotels operating more than 9,300 rooms.

The Group, together with The Star and Chow Tai Fook, is also in the process of acquiring the entire interests in Sheraton Mirage, Gold Coast. This beach front hotel with 295 rooms and suites is intended to complement the Queens Wharf Brisbane project as a satellite hotel.



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 399 car parks with approximately 76,200 car parking bays as at 30 September 2016, having added approximately 5,200 car parking bays during 1H FY2017. Of the Group's 399 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 69,200 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.

During 1H 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 growth. The Group's car park division is currently actively evaluating a number of acquisition opportunities.

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 58 contracts in relation to facilities management services as at 30 September 2016, it is expected that the car park operations and facilities management business will continue its steady growth.

OUTLOOK

The Group continues to be well positioned to deliver sustainable and long-term growth with its regional diversification strategy. Presales value as at 30 September 2016 achieved a record high at HK\$9.8 billion and a development pipeline of HK\$38 billion provides clear visibility of the Group's future profitability. The Group will continue to add to the development pipelines by increasing investment in the regions where the Group has an existing presence. Dorsett is now wholly owned by the Group which undoubtedly benefits the Group. The stable growth in car park operations and facilities management provides the Group with healthy revenue and cashflow.

The Group is actively evaluating acquisition opportunities overseas to take advantage of the strength in Hong Kong dollars.

The Group has a favorable liquidity position at approximately HK\$5.4 billion. Together with the available undrawn credit facility of HK\$5.0 billion, there is a significant war chest to support the growth of the Group. The net gearing ratio of 31.6% reflects the strength of the Group's balance sheet.

In conclusion, the Group's foundation for growth is solid and the Group will continue to bring to its Shareholders confidence in its stability and long-term growth.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had approximately 3,500 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external trainings appropriate for various level of staff roles and functions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

A. THE COMPANY

A.1 Long position in the ordinary shares

Name of director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	15,961,698	0.75%
	Interest of spouse	585,322 ⁽ⁱ⁾	0.03%
	Interest of controlled corporations	979,929,149 ⁽ⁱ⁾	45.97%
Chris Cheong Thard HOONG	Beneficial owner	6,849,017	0.32%
	Joint interest	424,075 ⁽ⁱⁱⁱ⁾	0.02%
Denny Chi Hing CHAN	Beneficial owner	384,843	0.02%
Dennis CHIU	Beneficial owner	3,460	0.00%
	Interest of controlled corporations	5,654,742 ⁽ⁱⁱⁱ⁾	0.27%

Notes:

- (i) 979,914,700 shares were held by Sumptuous Assets Limited and 14,449 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 585,322 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
 - (ii) 424,075 shares were held by Mr. Chris Cheong Thard HOONG jointly with his wife.
 - (iii) 1,761,168 shares were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 3,893,574 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
- * The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2016.



A.2 Long position in the underlying shares – physically settled unlisted equity derivatives

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	5,000,000	0.23%
Denny Chi Hing CHAN	Beneficial owner	3,500,000	0.16%

Details of the above share options as required to be disclosed by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are disclosed in the below section headed "Share Option Scheme".

* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 30 September 2016.

B. ASSOCIATED CORPORATIONS

B.1 Long position in the ordinary shares

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd. (the "Care Park")	Beneficiary of a discretionary trust	825 ⁽ⁱ⁾	8.25%

Note:

(i) These shares in Care Park were held by Chartbridge Pty Ltd in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

* The percentage represents the number of ordinary shares interested divided by the Care Park's issued shares as at 30 September 2016.

B.2 Debentures of Dorsett

As at 30 September 2016, Tan Sri Dato' David CHIU was deemed to have an interest in the 6.0% CNY Bonds 2018 issued by Dorsett in the principal amount of CNY90,030,000 of which CNY83,030,000 was held by Singford Holdings Limited, a wholly owned subsidiary in which Tan Sri Dato' David CHIU owned approximately 46.75% interest in the issued share capital of the Company and CNY7,000,000 was held by his spouse, Ms. Nancy NG.

Save as disclosed above, none of the directors and chief executive of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2016.

OTHER INFORMATION

SHARE OPTION SCHEME

(A) FECIL Share Option Schemes

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's old share option scheme adopted on 28 August 2002 was expired on 28 August 2012. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the Shareholders on 31 August 2012 for a period of 10 years commencing on the adoption date.

The following table discloses movements in the Company's share options during the six months ended 30 September 2016:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 30.09.2016	Exercise period*
			Outstanding at 01.04.2016	Granted during the period	Exercised during the period	Lapsed/cancelled during the period		
Directors								
Chris Cheong Thard HOONG	27.03.2013	2.550	750,000	-	-	-	750,000	01.03.2014-28.02.2020
			1,000,000	-	-	-	1,000,000	01.03.2015-28.02.2020
			1,250,000	-	-	-	1,250,000	01.03.2016-28.02.2020
			2,000,000	-	-	-	2,000,000	01.03.2017-28.02.2020
			5,000,000	-	-	-	5,000,000	
Denny Chi Hing CHAN	27.03.2013	2.550	525,000	-	-	-	525,000	01.03.2014-28.02.2020
			700,000	-	-	-	700,000	01.03.2015-28.02.2020
			875,000	-	-	-	875,000	01.03.2016-28.02.2020
			1,400,000	-	-	-	1,400,000	01.03.2017-28.02.2020
			3,500,000	-	-	-	3,500,000	
Other employees in aggregate	25.08.2006	3.290	450,000	-	-	(450,000)	-	01.01.2009-24.08.2016
			500,000	-	-	(500,000)	-	01.01.2010-24.08.2016
	27.03.2013	2.550	675,000	-	-	-	675,000	01.03.2014-28.02.2020
			1,500,000	-	-	-	1,500,000	01.03.2015-28.02.2020
			1,875,000	-	-	-	1,875,000	01.03.2016-28.02.2020
			3,000,000	-	-	-	3,000,000	01.03.2017-28.02.2020
			8,000,000	-	-	(950,000)	7,050,000	
Total			16,500,000	-	-	(950,000)	15,550,000	

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 23 to the consolidated financial statements.



(B) Dorsett Share Option Scheme

Dorsett Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Dorsett Share Option Scheme include directors of Dorsett (including executive directors, non-executive directors and independent non-executive directors) and employees of Dorsett and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of Dorsett considers, in its sole discretion, have contributed or will contribute to the Group.

The share options under Dorsett Share Option Scheme, save for those lapsed on 10 October 2015 in accordance with the Dorsett Share Option Scheme, were cancelled upon acceptance of the offer under Rule 13 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission made by or on behalf of Willow Bliss Limited, a wholly-owned subsidiary of the Company, to the holders of Dorsett Share Option Scheme at a nominal value of HK\$0.01 for each share option under Dorsett Share Option Scheme.

As at 30 September 2016, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2016, according to the register of interests in shares or short positions in the shares or underlying shares of the Company as recorded in the register, required to be kept by the Company pursuant to Section 336 of the SFO (other than the interests of directors of the Company as set out above) and as far as the directors of the Company are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	979,914,700 ⁽ⁱ⁾ (long position)	45.97%
Deacon Te Ken CHIU ⁽ⁱⁱ⁾	Beneficial owner	13,022,647 (long position)	0.61%
	Interest of controlled corporations	140,942,693 ⁽ⁱⁱⁱ⁾ (long position)	6.61%
	Interest of spouse	1,624,301 ⁽ⁱⁱⁱ⁾ (long position)	0.08%
Value Partners Group Limited	Interest of controlled corporations	107,639,987 ⁽ⁱⁱⁱ⁾ (long position)	5.04%
Value Partners High-Dividend Stocks Fund	Beneficial owner	106,588,448 (long position)	5.00%

OTHER INFORMATION

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
 - (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.
 - (iii) These shares were held by various companies controlled by Value Partners Group Limited.
- * The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2016.

Save as disclosed above, as at 30 September 2016, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and certain of its subsidiaries, as guarantors, and City Sight Limited ("City Sight"), its subsidiary, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 22 February 2016 and an unsecured term loan facility in the aggregate amount of HK\$1,350 million was granted to City Sight. The final maturity date is 36 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the controlling shareholder of the Company:

- (a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right; and
- (b) Chiu Family (as defined in the Facility Agreement) shall own, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the six months ended 30 September 2016, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 22 February 2016.



COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 September 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 Listing Rules, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiry made by the Company, all directors have confirmed they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated director for receiving such notifications.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 unaudited consolidated interim results of the Group for the six months ended 30 September 2016.

OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 21 December 2016 to Thursday, 29 December 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 Interim 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 Tuesday, 20 December 2016.

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

Hong Kong, 23 November 2016



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
FAR EAST CONSORTIUM INTERNATIONAL LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 60, which comprise the condensed consolidated statement of financial position as of 30 September 2016 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 November 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

	NOTES	Six months ended	
		30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Revenue	5	2,952,607	1,857,064
Cost of sales and services		(1,696,600)	(1,078,018)
Depreciation and amortisation of hotel and car park assets		(147,442)	(150,478)
Gross profit		1,108,565	628,568
Other income		6,590	12,051
Other gains and losses	6	235,019	130,889
Administrative expenses			
– Hotel operations and management		(174,983)	(171,646)
– Others		(132,309)	(118,583)
Pre-opening expenses			
– Hotel operations and management		(2,592)	–
Selling and marketing expenses		(16,113)	(54,218)
Share of results of associates		3,935	7,532
Share of results of joint ventures		(1,452)	2,904
Finance costs	7	(105,483)	(114,798)
Profit before tax		921,177	322,699
Income tax expense	8	(233,000)	(48,325)
Profit for the period	9	688,177	274,374
Attributable to:			
Shareholders of the Company		681,427	263,242
Non-controlling interests		6,750	11,132
		688,177	274,374
Earnings per share	10		
– Basic (HK cents)		32.0	13.7
– Diluted (HK cents)		32.0	13.7



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Profit for the period	688,177	274,374
Other comprehensive expense for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(231,632)	(323,973)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	(16,059)	(21,417)
	(247,691)	(345,390)
Total comprehensive income (expense) for the period	440,486	(71,016)
Total comprehensive income (expense) attributable to:		
Shareholders of the Company	426,950	(46,895)
Non-controlling interests	13,536	(24,121)
	440,486	(71,016)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	NOTES	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Non-current Assets			
Investment properties	12	2,834,946	3,304,213
Property, plant and equipment	12	7,657,587	7,720,482
Prepaid lease payments		504,743	522,412
Goodwill		68,400	68,400
Interests in associates	13	349,835	342,407
Interests in joint ventures		39,601	41,052
Investment securities	14	692	692
Deposits for acquisition of property, plant and equipment		120,666	124,756
Amounts due from associates		70,724	70,734
Amount due from a joint venture		25,841	26,467
Amount due from an investee company		119,995	119,995
Other receivables	15	83,302	80,426
Pledged deposits		2,417	2,494
Deferred tax assets		33,847	35,512
		11,912,596	12,460,042
Current Assets			
Properties for sale			
Completed properties		677,869	583,706
Properties for/under development		7,865,839	8,056,484
Other inventories		9,213	9,414
Prepaid lease payments		14,809	15,181
Debtors, deposits and prepayments	16	501,759	527,404
Deposits receivable from stakeholders		251,130	586,880
Other receivables	15	12,020	12,605
Amounts due from joint ventures		49,823	50,018
Amount due from an associate		28,879	22,328
Tax recoverable		68,230	62,611
Investment securities	14	1,086,145	1,218,063
Pledged deposits		25,663	24,607
Restricted bank deposits		388,450	161,621
Deposit in a financial institution		11,331	11,331
Bank balances and cash		3,935,299	2,358,326
		14,926,459	13,700,579
Assets classified as held for sale	17	53,870	–
		14,980,329	13,700,579



	NOTES	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Current Liabilities			
Creditors and accruals	18	703,758	828,763
Customers' deposits received		2,282,086	2,460,113
Obligations under finance leases		3,452	3,468
Amount due to a related company		17,261	17,856
Amounts due to associates		8,627	8,836
Amounts due to shareholders of non-wholly owned subsidiaries		27,394	27,799
Derivative financial instruments	19	13,113	8,904
Dividend payable		277,122	–
Tax payable		294,096	182,621
Bank borrowings	20	1,979,885	2,932,693
		5,606,794	6,471,053
Net Current Assets		9,373,535	7,229,526
Total Assets less Current Liabilities		21,286,131	19,689,568
Non-current Liabilities			
Bank borrowings	20	6,950,937	7,863,277
Obligations under finance leases		4,835	4,845
Amount due to a shareholder of a non-wholly owned subsidiary		266,902	246,778
Notes and bonds	21	3,161,738	868,283
Derivative financial instruments	19	92,739	76,680
Deferred tax liabilities		380,035	362,450
		10,857,186	9,422,313
Net Assets		10,428,945	10,267,255
Capital and Reserves			
Share capital	22	213,171	213,171
Share premium		3,730,625	3,730,625
Reserves		6,346,902	6,196,336
Equity attributable to shareholders of the Company		10,290,698	10,140,132
Non-controlling interests		138,247	127,123
Total Equity		10,428,945	10,267,255

The condensed consolidated financial statements on pages 32 to 60 were approved and authorised for issue by the Board of Directors on 23 November 2016 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHRIS CHEONG THARD HOONG
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	191,374	2,982,364	25,500	13,808	(93,121)	24,722	(86,246)	1,481,473	4,603,776	9,143,650	1,117,279	10,260,929
Profit for the period	-	-	-	-	-	-	-	-	263,242	263,242	11,132	274,374
Exchange differences arising on translation of foreign operations	-	-	-	-	(290,430)	-	-	-	(290,430)	(290,430)	(33,543)	(323,973)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	-	-	-	-	-	(19,707)	-	(19,707)	(19,707)	(1,710)	(21,417)
Other comprehensive expense for the period	-	-	-	-	(290,430)	-	(19,707)	-	(310,137)	(310,137)	(35,253)	(345,390)
Total comprehensive (expense) income for the period	-	-	-	-	(290,430)	-	(19,707)	-	(46,895)	(46,895)	(24,121)	(71,016)
Shares issued upon exercise of share options	385	5,862	-	-	-	-	-	-	6,247	6,247	-	6,247
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	1,350	-	-	1,350	1,350	(8,871)	(7,521)
Dividends recognised as distribution	-	-	-	-	-	-	-	(249,286)	(249,286)	(249,286)	-	(249,286)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,934)	(10,934)
At 30 September 2015 (unaudited)	191,759	2,988,226	25,500	13,808	(383,551)	26,072	(105,953)	1,481,473	4,617,732	8,855,066	1,073,353	9,928,419
Profit for the period	-	-	-	-	-	-	-	-	471,185	471,185	12,403	483,588
Exchange differences arising on translation of foreign operations	-	-	-	-	133,130	-	-	-	133,130	133,130	3,284	136,414
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	-	-	-	-	-	(11,164)	-	(11,164)	(11,164)	6	(11,158)
Reclassification from hedging reserve to profit or loss	-	-	-	-	-	-	43,732	-	43,732	43,732	-	43,732
Other comprehensive income for the period	-	-	-	-	133,130	-	32,568	-	165,698	165,698	3,290	168,988
Total comprehensive income for the period	-	-	-	-	133,130	-	32,568	-	636,883	636,883	15,693	652,576
Shares issued in lieu of cash dividend	8,993	246,064	-	-	-	-	-	-	255,057	255,057	-	255,057
Repurchase of shares	(2,958)	(78,774)	2,958	-	-	-	-	-	(81,732)	(81,732)	-	(81,732)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	1,241	-	-	1,241	1,241	-	1,241
Acquisition of remaining interests in Dorsett	15,377	575,109	-	2,434	(36,647)	-	(21,782)	(422,293)	445,861	558,059	(960,576)	(402,517)
Additional non-controlling interest arising on partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	6,365	6,365
Dividends recognised as distribution	-	-	-	-	-	-	-	(84,442)	(84,442)	(84,442)	-	(84,442)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7,712)	(7,712)
At 31 March 2016 (audited)	213,171	3,730,625	28,458	16,242	(287,068)	27,313	(95,167)	1,059,180	5,447,378	10,140,132	127,123	10,267,255



	Attributable to owners of the Company											
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	-	-	-	-	-	-	-	-	681,427	681,427	6,750	688,177
Exchange differences arising on translation of foreign operations	-	-	-	-	(238,418)	-	-	-	-	(238,418)	6,786	(231,632)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	(16,059)	-	-	(16,059)	-	(16,059)
Other comprehensive expense for the period	-	-	-	-	(238,418)	-	(16,059)	-	-	(254,477)	6,786	(247,691)
Total comprehensive (expense) income for the period	-	-	-	-	(238,418)	-	(16,059)	-	681,427	426,950	13,536	440,486
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	738	-	-	-	738	-	738
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(277,122)	(277,122)	-	(277,122)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,412)	(2,412)
Lapse of share option transferred to retained profits	-	-	-	-	-	(3,203)	-	-	3,203	-	-	-
At 30 September 2016 (unaudited)	213,171	3,730,625	28,458	16,242	(525,486)	24,848	(111,226)	1,059,180	5,854,886	10,290,698	138,247	10,428,945

Other reserve mainly comprise (a) credit balance of HK\$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) credit balance of HK\$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK\$3,097,000 recognised in the year ended 31 March 2013 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK\$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK\$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK\$23,568,000 representing the difference between the Group's interest in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK\$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Net cash from operating activities	1,814,114	568,029
Investing activities		
Acquisition and development expenditure of property, plant and equipment	(289,269)	(123,412)
Placement of pledged bank deposits	(2,936)	(62,572)
Release of pledged bank deposits	1,881	190,332
Placement of restricted bank deposits	(226,829)	(147,092)
Other investing activities	(41,171)	(25,453)
Net cash used in investing activities	(558,324)	(168,197)
Financing activities		
Net proceeds on issue of notes	2,303,819	-
New bank borrowings raised	1,513,967	2,197,743
Repayment of bank borrowings	(3,262,980)	(2,410,341)
Interest paid	(179,135)	(188,734)
Other financing activities	(8,666)	(30,294)
Net cash from (used in) financing activities	367,005	(431,626)
Net increase (decrease) in cash and cash equivalents	1,622,795	(31,794)
Cash and cash equivalents at beginning of the period	2,369,657	2,285,037
Effect of foreign exchange rate changes	(45,822)	(67,973)
Cash and cash equivalents at end of the period	3,946,630	2,185,270
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	3,935,299	2,173,939
Deposit in a financial institution	11,331	11,331
	3,946,630	2,185,270



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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").

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a disposal transaction rather than through continuing use. This condition is regarded as met only when the disposal is highly probable and the asset is available for immediate disposal in its present condition. For the disposal to be highly probable, management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has applied for the first time in the current interim period, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

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
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Segment revenue and profit

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. 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 investment, securities and financial product investments), and 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.



4. SEGMENT INFORMATION (continued)

Segment revenue and profit (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment. Segment profit (loss) represents the pre-tax profit (loss) earned (incurred) by each segment without allocation of central administrative costs, directors' salaries and finance costs.

	Segment revenue Six months ended		Segment profit (loss) Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Property development				
- Australia	1,484,741	683,924	463,601	184,886
- Hong Kong ("HK")	-	33,677	(8,595)	(29,650)
- Malaysia	-	-	2,224	(246)
- Other regions in the People's Republic of China excluding HK ("PRC")	475,498	170,849	300,677	101,453
- Singapore	-	-	(4,096)	-
- United Kingdom ("UK")	-	753	(678)	(4,667)
	1,960,239	889,203	753,133	251,776
Property investment				
- HK	17,775	18,222	158,553	56,765
- PRC	5,816	7,074	(12,198)	(15,755)
- Singapore	-	445	-	(2,768)
	23,591	25,741	146,355	38,242
Operations of Dorsett and its subsidiaries				
- HK	286,987	312,360	57,343	5,289
- Malaysia	108,071	102,184	11,147	7,920
- PRC	108,099	102,516	(10,005)	11,474
- Singapore	48,883	48,413	9,859	11,498
- UK	64,368	68,585	7,567	8,574
	616,408	634,058	75,911	44,755
Car park operations and facilities management				
- Australia	303,823	292,491	24,421	24,059
- Malaysia	5,671	6,527	2,425	3,173
	309,494	299,018	26,846	27,232
Securities and financial product investments	42,326	8,496	63,730	(16,728)
Other operations	549	548	2,617	35,939
Segment revenue/segment profit	2,952,607	1,857,064	1,068,592	381,216
Unallocated corporate expenses			(41,932)	(32,964)
Finance costs			(105,483)	(25,553)
Profit before tax			921,177	322,699
Income tax expense			(233,000)	(48,325)
Profit for the period			688,177	274,374

None of the segments derived any revenue from transactions with other segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

4. SEGMENT INFORMATION (continued)

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.

	As at 30.9.2016 HK\$'000 (unaudited)	As at 31.3.2016 HK\$'000 (audited)
Property development		
– Australia	2,124,987	2,567,468
– HK	2,225,272	2,161,886
– Malaysia	488,339	490,424
– PRC	2,944,992	2,788,467
– Singapore	2,520,771	2,390,450
– UK	328,938	348,355
	10,633,299	10,747,050
Property investment		
– HK	2,029,074	2,525,293
– PRC	2,728	4,222
	2,031,802	2,529,515
Operations of Dorsett and its subsidiaries		
– HK	3,619,139	3,574,530
– Malaysia	863,676	885,849
– PRC	1,979,259	2,078,333
– Singapore	624,054	675,385
– UK	1,003,973	999,932
	8,090,101	8,214,029



4. SEGMENT INFORMATION (continued)

Segment assets (continued)

	As at 30.9.2016 HK\$'000 (unaudited)	As at 31.3.2016 HK\$'000 (audited)
Car park operations and facilities management		
– Australia	737,105	699,048
– Malaysia	140,323	140,759
	877,428	839,807
Securities and financial product investments	1,071,407	1,207,220
Other operations	242,258	253,343
Segment assets	22,946,295	23,790,964
Unallocated corporate assets	3,946,630	2,369,657
Total assets	26,892,925	26,160,621

Information about segment liabilities are not regularly reviewed by the chief operating decision makers. Accordingly, segment liability information is not presented.

5. REVENUE

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Sale of properties	1,948,291	874,840
Leasing of properties	59,808	62,494
Hotel operations and management	586,430	592,113
Car park operations and facilities management	309,564	299,667
Provision of property management services	5,640	6,502
Interest income and dividend income from financial instruments	42,325	20,476
Other operations	549	972
	2,952,607	1,857,064

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Change in fair value of investment properties	211,630	127,122
Change in fair value of financial assets at fair value through profit or loss	10,324	(51,705)
Change in fair value of derivative financial instruments	2,495	2,391
Impairment loss recognised in respect of interest in an associate	(25,000)	-
Net foreign exchange gains	37,614	56,337
Allowance for doubtful debts	(2,044)	(3,256)
	235,019	130,889

7. FINANCE COSTS

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	150,905	125,854
Finance leases	5	5
Interest on notes and bonds	45,757	66,023
Less: net interest income from cross currency swap contracts	(12,739)	(10,626)
Amortisation of front-end fee	5,042	2,766
Others	1,630	1,045
Total interest costs	190,600	185,067
Less: amounts capitalised to properties under development:		
- investment properties under development	-	(1,684)
- properties for owners' occupation	(11,838)	(8,640)
- properties for sale	(73,279)	(59,945)
	105,483	114,798

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 1.83% to 4.97% (six months ended 30.9.2015: 4.65% to 4.97%) per annum to expenditure on the qualifying assets.



8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	3,547	8,860
PRC Enterprise Income Tax ("PRC EIT")	67,354	22,173
PRC Land Appreciation Tax ("PRC LAT")	24,679	8,408
Australia Income Tax	105,544	59,761
Malaysia Income Tax	2,232	2,875
Singapore Income Tax	-	117
	203,356	102,194
(Over) underprovision in prior years:		
- Hong Kong Profits Tax	(41)	(61,586)
- PRC EIT	4,142	-
- Malaysia Income Tax	(9)	-
	4,092	(61,586)
Deferred taxation	25,552	7,717
	233,000	48,325

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period 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 period, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	5,387	5,528
Depreciation of property, plant and equipment	147,572	158,393
Share of taxation of associates (included in share of results of associates)	777	786
and after crediting:		
Bank interest income	2,879	3,326

10. 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 period attributable to the shareholders of the Company of HK\$681,427,000 (six months ended 30.9.2015: HK\$263,242,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2016 '000 (unaudited)	30.9.2015 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,131,709	1,915,651
Effect of dilutive potential ordinary shares – Company's share options	444	5,079
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,132,153	1,920,730

The computations for the six months ended 30 September 2015 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 the Dorsett's shares.



11. DIVIDENDS

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2016 of HK13 cents (six months ended 30.9.2015: final dividend for the year ended 31 March 2015 of HK13 cents) per share	277,122	249,286

The 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\$2.878 per share. These new shares rank pari passu to the existing shares of the Company.

Subsequent to the end of the reporting period, the directors of the Company have determined an interim dividend of HK3.5 cents (six months ended 30.9.2015: HK3 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 29 December 2016.

12. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2016, the Group acquired certain property, plant and equipment amounting to HK\$301,260,000 (six months ended 30.9.2015: HK\$210,009,000) in which the Group incurred development expenditure on development of certain hotel properties amounting to HK\$239,876,000 (six months ended 30.9.2015: HK\$130,129,000).

During the period ended 30 September 2016, the Group disposed of certain investment properties in Hong Kong amounting to HK\$620,201,000 (six months ended 30.9.2015: Nil).

The fair value of the investment properties at 30 September 2016 and 31 March 2016 have been arrived at on the basis of valuations carried out by the following independent firms of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited DTZ Australia (VIC) Pty Limited	Member of the Australian Property Institute
Hong Kong/PRC	DTZ Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Malaysia	Raine & Horne International Zaki + Partners Sdn. Bhd.	Registered valuer in Malaysia
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

12. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (continued)

The valuations of the investment properties, which falls under level 3 of fair value hierarchy, was arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

13. INTERESTS IN ASSOCIATES

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Unlisted investments, at cost less impairment	112,252	108,759
Share of post-acquisition results, net of dividends received	237,583	233,648
	349,835	342,407

14. INVESTMENT SECURITIES

(i) Available-for-sale investments

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Unlisted:		
Equity securities	4	4
Club membership	688	688
	692	692



14. INVESTMENT SECURITIES (continued)

(ii) Financial assets at fair value through profit or loss

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Investments held for trading		
Equity securities listed in Hong Kong	5,116	5,579
Listed debt securities	503,339	603,599
Unlisted debt securities	43,535	36,441
Investment funds	510,955	548,444
	1,062,945	1,194,063
Financial assets designated at fair value through profit or loss		
Structured deposits	23,200	24,000
	1,086,145	1,218,063
Total	1,086,837	1,218,755
Analysed for reporting purposes as:		
Non-current assets	692	692
Current assets	1,086,145	1,218,063
	1,086,837	1,218,755

15. OTHER RECEIVABLES

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Loans receivable	95,322	93,031
Less: amount due within one year and classified under current assets	(12,020)	(12,605)
Amount due after one year	83,302	80,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Trade debtors, net of allowance of doubtful debt	96,247	89,851
Advance to contractors	17,137	37,555
Utility and other deposits	24,370	39,620
Prepayment and other receivables	199,441	201,696
Other tax recoverable	164,564	158,682
	501,759	527,404

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.

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:

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
0 – 60 days	84,855	70,545
61 – 90 days	3,037	6,924
Over 90 days	8,355	12,382
	96,247	89,851

17. ASSETS CLASSIFIED AS HELD FOR SALE

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Investment properties	53,870	–

During the year ended 31 March 2014, the Group decided to sell Eivissa Crest instead of holding them for rental as originally planned. The Group had initiated active marketing plan for sale of such properties and 79% of these properties have been sold up to 30 September 2016. These investment properties were reclassified as assets classified as held for sale. After the reclassification, the measurement of these properties will continue to follow the fair value model in accordance with HKAS 40 "Investment Property".



18. CREDITORS AND ACCRUALS

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	230,938	295,708
– Others	64,005	74,591
	294,943	370,299
Construction cost and retention payable for capital assets	72,063	113,511
Rental and reservation deposits and receipts in advance	55,337	45,879
Other payable and accrued charges	281,415	299,074
	703,758	828,763

The following is an aged analysis of the trade creditors, based on the invoice date:

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
0 – 60 days	278,519	347,097
61 – 90 days	1,984	2,851
Over 90 days	14,440	20,351
	294,943	370,299

19. DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Designated under hedge accounting		
Cross currency swap contracts	92,739	76,680
Designated not under hedge accounting		
Interest rate swap contracts	9,592	6,888
Cross currency swap contract	3,438	–
Forward foreign exchange contracts	83	2,016
	105,852	85,584
Analysed for reporting purpose as:		
Current liabilities	13,113	8,904
Non-current liabilities	92,739	76,680
	105,852	85,584

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

20. BANK BORROWINGS

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Bank loans	8,967,786	10,838,111
Less: front-end fee	(36,964)	(42,141)
	8,930,822	10,795,970
Analysed for reporting purpose as:		
Non-current liabilities	6,950,937	7,863,277
Current liabilities	1,979,885	2,932,693
	8,930,822	10,795,970
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	1,265,219	1,869,535
More than one year, but not exceeding two years	871,685	1,694,350
More than two years, but not exceeding five years	6,476,110	6,353,863
More than five years	354,772	920,363
	8,967,786	10,838,111

The carrying amount of borrowings include an amount of HK\$725,322,000 (31.3.2016: HK\$1,072,508,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

All the bank borrowings bear interest at floating rates ranging from 1.47% to 6.95% (31.3.2016: 1.74% to 7.69%) per annum.

21. NOTES AND BONDS

2018 BONDS

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of Renminbi ("RMB") 850,000,000 at issue price of 100% of the principal amount with maturity date on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds bear interest at 6.17% per annum payable semi-annually.

During the year ended 31 March 2016, the Company through its subsidiary, purchased 2018 Bonds with the principal amount of RMB83,030,000. As at 30 September 2016, the outstanding principal amount of 2018 Bonds outstanding was RMB727,310,000 (equivalent to HK\$839,738,000).

2021 NOTES

On 8 September 2016, the Company issued aggregate notes principal amount of United States dollar ("US\$") 300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually.

As at 30 September 2016, the aggregate principal amount of the 2021 Notes outstanding was US\$300,000,000 (equivalent to HK\$2,322,000,000).

Details of the issue of the 2018 Bonds and 2021 Notes were disclosed in Dorsett's circular dated 25 March 2013 and the Company's circular dated 25 August 2016, respectively.



22. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2015 (audited)	1,913,736,798	191,374
Issue upon exercise of share option at HK\$2.55 per share	450,000	45
Issue upon exercise of share option at HK\$1.50 per share	3,400,000	340
At 30 September 2015 (unaudited)	1,917,586,798	191,759
Issue of shares in lieu of cash dividends	89,930,960	8,993
Issue of shares upon privatisation of Dorsett	153,772,358	15,377
Repurchase of shares	(29,581,000)	(2,958)
At 31 March 2016 (audited) and 30 September 2016 (unaudited)	2,131,709,116	213,171

23. SHARE OPTION SCHEMES

The Company has a share option scheme under which the directors and full-time employees may be granted options to subscribe for shares in the Company. Particulars of the share option schemes are set out in the 2016 annual report of the Company.

	1.4.2016 to 30.9.2016 '000 (unaudited)	1.4.2015 to 31.3.2016 '000 (audited)
At the beginning of the period/year	16,500	20,350
Exercised during the period/year	-	(3,850)
Lapsed during the period/year	(950)	-
At the end of the period/year	15,550	16,500

No share options were granted by the Company during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

24. CHARGE ON ASSETS

Bank and other loans with aggregate amount of HK\$7,217,786,000 (31.3.2016: HK\$9,088,111,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Investment properties	1,051,948	1,720,637
Property, plant and equipment	5,362,881	5,436,245
Prepaid lease payments	515,634	533,080
Properties for sale	4,629,028	5,786,103
Bank deposits	28,080	27,101
Total	11,587,571	13,503,166

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

25. CONTINGENT LIABILITIES

During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited ("HKSAR Hotel"), a former subsidiary of the company, initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposal of during the year ended 31 March 2013 but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. During the current period, the court issued a decision in favour of HKSAR Hotel and ordered the contractors to pay HKSAR Hotel HK\$10,014,000 as compensation.



26. CAPITAL COMMITMENTS

	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	240,085	318,805
Others	18,176	33,745
	258,261	352,550

27. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Provision of building management service by associates	2,196	1,913

Details of the balances with associates, joint ventures, shareholders of non-wholly owned subsidiaries, an investee company and a related company as at the end of the reporting period are set out in the condensed consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

27. SIGNIFICANT RELATED PARTIES TRANSACTIONS (continued)

- (b) The remuneration of directors and other members of key management during the period are as follows:

	Six months ended	
	30.9.2016 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)
Short-term benefits	14,266	16,555
Post-employment benefits	147	192
Share-based payment expenses	400	736
	14,813	17,483

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Certain financial instruments of the Group are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the asset or liability that are not based on observable market data (unobservable inputs).



28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)		
1) Listed equity securities classified as financial assets at fair value through profit or loss	5,116	5,579	Level 1	Quoted bid prices in an active market
2a) Listed debt securities classified as financial assets at fair value through profit or loss	503,339	603,599	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at fair value through profit or loss	43,535	36,441	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
3) Investment funds classified as financial assets at fair value through profit or loss	510,955	548,444	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at fair value through profit or loss	23,200	24,000	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)		
5) Forward foreign exchange contracts classified as derivative financial instruments	(83)	(2,016)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
6) Interest rate swap contracts classified as derivative financial instruments	(9,592)	(6,888)	Level 2	Discounted cash flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rate, discounted at a rate that reflects the credit risk of various counterparties



28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2016 HK\$'000 (unaudited)	31.3.2016 HK\$'000 (audited)		
7) Cross currency swap contracts classified as derivative financial instruments designated as hedging instruments	(92,739)	(76,680)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
8) Cross currency swap contract classified as derivative financial instruments not designated as hedging instruments	(3,438)	-	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 September 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

Financial assets at fair value through profit or loss

	1.4.2016 to 30.9.2016 HK\$'000 (unaudited)	1.4.2015 to 31.3.2016 HK\$'000 (audited)
At the beginning of the period/year	24,000	52,740
Disposal	(800)	(28,740)
At the end of the period/year	23,200	24,000

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss, as the management considers that the exposure is insignificant to the Group.

This interim report, in both English and Chinese versions, is available on the Company's website at www.fecil.com.hk.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.



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