



# FEC遠東發展

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)

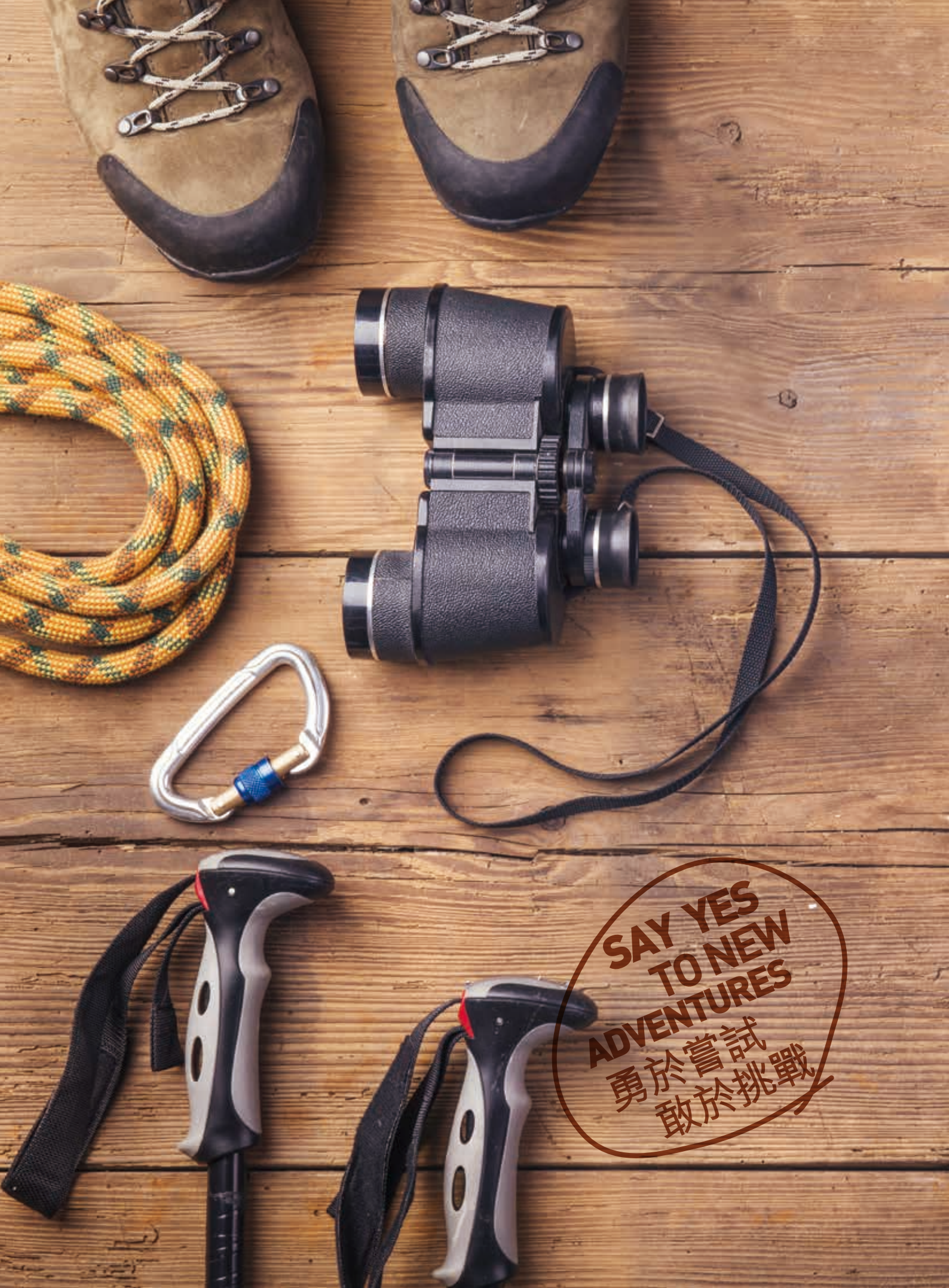
Stock Code 股份代號 : 035

## Achieving A Great Milestone 奠定里程碑

Interim Report 2017-18 中期報告







**SAY YES  
TO NEW  
ADVENTURES**  
勇於嘗試  
敢於挑戰





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## UNITED KINGDOM

Manchester ●  
London ●

### UNITED KINGDOM

- Property development
- Hotel operations
- Car park operations



### SINGAPORE

- Property development
- Investment properties
- Hotel operations



## CHINA

Shanghai ●  
Wuhan ●  
Chengdu ●  
Lushan ●  
Guangzhou ●  
Zhongshan ●  
Hong Kong ●

## SINGAPORE MALAYSIA

Labuan ●  
Kuala Lumpur ●  
Subang ●  
Johor ●

### MALAYSIA

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



Perth ●



# DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

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

## MAINLAND CHINA

- Property development
- Investment properties
- Hotel operations



## HONG KONG

- Property development
- Investment properties
- Hotel operations



## AUSTRALIA & NEW ZEALAND

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



### AUSTRALIA

- Brisbane
- Gold Coast

- Melbourne
- Sydney

### NEW ZEALAND



# MAJOR EVENTS OF FINANCIAL YEAR 2017/18



The Group was selected to work with the Manchester City Council in the United Kingdom to jointly deliver the Northern Gateway development project. This project will deliver more than 10,000 new homes over the next decade



The Group was selected as preferred proponent to develop Lots 3B, 6 and 7 of Perth City Link in Perth, Australia



APRIL 2017

Artra at Singapore launched



Marin Point at Sha Tau Kok, Hong Kong launched



MAY 2017

Silka West Kowloon, Hong Kong was sold in May 2017 at HK\$450 million realizing a gain of approx. HK\$320 million







West Side Place  
(Tower 4) at Melbourne  
launched



The Star Residences at Gold Coast launched



JUNE 2017

SEPTEMBER 2017

The Group was awarded the Best Investor Relations Company in Hong Kong and Ms Venus Zhao, Head of Corporate Finance and Investor Relations, was awarded the Best Investor Relations Professional in Hong Kong at the 7th Asian Excellence Awards 2017 organised by Corporate Governance Asia



Care Park, a subsidiary of the Group, was awarded as the Parking Organisation of the Year in the 2017 Parking Industry Awards organised by Parking Australia. Care Park is also the first company in Australia to achieve the Accredited Operator Scheme (AOS) accreditation launched by Parking Australia



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

Cheong Thard HOONG, B.ENG.,  
ACA

Dennis CHIU, B.A.

Craig Grenfell WILLIAMS, B.ENG.  
(CIVIL)

### Non-Executive Director

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

Cheong Thard HOONG

Dennis CHIU

Craig Grenfell WILLIAMS

Ka Pong CHAN

## MANAGING DIRECTOR

Cheong Thard HOONG

## CHIEF FINANCIAL OFFICER

Ka Pong CHAN

## COMPANY SECRETARY

Ka Pong CHAN

## AUTHORISED REPRESENTATIVES

David CHIU

Ka Pong CHAN

## 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

Australia and New Zealand Banking Group Limited

Bank of China (Hong Kong) Limited

DBS Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of 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 China (Australia) Limited

Bank of Western Australia

Commonwealth Bank of Australia Limited

Industrial and Commercial Bank of China 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

The Hongkong and Shanghai

Banking Corporation 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)

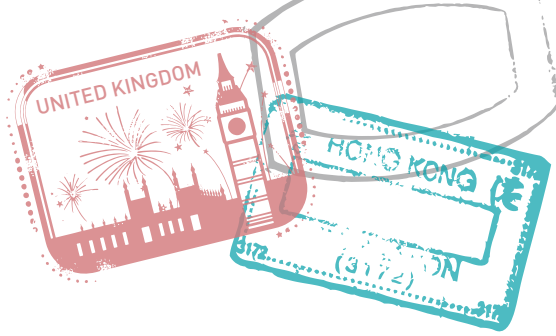
4.5% USD Medium Term Notes  
2023 (Code: 5011)

The Stock Exchange of Hong Kong Limited

## WEBSITE

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





## INTERIM RESULTS 2017/18

### 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 2017 ("1H FY2018"). 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.



Artra, Singapore

Collect  
beautiful  
moments

### INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2017 of HK4.0 cents (30 September 2016: HK3.5 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 28 December 2017. 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").

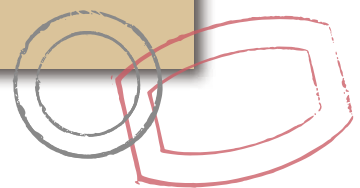
The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in the new shares to be allotted and issued thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new 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 consecutive trading days prior to and including 28 December 2017. 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 9 January 2018. Dividend warrants and/or new share certificates will be posted on or around 8 February 2018.



MeadowSide, Manchester



The Star Residences, Gold Coast





# FUTURE VISION



DORSETT WANCHAI,  
HONG KONG



THE STAR RESIDENCES,  
GOLD COAST



IT IS NOT THE  
MOUNTAINS  
WE  
CONQUER  
BUT  
OURSELVES





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL AND BUSINESS REVIEWS

### Financial review

#### 1. Profit and loss analysis

The Company's consolidated revenue for 1H FY2018 was approximately HK\$2.8 billion, a slight decrease of 6.0% as compared with the six months ended 30 September 2016 ("1H FY2017"). Despite the lower revenue due to completion timing of projects, gross profit (before depreciation of hotel and car park assets) came in at HK\$1.6 billion, showing a strong growth of 24.7% from HK\$1.3 billion during 1H FY2017. A breakdown of the Group's revenue and gross profit is shown below:

	Property development HK\$'000	Hotel operations and management HK\$'000	Car park operations and facilities management HK\$'000	Others HK\$'000	Total HK\$'000
<b>For 1H FY2018</b>					
Revenue	1,654,534	695,315	333,154	92,983	2,775,986
Gross profit	982,697	276,917	68,439	77,251	1,405,304
Depreciation	-	150,992	10,010	-	161,002
Adjusted gross profit	982,697	427,909	78,449	77,251	1,566,306
Adjusted gross profit margin	59.4%	61.5%	23.5%	83.1%	56.4%
<b>For 1H FY2017</b>					
Revenue	1,957,868	616,408	309,494	68,837	2,952,607
Gross profit	765,537	232,771	56,943	53,314	1,108,565
Depreciation	-	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%	77.4%	42.5%

Revenue from sales of properties amounted to approximately HK\$1,655 million in 1H FY2018, down 15.5% as compared with 1H FY2017 owing to the completion timing of the projects in the Group's pipeline, with gross profit climbing from HK\$766 million in 1H FY2017 to HK\$983 million for 1H FY2018, representing a 28.4% increase. During 1H FY2018, two projects were completed, namely Royal Crest II in Shanghai and Dorsett Bukit Bintang in Kuala Lumpur. Phased completion of the FIFTH in Melbourne also commenced during 1H FY2018 and will continue into the second half of the financial year.



Dorsett City, London

Revenue from hotel operations and management amounted to approximately HK\$695 million in 1H FY2018, an improvement of 12.8% as compared to 1H FY2017, thanks to the solid recovery of the hotel market, in particular in Hong Kong, and the addition of new hotels in the Group's portfolio, namely Silka Tsuen Wan in Hong Kong (opened in February 2017) and Dorsett City in London (partially opened in August 2017), both of which having contributed to the Group's hotel revenue during 1H FY2018. Despite the opening of new hotels, gross margin from the Group's hotel operations and management (before depreciation and amortisation) improved from 60.0% in 1H FY2017 to 61.5% in 1H FY2018, due to higher overall occupancy rate as well as average room rate.



## MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from car park operations and facilities management amounted to approximately HK\$333 million in 1H FY2018, an increase of 7.6% as compared to 1H FY2017, with adjusted gross profit increasing from HK\$67.0 million for 1H FY2017 to HK\$78.4 million for 1H FY2018, a 17.0% year-on-year growth, as the Group continued to allocate more resources to self-owned car parks which have higher margin compared to third-party car park management contracts. During 1H FY2018, approximately 9,300 car park bays were added to the Group's car park management portfolio, with another 1,392 car park bays added subsequent to 30 September 2017 through an acquisition of a portfolio of car parks in Budapest, Hungary.

Profit attributable to shareholders of the Company amounted to HK\$1,033 million, as a result of the completion of a number of high margin projects, a strong recovery of the hotel business, a steadily expanding car park portfolio, as well as a gain on sale of one of the non-core hotels of the Group during 1H FY2018.

Adjusted cash profit<sup>(1)</sup> was at HK\$1,071 million for 1H FY2018 which represented a growth of 72.6% from HK\$620 million for 1H FY2017, demonstrating the Group's strong ability to continuously generate cash flow which provides ammunition for the Group's future growth.

In general, contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar. The table below sets forth the exchange rates of Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate as at	As at 30 September 2017	As at 31 March 2017	Change
HK\$/AUD	6.11	5.93	3.0%
HK\$/RMB	1.18	1.13	4.4%
HK\$/MYR	1.85	1.75	5.7%
HK\$/GBP	10.43	9.67	7.9%
HK\$/SGD	5.75	5.56	3.4%

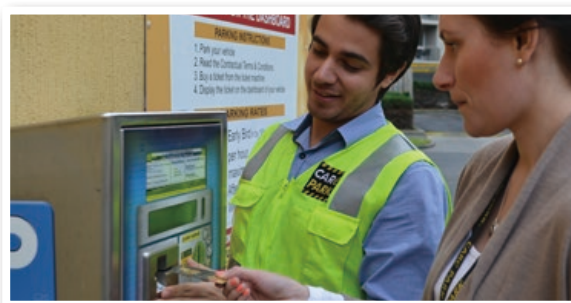
  

Average rates for	1H FY2018	1H FY2017	Change
HK\$/AUD	6.02	5.92	1.7%
HK\$/RMB	1.16	1.18	(1.7%)
HK\$/MYR	1.80	1.92	(6.3%)
HK\$/GBP	10.05	10.57	(4.9%)
HK\$/SGD	5.66	5.71	(0.9%)

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



Care Assist



Customer Service in Care Park



## MANAGEMENT DISCUSSION AND ANALYSIS



From the roof top of Artra, Singapore

## 2. 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 2017.

	As at 30 September 2017 HK\$ million	As at 31 March 2017 HK\$ million
Bank loans, notes and bonds		
Due within 1 year	4,028	1,431
Due 1–2 years	2,067	4,482
Due 2–5 years	7,192	6,547
Due more than 5 years	356	814
Total bank loans, notes and bonds	13,643	13,274
Investment securities	2,075	1,467
Bank and cash balances	3,836	4,161
Liquidity position	5,911	5,628
Net debts <sup>(i)</sup>	7,732	7,646
Carrying amount of the total equity	12,061	10,944
Add: hotel revaluation surplus	13,011	13,354
Total adjusted equity	25,072	24,298
Net gearing ratio (net debts to total adjusted equity)	30.8%	31.5%

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 2017 was approximately HK\$5.9 billion, representing an increase of 5.0% from the balance as at 31 March 2017, primarily due to the collection of sales proceeds upon completion of the Group's residential developments during 1H FY2018, stable cash inflow from the Group's recurring income business, as well as the proceeds on the sale of Silka Tsuen Wan at a consideration of HK\$450 million, and offset by repayment of bank borrowings and certain capital expenditure.

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



## MANAGEMENT DISCUSSION AND ANALYSIS

During 1H FY2018, the Group's net debts increased slightly by HK\$86 million to HK\$7.7 billion. The Group will continue to settle development construction loans when the relevant projects are completed and to repay loans with shorter maturity, with an aim of locking in longer dated funding.

The table below shows the Group's debts profile.

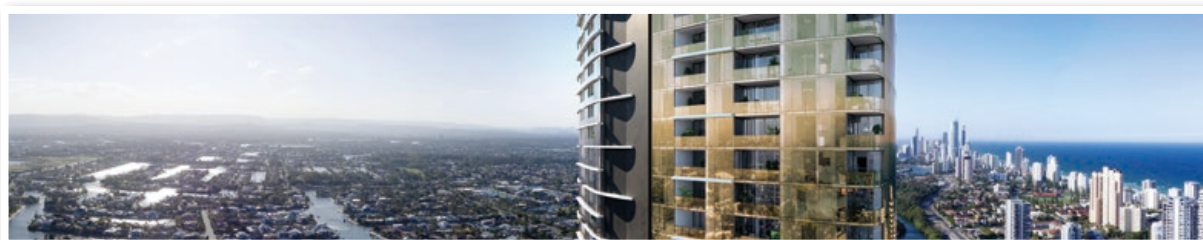
	As at 30 September 2017 HK\$ million	As at 31 March 2017 HK\$ million
The Company's notes	2,231	2,311
Dorsett bonds	947	820
Unsecured bank loans	1,570	1,744
Secured bank loans		
- Property development and investment	3,877	3,418
- Hotel operations and management	4,506	4,572
- Car park operations and facilities management	495	398
- Others	17	11
<b>Total bank loans, notes and bonds</b>	<b>13,643</b>	<b>13,274</b>

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\$1,294 million (as at 31 March 2017: HK\$1,329 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 2017, the Group's undrawn banking facilities were approximately HK\$6.2 billion which were all committed banking facilities, of which approximately HK\$4.4 billion was in relation to construction development while the balance of approximately HK\$1.8 billion was for the Group's general corporate use. The unutilized 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 expand its business further.

In addition, a total of 8 hotel assets within the Group were unencumbered as at 30 September 2017, the capital value of which amounted to HK\$4.4 billion based on independent valuation assessed as at 31 March 2017. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$13,011 million, based on independent valuation assessed as at 31 March 2017, the Group's total consolidated equity as at 30 September 2017 was approximately HK\$25,072 million. The net gearing ratio of the Group was at 30.8%, which has improved further from 31.5% achieved as of 31 March 2017.



The Star Residences, Gold Coast



## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Net asset value per share

	As at 30 September 2017 HK\$ million	As at 31 March 2017 HK\$ million
Equity attributable to shareholders of the Company	11,887	10,792
Add: Hotel revaluation surplus	13,011	13,354
Total net asset value attributable to shareholders of the Company	24,898	24,146
Number of shares issued (million)	2,249	2,238
Net asset value per share	HK\$11.07	HK\$10.79

Adjusting for revaluation surplus on hotel assets of approximately HK\$13,011 million based on independent valuation assessed as at 31 March 2017, net asset value attributable to shareholders of the Company reached approximately HK\$24,898 million. Net asset value per share for the Company as at 30 September 2017 was approximately HK\$11.07.

### 4. Capital expenditure

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

During 1H FY2018, the Group's capital expenditure amounted to approximately HK\$130 million primarily attributable to construction works on the recently opened Dorsett City in London. The capital expenditure was funded through a combination of borrowings and internal resources.

### 5. Capital commitments

	As at 30 September 2017 HK\$ million	As at 31 March 2017 HK\$ million
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	2,077	1,175
Others	3	6
	2,080	1,181

### 6. Post balance sheet events

#### Acquisition of car parks in Hungary

The Group completed an acquisition of a portfolio of 6 car parks in Budapest, Hungary at a consideration of approximately EUR21.0 million in October 2017.

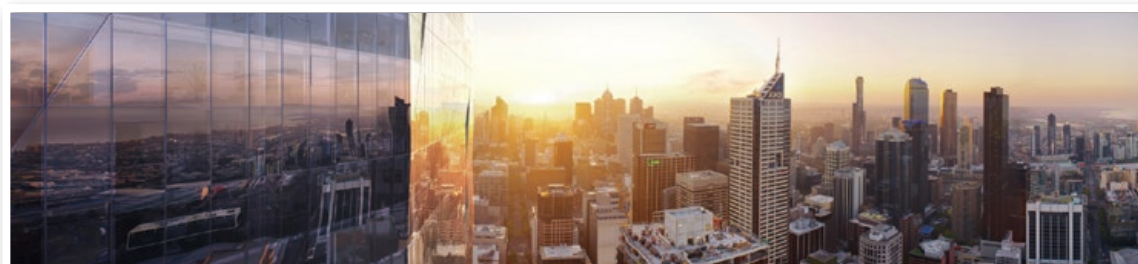
The car park portfolio, with a capacity of approximately 1,400 spaces is located in the prestigious central city District 6 and District 7 of Budapest with strong demand for car parking spaces. The acquisition provides the Group a solid base to expand its car park management operation in Budapest and Hungary, and places the Group as one of the largest car park owners and operators in Hungary. Hungary is ideally located in the center of Europe and is attracting significant investment in manufacturing, infrastructure, office and hotel investment, providing a strategic base for the Group to expand further throughout Europe.

#### Issue of US\$150 million 4.5% 5.5-year notes

In November 2017, the Company issued US\$150 million 4.5 percent 5.5-year notes (the "Issue") due on 13 May 2023 under the Medium Term Note Programme.

The Issue represented another successful fundraising by the Group in the international capital markets, and helped to further push out 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.

## MANAGEMENT DISCUSSION AND ANALYSIS



The view from West Side Place, Melbourne

## 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 Hong Kong, Singapore, Mainland China and Australia. For 1H FY2018, a fair value gain of investment properties of approximately HK\$126 million was recognized, as a result of an increase in fair value of the investment properties in Shanghai, Hong Kong and Melbourne (following completion of the commercial units of FIFTH). As at 30 September 2017, valuation of investment properties reached approximately HK\$3.2 billion (31 March 2017: HK\$3.0 billion), up 6.6% as compared to the balance as at 31 March 2017.

The Group has a diversified portfolio in residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the United Kingdom. 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 property developments are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK\$13.0 billion as at 30 September 2017. Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed and the revenue of the relevant projects is then recognized.

The following shows a breakdown of the Group's total attributable cumulative presales value of residential properties under development as at 30 September 2017.

Developments	Location	Attributable pre-sales HK\$ million	Expected financial year of completion
Aspen Crest	Hong Kong	1,060	FY2019
Marin Point	Hong Kong	186	FY2019
Artra	Singapore	1,076	FY2020
The FIFTH	Melbourne	981	FY2018
West Side Place (Towers 1, 2 and 4)	Melbourne	6,443	FY2021/22
The Towers at Elizabeth Quay	Perth	1,908	FY2020
The Star Residences	Gold Coast	213	FY2022
Royal Riverside (Towers 1, 2, 3 and 4)	Guangzhou	1,173	FY2018/19
Total attributable cumulative presales		13,040	

#### Cumulative contracted presales value

During 1H FY2018, the Group launched presales of four of its residential development projects, namely (i) Artra in Singapore; (ii) Marin Point in Hong Kong; (iii) West Side Place Tower 4 in Melbourne; and (iv) The Star Residences in Gold Coast. Total expected attributable gross development value ("GDV") and attributable saleable floor area of these four development projects are approximately HK\$7.3 billion and 1.1 million sq. ft. respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS



West Side Place, Melbourne

As at 30 September 2017, the Group had 23 active residential property development projects in the pipeline with expected attributable saleable floor area of approximately 8.0 million sq. ft. under various stages of development across the regions, as detailed below:

Developments	Attributable saleable floor area <sup>(i)</sup> Sq. ft.	Expected attributable GDV <sup>(iii)</sup> HK\$ million	Status/ expected launch	Expected financial year of completion
<b>Pipeline development</b>				
<b>Melbourne</b>				
West Side Place				
– Towers 1 & 2	1,072,000	5,771	Launched	FY2021
– Tower 3	564,000	2,920	Planning	Planning
– Tower 4	565,000	2,987	Launched	FY2022
The FIFTH <sup>(iii)</sup>	214,000	981	Launched	FY2018
<b>Perth</b>				
The Towers at Elizabeth Quay	366,000	2,816	Launched	FY2020
Perth City Link (Lots 2 and 3A)	320,000	1,500	FY2018/19	Planning
<b>Brisbane</b>				
Queen's Wharf Brisbane <sup>(iv)</sup>				
– Tower 4	259,000	1,104	FY2019	Planning
– Tower 5	224,000	1,119	Planning	Planning
– Tower 6	439,000	2,198	Planning	Planning
<b>Gold Coast</b>				
The Star Residences <sup>(v)</sup>	98,000	549	Launched	FY2022
<b>Guangzhou</b>				
Royal Riverside				
– Towers 1, 2, 3 & 4	477,000	1,507	Launched	FY2018/19
– Tower 5	207,000	818	FY2019	FY2019
<b>Hong Kong</b>				
Aspen Crest	64,000	1,060	Launched	FY2019
Tan Kwai Tsuen	48,000	628	FY2018/19	FY2019
Marin Point	103,000	1,082	Launched	FY2019
Sham Shui Po	20,000	396	FY2018	FY2019/20
Tai Wai	30,000	554	FY2019	FY2019/20
Satin Heights	70,000	1,200	Planning	Planning

## MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area <sup>(i)</sup> Sq. ft.	Expected attributable GDV <sup>(ii)</sup> HK\$ million	Status/ expected launch	Expected financial year of completion
<b>London</b>				
Alpha Square	388,000	4,452	FY2019	Planning
Hornsey Townhall	105,000	1,039	FY2018/19	Planning
<b>Manchester</b>				
MeadowSide	554,000	2,467	FY2018/19	FY2020/21
Northern Gateway <sup>(vi)</sup>	1,500,000	5,400	Planning	Planning
<b>Singapore</b>				
Artra <sup>(vii)</sup>	290,000	2,709	FY2018	FY2020
<b>Total development pipeline as at 30 September 2017</b>				
	7,977,000	45,257		
<b>Completed development available for sale</b>				
<b>Shanghai</b>				
King's Manor	59,000	374		
The Royal Crest II	91,000	508		
<b>Kuala Lumpur</b>				
Dorsett Bukit Bintang	121,000	484		
<b>Hong Kong</b>				
	4,000	124		
<b>Total completed development available for sale as at 30 September 2017</b>				
	275,000	1,490		
<b>Total pipeline and completed development available for sale as at 30 September 2017</b>				
	8,252,000	46,747		

## Notes:

- (i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.
- (ii) The amounts represent expected gross development value attributable to the Group, which may change subject to market conditions.
- (iii) Excluding units which were completed and delivered before 30 September 2017.
- (iv) This residential development consists of a total floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.
- (v) The Group has 33.3% interest in the development.
- (vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Northern Gateway, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.
- (vii) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development.



## MANAGEMENT DISCUSSION AND ANALYSIS

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 Entertainment Group Limited ("The Star")'s casino site in Sydney, further contributing to the residential pipeline of the Group.

### *Australia*

#### Melbourne

West Side Place is a mixed-use residential development located in the Central Business District ("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 and a total GDV exceeding HK\$10 billion. The development will comprise two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz Carlton with approximately 250 hotel rooms located at the top of Tower 1. Following the strong response on the presales of Towers 1 and 2 in June 2016, the Group launched the pre-sale of Tower 4 in June 2017. Total expected GDV of these 3 towers is HK\$8.8 billion, of which HK\$6.4 billion was presold as at 30 September 2017, representing 73.6% of the corresponding GDV. With the first two towers of the development expected to be completed in FY2021 and Tower 4 expected to be completed in FY2022, 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\$1.3 billion has been completely presold. Completion of the development is by stages with the first stage commencing towards the end of 1H FY2018 and with the rest expected to be completed by the end of the financial year ending 31 March 2018.

#### Perth

The Towers at Elizabeth Quay is a mixed-use development comprising residential apartments of approximately 366,000 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 2017, its presales value reached approximately HK\$1.9 billion, representing 67.8% of the expected GDV. This development is expected to be completed in the financial year ending 31 March 2020.

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Lots 2 and 3A of the Perth City Link project is a mixed-use development located adjacent to the Perth Arena. This project is expected to deliver more than 300 residential apartments and approximately 270 hotel rooms to be operated by Dorsett. In May 2017, the Group was also selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment and hospitality complex. The entire project is currently under planning stage.

#### Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and Chow Tai Fook Enterprises Limited ("CTF"), entered into Development Agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project in Brisbane (the "QWB Project"). The QWB 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 more than AUD200 million. Payments will be made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of the financial year ending 31 March 2023.
- (2) The residential component owned in the proportion of 50% by the Group and 50% by CTF.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 AUD250 million to AUD300 million which the Group intends to fund from its internal resources. The QWB 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 QWB Project is expected to be 544,600 square meters ("sq. m.") of which approximately 171,300 sq. m. relates to the residential component.

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

### Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. Pre-sale for the first tower with a saleable area of 294,000 sq. ft. and a GDV of HK\$1.6 billion was launched in September 2017, with pre-sale contracted for 39% of the GDV of the first tower as at 30 September 2017. This is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest. The completion of the first tower of the development is expected to take place in the financial year ending 31 March 2022.

### *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.

King's Manor consists of 479 apartments and 90 town houses, out of which all the apartments and 63 town houses have been delivered up to 30 September 2017, with the remaining townhouses to be sold on a completed basis.

The Royal Crest II consists of 180 apartments and 42 town houses, with an expected GDV of HK\$1.4 billion. All the apartments have been pre-sold by the end of FY2017 and delivered during 1H FY2018. Presale for town houses commenced in September 2016 with 5 town houses delivered during 1H FY2018, and with the remaining town houses to be sold on completed basis.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 684,000 sq. ft. and a total expected GDV of HK\$2.3 billion. Towers 1, 2, 3 and 4 have been launched for presale with the cumulative presales value reaching HK\$1,173 million as at 30 September 2017. The development is expected to be fully completed in the financial year ending 31 March 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Hong Kong*

The Group has built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, 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. All the units have been pre-sold as at 30 September 2017 with completion expected to take place in the financial year ending 31 March 2019.

Marin Point is a residential development site at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area. The development was launched for pre-sale during 1H FY2018 with 17% of the units pre-sold as at 30 September 2017. Completion of the development is expected in the financial year ending 31 March 2019.

A residential development site at Hai Tan Street, Sham Shui Po was acquired through URA. This residential development will comprise 72 apartments (mainly 1-bedroom apartment) with approximately 20,000 sq. ft. in saleable floor area. Pre-sale for the development is expected to be launched during the financial year ending 31 March 2018 with completion expected in the financial year ending 31 March 2019/2020.

A residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 48,000 sq. ft. in saleable floor area is expected to be launched for sale on a completed basis, with completion expected to be in the financial years ending 31 March 2019.

A development site at Mei Tin Road, Tai Wai, comprising a residential component of approximately 30,000 sq. ft. in saleable floor area and a commercial component of approximately 5,300 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 70,000 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. Completion of the development took place during 1H FY2018 with 114 apartments delivered, with the remaining units to be sold on a completed basis.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *United Kingdom*

#### London

Alpha Square is a residential development site in Marsh Wall, Canary Wharf, London. Planning approval has been obtained for the development which will feature a mixed-use complex including residences of approximately 388,000 sq. ft. in saleable floor area, a hotel of approximately 250 rooms and commercial facilities. This development is currently under planning stage.

Hornsey Townhall, located in North London, is a redevelopment project which will be converted into a mixed-use development featuring a residential component, a hotel/serviced apartment tower and a town hall with communal areas. The residential component will provide 135 apartments with saleable floor area of approximately 105,000 sq. ft.. The development is under planning stage.

#### Manchester

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city. The development will feature 4 towers comprising more than 750 apartments with approximately 554,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station. Presale was launched for the first 2 towers of the development with more than 280 apartments in October 2017, with the other two towers expected to be launched during the financial year ending 31 March 2018/2019. Completion of the development is expected to be in the year ending 31 March 2020/2021.

Northern Gateway is a mega-sized development project in Manchester the Group will deliver, having signed an agreement with the Manchester City Council in April 2017, which spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This is the latest and arguably the largest residential opportunity for transformational change ever undertaken in Manchester. This investment partnership is expected to deliver in excess of 10,000 new homes over the next decade, allowing the city centre to expand and providing the optimal mix of high quality housing in well-planned new areas. The over-arching vision of this project is essentially to create a series of distinct yet clearly connected communities that make the most of the area's natural resources. This is in addition to the MeadowSide development which is located at the peripheral of the Northern Gateway area.

The Group is currently developing a masterplan of the development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy. The project is expected to provide the Group with a significant and long-term pipeline within UK and signals the fact that the Group is accelerating its expansion into the UK market.

### *Singapore*

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 410,000 sq. ft. in saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Pre-sale of the development was launched in April 2017 with 40% of the overall units pre-sold as at 30 September 2017. Completion of the development is expected to take place during the year ending 31 March 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Hotel operations and management

The performance of Dorsett's owned hotel operations for 1H FY2018 is summarized as follows:

Six months ended	30.9.2017	30.9.2016
<b>Hong Kong</b>		
Occupancy rate	91.2%	87.2%
Average room rate (HK\$)	655	632
RevPAR (HK\$)	597	551
Total revenue (HK\$ million)	341	287
<b>Mainland China</b>		
Occupancy rate	69.2%	59.7%
Average room rate (RMB)	415	414
RevPAR (RMB)	287	247
Total revenue (RMB million)	107	92
<b>Malaysia</b>		
Occupancy rate	72.4%	68.3%
Average room rate (MYR)	194	187
RevPAR (MYR)	140	128
Total revenue (MYR million)	62	56
<b>Singapore</b>		
Occupancy rate	85.9%	79.5%
Average room rate (SGD)	173	187
RevPAR (SGD)	149	149
Total revenue (SGD million)	8	9
<b>United Kingdom</b>		
Occupancy rate	87.6%	89.4%
Average room rate (GBP)	105	101
RevPAR (GBP)	92	91
Total revenue (GBP million)	7	6
<b>Group Total</b>		
Occupancy rate	81.8%	76.2%
Average room rate (HK\$)	604	599
RevPAR (HK\$)	494	456
Total revenue (HK\$ million)	695	616

The Group's hotel operations recorded a solid growth of 12.8% on total revenue to HK\$695 million for 1H FY2018 as compared to 1H FY2017. The overall occupancy rate ("OCC") increased by 5.6 percentage points to 81.8%. Albeit some adverse currency movements against Hong Kong dollar, the overall average room rate ("ARR") increased by 0.8% to HK\$604 per night. As a result, revenue per available room ("RevPAR") for the Group increased by 8.3% to HK\$494.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the period under review, total revenue for Hong Kong hotel operations and management recorded a strong growth of 18.8% as compared to 1H FY2017 to HK\$341 million. Hong Kong remains the main contributor to the Group's hotel revenue, representing 49.1% of the total revenue from the Group's hotel business. OCC in Hong Kong increased 4.0 percentage points to 91.2% and ARR increased by 3.6% to HK\$655 per night as compared to the same period last year, resulting in a solid growth of 8.3% in RevPAR for Hong Kong to HK\$597. In May 2017, the Group completed the sale of Silka West Kowloon in Hong Kong. Had the disposed hotel been taken out of the year-on-year comparison, the overall OCC in Hong Kong would have increased by 4.5 percentage points and ARR increased by 1.9% to HK\$657, resulting in a solid growth of 7.2% in RevPAR to HK\$598 and an increase of total revenue by 22.6%.

Our hotel business in Hong Kong has not only benefited from the recovering market situation, but also outperformed our competitors through the strategy of diversification with more emphasis on the transient travellers from emerging platforms of North Asia and South East Asia origins.

In Mainland China, OCC in 1H FY2018 increased 9.5 percentage points year-on-year while ARR was RMB415 per night. RevPAR recorded a respectable growth of 16.2% year-on-year to RMB287 with a solid increase in total revenue of 16.3% to RMB107 million, primarily due to the strong performance of Dorsett Shanghai and Dorsett Grand Chengdu. Dorsett Shanghai's improved results were driven by the continuous effort to enhance its ARR through a combination of price increase and segmentation adjustment, which increased 6.9% to RMB753 per night. OCC of Dorsett Grand Chengdu also increased by 12 percentage points year-on-year which significantly improved the RevPAR by 23.5% due to a more diverse customer mix with higher proportion of corporate customers and more international guests.

In Malaysia, total revenue from hotel operations for 1H FY2018 achieved a solid growth of 10.7% as compared to 1H FY2017 to approximately MYR62 million. Despite the increasingly challenging market condition, all our Dorsett branded hotels in Malaysia managed to increase market share. OCC in Malaysia in 1H FY2018 increased by 4.1 percentage points to 72.4% and the ARR increased by 3.7% to MYR194 per night. As a result, the RevPAR recorded a solid growth of 9.4% to MYR140.

In Singapore, Dorsett Singapore recorded revenue of SGD8.0 million for 1H FY2018. OCC increased by 6.4 percentage points to 85.9% and the ARR was at SGD173 per night, resulting in a RevPAR of SGD149.

In the UK, the Group recorded total revenue of GBP7 million, with a year-on-year growth of 16.7% from 1H FY2017. ARR continued to improve by 4.0% to GBP105 per night while OCC was at 87.6%, resulting in a RevPAR increase by 1.1% to GBP92. Dorsett Shepherds Bush recorded a 3.8% increase in RevPAR while ARR increased 2.7% to GBP104 per night with an OCC of 90.4%, and with its performance expected to continue to grow steadily. Dorsett City hotel in London had a soft opening in August 2017 with partial room inventory opened up, contributing GBP0.9 million to the total revenue.

In May 2017, Silka West Kowloon, Hong Kong was sold for HK\$450 million with the Group continuing to manage the hotel for a term of 6 years. A gain of HK\$320 million was recorded in this period.

As at 30 September 2017, the Group operated 22 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London and 1 in Gold Coast) with approximately 6,900 rooms. The Group also manages 4 other hotels (2 in Hong Kong and 2 in Malaysia) with approximately 880 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 35 owned hotels operating more than 10,000 rooms.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 427 car parks with approximately 83,801 car parking bays as at 30 September 2017, having added approximately 9,275 car parking bays during 1H FY2018. Of the Group's 427 car parks, 30 were self-owned car parks (24 in Australia, 3 in New Zealand, 1 in the United Kingdom, 2 in Malaysia) comprising approximately 9,292 car parking bays, with the remaining 74,509 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 FY2018, the Group's car park business continued to deliver consistent profit contribution to the Group through organic growth and acquisitions, having leveraged on its central monitoring system, Care Assist, which enabled the management team of this business to have a better control on the day-to-day operations of the business, providing a strong foundation for growth. With a management team rich in experience in car parking operations and the scalability offered by Care Assist, the Group is allocating more resources to the car parking division which is currently actively evaluating a number of acquisition opportunities in regions where the Group has an existing presence, with an aim of adding further self-owned car parks to its portfolio.

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 70 contracts in relation to facilities management services as at 30 September 2017, it is expected that the car park operations and facilities management business will continue to be a steadily growing source of recurring cash flow streams.

## OUTLOOK

The Group continues to be well positioned to deliver sustainable and long-term growth with its regionalization strategy which has resulted in a strong performance during 1H FY2018. Presales value of the Group as at 30 September 2017 was at a record high of HK\$13.0 billion and a development pipeline of HK\$45.3 billion provides clear visibility of the Group's future profitability. The Group will continue to add to the development pipelines by allocating resources to regions where the Group sees long-term growth prospects, especially when the strength in Hong Kong dollars offers the Group good timing to actively explore overseas opportunities.

Since Dorsett has become wholly-owned by the Group in 2015, the Group has been reaping benefits from the increased flexibility in capital allocation which has helped partly fuel the Group's accelerated growth in recent years.

The Group's hotel business is expected to continue its recovery track, especially those in Hong Kong, whereas new hotels in the pipelines will further add to the future recurring cash flow base. The Group's direction of allocating more capital to the car park operations and facilities management business ensures this part of the Group's business will not only grow organically as it has been for years, but also through acquisitions of car park assets that yield good returns.

The Group has a favorable liquidity position at approximately HK\$5.9 billion and a net gearing ratio of 30.8%, reflecting the strength of the Group's balance sheet. Together with the available undrawn credit facility of HK\$6.2 billion and with abundant asset base which remains unencumbered, there is a significant war chest to support the growth of the Group.

In conclusion, the Group has laid a solid foundation for growth and will continue to bring to its shareholders long-term growth.

Lastly, the Board will take into account full year earnings and historical payout ratios in determining final dividend payment for the year ending 31 March 2018. With a strong first half performance, prospects for a growth in final dividend look promising.

## OTHER INFORMATION

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had approximately 3,700 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 2017, 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 (the "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 (the "Model Code") were as follows:

#### A. THE COMPANY

##### A.1 Long position in the ordinary shares

Name of directors	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	17,138,886	0.76%
	Interest of spouse	585,322 <sup>(i)</sup>	0.03%
	Interest of controlled corporations	1,035,013,215 <sup>(i)</sup>	46.01%
Cheong Thard HOONG	Beneficial owner	12,240,761	0.54%
	Joint interest	447,997 <sup>(iii)</sup>	0.02%
Chi Hing CHAN	Beneficial owner	1,400,843	0.06%
Dennis CHIU	Beneficial owner	3,654	0.00%
	Interest of controlled corporation	5,754,093 <sup>(iii)</sup>	0.26%

Notes:

(i) 1,034,997,952 shares were held by Sumptuous Assets Limited and 15,263 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) 447,997 shares were held by Mr. Cheong Thard HOONG jointly with his wife.

(iii) 5,754,093 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 2017.

##### A.2 Debentures

As at 30 September 2017, Tan Sri Dato' David CHIU was deemed to have an interest in the 3.75% USD Medium Term Notes 2021 issued by the Company in the principal amount of USD12,000,000 of which USD10,000,000 was held by Tan Sri Dato' David CHIU and USD2,000,000 was held by his spouse, Ms. Nancy NG.



## OTHER INFORMATION

### 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 <sup>(i)</sup>	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 2017.

#### B.2 Debentures of Dorsett

As at 30 September 2017, 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 46.80% 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 2017.

## 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.

## OTHER INFORMATION

The following table discloses movements in the Company's share options during the six months ended 30 September 2017:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 30.09.2017	Exercise period*
			Outstanding at 01.04.2017	Granted during the period	Exercised during the period	Lapsed/cancelled during the period		
<b>Directors</b>								
Cheong Thard HOONG	27.03.2013	2.550	250,000	-	(250,000)	-	-	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
			4,500,000	-	(4,500,000)	-	-	
Chi Hing CHAN	27.03.2013	2.550	-	-	-	-	-	01.03.2014-28.02.2020
			-	-	-	-	-	01.03.2015-28.02.2020
			-	-	-	-	-	01.03.2016-28.02.2020
			1,400,000	-	(1,400,000)	-	-	01.03.2017-28.02.2020
			1,400,000	-	(1,400,000)	-	-	
<b>Other employees in aggregate</b>	27.03.2013	2.550	675,000	-	(450,000)	-	225,000	01.03.2014-28.02.2020
			1,500,000	-	(1,200,000)	-	300,000	01.03.2015-28.02.2020
			1,875,000	-	(1,400,000)	-	475,000	01.03.2016-28.02.2020
			3,000,000	-	(2,000,000)	-	1,000,000	01.03.2017-28.02.2020
			7,050,000	-	(5,050,000)	-	2,000,000	
<b>Total</b>			12,950,000	-	(10,950,000)	-	2,000,000	

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

The weighted average price of the Company's share immediately before the date(s) on which the options were exercised is HK\$4.11 (six months ended 30 September 2016: Nil).

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 2017, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2017.



## OTHER INFORMATION

### 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 2017, 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 shareholders	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	1,034,997,952 <sup>(i)</sup> (long position)	46.01%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.58%
	Interest of controlled corporations	140,942,693 <sup>(ii)</sup> (long position)	6.27%
	Interest of spouse	1,624,301 <sup>(iii)</sup> (long position)	0.07%
Value Partners Group Limited	Interest of controlled corporations	107,639,987 <sup>(iii)</sup> (long position)	4.79%
Value Partners High-Dividend Stocks Fund	Beneficial owner	112,842,788 (long position)	5.02%

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's estate 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 2017.

Save as disclosed above, as at 30 September 2017, the Company has not been notified of any persons (other than directors or chief executive 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.

## OTHER INFORMATION

### 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 2017, 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 2017, the Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the deviation from Code Provision A.2.1 described below.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Currently Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Group.

### 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 2017.

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.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2017, 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 2017.

### CHANGES IN PARTICULARS OF THE DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, changes of directors' particulars since the publication of the Company's 2017 Annual Report are set out below:

Effective date	Change
25 August 2017	Mr. Peter Man Kong WONG has retired as an independent non-executive director of Chinney Investments, Limited (stock code: 216)
15 September 2017	Mr. David CHIU has been appointed as a non-executive director and the chairman of i-CABLE Communications Limited (stock code: 1097)
15 September 2017	Mr. Cheong Thard HOONG has been appointed as a non-executive director of i-CABLE Communications Limited (stock code: 1097)

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 20 December 2017 to Thursday, 28 December 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the 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, 19 December 2017.

By order of the Board of  
**Far East Consortium International Limited**  
**Ka Pong CHAN**  
*Company Secretary*

Hong Kong, 27 November 2017



# 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 set out on pages 32 to 56 which comprise the condensed consolidated statement of financial position as of 30 September 2017 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  
27 November 2017

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

	NOTES	Six months ended	
		30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Revenue	5	2,775,986	2,952,607
Cost of sales and services		(1,209,680)	(1,696,600)
Depreciation and amortisation of hotel and car park assets		(161,002)	(147,442)
Gross profit		1,405,304	1,108,565
Other income		12,417	6,590
Other gains and losses	6	486,374	235,019
Administrative expenses			
– Hotel operations and management		(186,121)	(174,983)
– Others		(123,902)	(132,309)
Pre-opening expenses			
– Hotel operations and management		(6,452)	(2,592)
Selling and marketing expenses		(86,034)	(16,113)
Share of results of associates		(1,262)	3,935
Share of results of joint ventures		(791)	(1,452)
Finance costs	7	(146,821)	(105,483)
Profit before tax		1,352,712	921,177
Income tax expense	8	(306,234)	(233,000)
Profit for the period	9	1,046,478	688,177
Attributable to:			
Shareholders of the Company		1,032,795	681,427
Non-controlling interests		13,683	6,750
		1,046,478	688,177
Earnings per share	10		
– Basic (HK cents)		46.0	32.0
– Diluted (HK cents)		46.0	32.0

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Profit for the period	1,046,478	688,177
Other comprehensive income (expense) for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	336,556	(231,632)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	43,522	(16,059)
Other comprehensive income (expense) for the period	380,078	(247,691)
Total comprehensive income for the period	1,426,556	440,486
Total comprehensive income attributable to:		
Shareholders of the Company	1,404,791	426,950
Non-controlling interests	21,765	13,536
	1,426,556	440,486



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	NOTES	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
<b>Non-current Assets</b>			
Investment properties	12	3,199,679	3,001,786
Property, plant and equipment	12	7,616,289	7,481,570
Prepaid lease payments		498,405	486,491
Goodwill		68,400	68,400
Interests in associates	13	771,990	667,416
Interests in joint ventures		383,505	353,742
Investment securities	14	2,873	692
Deposits for acquisition of property, plant and equipment		122,174	117,601
Amounts due from associates		66,831	70,724
Amount due from a joint venture		25,372	25,372
Amount due from an investee company		119,995	119,995
Other receivables		81,325	79,936
Pledged deposits		3,968	3,723
Deferred tax assets		30,155	31,233
		<b>12,990,961</b>	<b>12,508,681</b>
<b>Current Assets</b>			
Properties for sale			
Completed properties		517,781	280,341
Properties for/under development		9,464,968	8,889,843
Other inventories		8,372	8,137
Prepaid lease payments		14,935	14,466
Debtors, deposits and prepayments	15	375,909	375,190
Deposits receivable from stakeholders		476,195	252,109
Other receivables		12,163	11,688
Loan to a joint venture		92,948	77,313
Amounts due from joint ventures		52,415	51,204
Amount due from an associate		30,078	32,748
Tax recoverable		220,064	136,267
Investment securities	14	2,075,193	1,466,188
Derivative financial instruments	18	2,350	67
Pledged deposits		10,068	25,234
Restricted bank deposits		4,554	267,983
Deposit in a financial institution		11,768	11,331
Bank balances and cash		3,819,915	3,881,894
		<b>17,189,676</b>	<b>15,782,003</b>
Assets classified as held for sale	16	-	109,277
		<b>17,189,676</b>	<b>15,891,280</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	NOTES	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
<b>Current Liabilities</b>			
Creditors and accruals	17	1,011,425	889,406
Customers' deposits received		1,926,410	2,109,874
Obligations under finance leases		10,990	3,775
Amount due to a related company		17,559	16,815
Amounts due to associates		10,119	7,186
Amounts due to shareholders of non-wholly owned subsidiaries		7,502	26,907
Derivative financial instruments	18	3,602	9,176
Dividend payable		337,398	-
Notes and bonds	20	946,795	-
Tax payable		399,058	358,917
Bank borrowings	19	4,364,468	2,755,293
		9,035,326	6,177,349
Liabilities associated with assets classified as held for sale	16	-	3,600
		9,035,326	6,180,949
<b>Net Current Assets</b>		8,154,350	9,710,331
<b>Total Assets less Current Liabilities</b>		21,145,311	22,219,012
<b>Non-current Liabilities</b>			
Obligations under finance leases		6,001	7,594
Amount due to a shareholder of a non-wholly owned subsidiary		257,366	246,740
Derivative financial instruments	18	75,797	119,314
Notes and bonds	20	2,231,171	3,130,542
Bank borrowings	19	6,083,503	7,376,392
Deferred tax liabilities		430,677	394,715
		9,084,515	11,275,297
<b>Net Assets</b>		12,060,796	10,943,715
<b>Capital and Reserves</b>			
Share capital	21	224,932	223,837
Share premium		4,084,368	4,033,779
Reserves		7,577,818	6,534,186
Equity attributable to shareholders of the Company		11,887,118	10,791,802
Non-controlling interests		173,678	151,913
<b>Total Equity</b>		12,060,796	10,943,715

The condensed consolidated financial statements on pages 32 to 56 were approved and authorised for issue by the Board of Directors on 27 November 2017 and are signed on its behalf by:

**DAVID CHIU**  
DIRECTOR

**CHEONG THARD HOONG**  
DIRECTOR

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to shareholders 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 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
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) income 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 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,412)	(2,412)
Lapse of share options	-	-	-	-	-	(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



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to shareholders 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
Profit for the period	-	-	-	-	-	-	-	-	436,261	436,261	8,421	444,682
Exchange differences arising on translation of foreign operations	-	-	-	-	(152,613)	-	-	-	-	(152,613)	(7,017)	(159,630)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	-	-	-	-	-	(26,581)	-	-	(26,581)	-	(26,581)
Other comprehensive expense for the period	-	-	-	-	(152,613)	-	(26,581)	-	-	(179,194)	(7,017)	(186,211)
Total comprehensive (expense) income for the period	-	-	-	-	(152,613)	-	(26,581)	-	436,261	257,067	1,404	258,471
Shares issued in lieu of cash dividend	10,406	296,783	-	-	-	-	-	-	-	307,189	-	307,189
Shares issued upon exercise of share options	260	6,371	-	-	-	-	-	-	-	6,631	-	6,631
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	606	-	-	-	606	-	606
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	-	-	-	8,654	-	-	-	-	-	8,654	-	8,654
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(1,416)	-	(1,416)	(4,782)	(6,198)
Additional non-controlling interest on a subsidiary	-	-	-	-	-	-	-	-	-	-	297	297
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(77,627)	(77,627)	-	(77,627)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,934)	(2,934)
Deemed capital contribution arising from interest-free loans advanced by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	19,681	19,681

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to shareholders 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	HK\$'000
At 31 March 2017 (audited)	223,837	4,033,779	28,458	24,896	(678,099)	25,454	(137,807)	1,057,764	6,213,520	10,791,802	151,913	10,943,715	
Profit for the period	-	-	-	-	-	-	-	-	1,032,795	1,032,795	13,683	1,046,478	
Exchange differences arising on translation of foreign operations	-	-	-	-	328,474	-	-	-	-	328,474	8,082	336,556	
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	43,522	-	-	43,522	-	43,522	
Other comprehensive expenses for the period	-	-	-	-	328,474	-	43,522	-	-	371,996	8,082	380,078	
Total comprehensive income for the period	-	-	-	-	328,474	-	43,522	-	1,032,795	1,404,791	21,765	1,426,556	
Share issue upon exercise of share options	1,095	50,589	-	-	-	(23,761)	-	-	-	27,923	-	27,923	
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	(337,398)	(337,398)	-	(337,398)	
At 30 September 2017 (unaudited)	224,932	4,084,368	28,458	24,896	(349,625)	1,693	(94,285)	1,057,764	6,908,917	11,887,118	173,678	12,060,796	

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 and HK\$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 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 2017

	NOTE	Six months ended	
		30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
<b>Net cash (used in) generated from operating activities</b>		<b>(524,683)</b>	1,814,114
<b>Investing activities</b>			
Acquisition and development expenditure of property, plant and equipment		(121,486)	(289,269)
Investment in an associate		(92,632)	-
Placement of pledged bank deposits		-	(2,936)
Release of pledged bank deposits		14,921	1,881
Placement of restricted bank deposits		-	(226,829)
Release of restricted bank deposits		263,429	-
Proceeds from disposal of a subsidiary	22	400,605	-
Other investing activities		(19,082)	(41,171)
<b>Net cash generated from (used in) investing activities</b>		<b>445,755</b>	(558,324)
<b>Financing activities</b>			
Net proceeds on issue of note		-	2,303,819
New bank borrowings raised		1,234,679	1,513,967
Repayment of bank borrowings		(1,026,866)	(3,262,980)
Interest paid		(265,074)	(179,135)
Other financing activities		28,270	(8,666)
<b>Net cash (used in) generated from financing activities</b>		<b>(28,991)</b>	367,005
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(107,919)</b>	1,622,795
<b>Cash and cash equivalents at beginning of the period</b>		<b>3,893,225</b>	2,369,657
Effect of foreign exchange rate changes		46,377	(45,822)
<b>Cash and cash equivalents at end of the period</b>		<b>3,831,683</b>	3,946,630
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		3,819,915	3,935,299
Deposit in a financial institution		11,768	11,331
		<b>3,831,683</b>	3,946,630

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 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.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

### 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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRS 2014–2016 Cycle

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 and property 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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

**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		Segment profit	
	Six months ended 30.9.2017 HK\$'000 (unaudited)	Six months ended 30.9.2016 HK\$'000 (unaudited)	Six months ended 30.9.2017 HK\$'000 (unaudited)	Six months ended 30.9.2016 HK\$'000 (unaudited)
Property development				
- Australia	378,578	1,482,370	118,409	462,170
- Hong Kong ("HK")	-	-	(17,484)	(8,595)
- Malaysia	361,063	-	178,103	2,224
- Other regions in the People's Republic of China excluding HK ("PRC")	914,893	475,498	627,774	300,677
- Singapore	-	-	(21,201)	(4,096)
	<b>1,654,534</b>	<b>1,957,868</b>	<b>885,601</b>	<b>752,380</b>
Property investment				
- Australia	2,579	2,371	1,412	1,431
- HK	21,297	17,775	151,343	158,553
- PRC	6,766	5,816	(13,423)	(12,198)
- United Kingdom ("UK")	992	-	(1,208)	(678)
	<b>31,634</b>	<b>25,962</b>	<b>138,124</b>	<b>147,108</b>
Operations of Dorsett and its subsidiaries				
- HK	340,689	286,987	334,285	57,343
- Malaysia	111,729	108,071	15,646	11,147
- PRC	123,469	108,099	2,686	(10,005)
- Singapore	46,628	48,883	8,951	9,859
- UK	72,800	64,368	8,912	7,567
	<b>695,315</b>	<b>616,408</b>	<b>370,480</b>	<b>75,911</b>
Car park operations and facilities management				
- Australia	322,627	303,823	41,962	24,421
- Malaysia	4,105	5,671	3,475	2,425
- UK	6,422	-	6,410	-
	<b>333,154</b>	<b>309,494</b>	<b>51,847</b>	<b>26,846</b>
Securities and financial product investments	60,665	42,326	72,930	60,571
Other operations	684	549	2,433	2,617
Segment revenue/segment profit	<b>2,775,986</b>	<b>2,952,607</b>	<b>1,521,415</b>	<b>1,065,433</b>
Unallocated corporate income and expenses			(21,882)	(38,773)
Finance costs			(146,821)	(105,483)
Profit before tax			1,352,712	921,177
Income tax expense			(306,234)	(233,000)
Profit for the period			<b>1,046,478</b>	<b>688,177</b>

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 2017

### 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 deposits in a financial institution.

	As at 30.9.2017 HK\$'000 (unaudited)	As at 31.3.2017 HK\$'000 (audited)
Property development		
– Australia	4,018,850	3,309,546
– HK	2,550,064	2,179,248
– Malaysia	508,062	641,353
– PRC	2,284,530	2,559,895
– Singapore	2,497,148	2,369,356
– UK	509,275	327,605
	<b>12,367,929</b>	11,387,003
Property investment		
– Australia	165,673	161,296
– HK	2,344,741	2,242,535
– PRC	3,084	4,821
	<b>2,513,498</b>	2,408,652
Operations of Dorsett and its subsidiaries		
– HK	3,446,277	3,627,380
– Malaysia	858,561	819,955
– PRC	1,914,887	1,887,490
– Singapore	613,408	608,915
– UK	1,226,179	1,068,067
	<b>8,059,312</b>	8,011,807
Car park operations and facilities management		
– Australia	873,435	759,231
– Malaysia	137,954	137,101
– UK	149,510	139,708
	<b>1,160,899</b>	1,036,040
Securities and financial product investments	<b>2,029,272</b>	1,442,422
Other operations	<b>218,044</b>	220,812
Segment assets	<b>26,348,954</b>	24,506,736
Unallocated corporate assets	<b>3,831,683</b>	3,893,225
Total assets	<b>30,180,637</b>	28,399,961

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 5. REVENUE

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Sale of properties	1,641,373	1,948,291
Leasing of properties	64,158	59,808
Hotel operations and management	666,720	586,430
Car park operations and facilities management	332,926	309,564
Provision of property management services	6,419	5,640
Interest income and dividend income from financial instruments	60,672	42,325
Other operations	3,718	549
	<b>2,775,986</b>	<b>2,952,607</b>

## 6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Change in fair value of investment properties	116,906	211,630
Gain arising on transfer of completed properties for sales to investment properties	8,982	-
Change in fair value of financial assets at fair value through profit or loss	4,379	10,324
Change in fair value of derivative financial instruments	13,586	2,495
Gain on disposal of a subsidiary (note 22)	320,130	-
Gain on disposal of property, plant and equipment	11,575	-
Impairment loss recognised in respect of interest in an associate	-	(25,000)
Net foreign exchange gains	13,748	37,614
Allowance for doubtful debts	(2,932)	(2,044)
	<b>486,374</b>	<b>235,019</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 7. FINANCE COSTS

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Interest on bank borrowings	131,434	150,905
Interest on notes and bonds	72,979	45,757
Less: net interest income from cross currency swap contracts	(1,773)	(12,739)
Amortisation of front-end fee	4,918	5,042
Others	952	1,635
Total interest costs	208,510	190,600
Less: amounts capitalised to properties under development:		
– properties for owners' occupation	(4,972)	(11,838)
– properties for sale	(56,717)	(73,279)
	146,821	105,483

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 1.79% to 6.17% (six months ended 30.9.2016: 1.83% to 4.97%) per annum to expenditure on the qualifying assets.

### 8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
HK Profits Tax	9,945	3,547
PRC Enterprise Income Tax ("PRC EIT")	176,111	67,354
PRC Land Appreciation Tax ("PRC LAT")	45,619	24,679
Australia Income Tax	9,866	105,544
Malaysia Income Tax	35,001	2,232
Singapore Income Tax	3,063	–
UK Income Tax	3,382	–
	282,987	203,356
Overprovision in prior years:		
– HK Profits Tax	–	(41)
– PRC EIT	–	4,142
– Malaysia Income Tax	–	(9)
	–	4,092
Deferred taxation	23,247	25,552
	306,234	233,000



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 8. INCOME TAX EXPENSE (continued)

HK 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, Singapore and UK is 30%, 25%, 17% and 19% of the estimated assessable profit for the period, respectively.

### 9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	5,857	5,387
Depreciation of property, plant and equipment	166,068	147,572
Share of taxation of associates (included in share of results of associates)	630	777
and after crediting:		
Bank interest income	10,300	2,879

### 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\$1,032,795,000 (six months ended 30.9.2016: HK\$681,427,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2017 '000 (unaudited)	30.9.2016 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,243,437	2,131,709
Effect of dilutive potential ordinary shares – Company's share options	2,960	444
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,246,397	2,132,153

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 11. DIVIDENDS

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2017 of HK15 cents (six months ended 30.9.2016: final dividend for the year ended 31 March 2016 of HK13 cents) per share	337,398	277,122

The 2017 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\$4.01 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 that an interim dividend of HK4.0 cents (six months ended 30.9.2016: HK3.5 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Member on 28 December 2017.

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

During the period ended 30 September 2017, the Group acquired certain property, plant and equipment amounting to HK\$130,438,000 (six months ended 30.9.2016: HK\$301,260,000). In addition, the Group incurred development expenditure on development of certain hotel properties amounting to HK\$106,538,000 (six months ended 30.9.2016: HK\$239,876,000).

The fair value of the investment properties at 30 September 2017 and 31 March 2017 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
HK/PRC	DTZ Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
UK	Cushman & Wakefield Debenham Tie Leung Limited	Member of Royal Institution of Chartered Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

**13. INTERESTS IN ASSOCIATES**

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Unlisted investments, at cost less impairment	550,843	445,007
Share of post-acquisition results, net of dividends received	221,147	222,409
	<b>771,990</b>	667,416

**14. INVESTMENT SECURITIES****(i) Available-for-sale investments**

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Unlisted:		
Equity securities	2,185	4
Club membership	688	688
	<b>2,873</b>	692

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

Equity securities listed in HK	7,161	7,280
Equity securities listed in overseas	3,396	-
Listed debt securities	1,344,270	713,659
Unlisted debt securities	96,305	137,070
Investment funds	570,961	574,279
	<b>2,022,093</b>	1,432,288
Financial assets designated at FVTPL		
Structured deposits	53,100	33,900
	<b>2,075,193</b>	1,466,188
	<b>2,078,066</b>	1,466,880
Analysed for reporting purposes as:		
Non-current assets	2,873	692
Current assets	2,075,193	1,466,188
	<b>2,078,066</b>	1,466,880

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Trade debtors, net of allowance of doubtful debt	122,492	97,869
Advance to contractors	2,451	9,524
Utility and other deposits	22,077	65,950
Prepayment and other receivables	182,347	170,298
Other tax recoverable	46,542	31,549
	<b>375,909</b>	375,190

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 aging analysis of trade debtors, net of allowance of doubtful debt, based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition date:

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
0–60 days	95,410	80,050
61–90 days	7,385	3,966
Over 90 days	19,697	13,853
	<b>122,492</b>	97,869

### 16. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 3 March 2017, the Group entered into a sale and purchase agreement with Golden Wheel Tiandi Holdings Company Limited ("GWTH"), an independent third party to the Group, whereby the Group has agreed to sell, and GWTH has agreed to purchase, the entire issued share capital of Double Advance Group Limited ("DAGL"), a wholly owned subsidiary of the Company holding a hotel property included in the property, plant and equipment. The assets and liabilities of DAGL, which was expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2017.

The disposal was completed on 12 May 2017 and disclosed in note 22. Details of the transaction are set out in Company's announcements dated 3 March 2017 and 12 May 2017.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 17. CREDITORS AND ACCRUALS

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Trade creditors		
– Land and construction cost and retention payable	497,893	353,878
– Others	70,378	66,636
	568,271	420,514
Construction cost and retention payable for capital assets	62,675	63,033
Rental and reservation deposits and receipts in advance	40,206	39,972
Other payable and accrued charges	340,273	365,887
	1,011,425	889,406

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

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
0–60 days	553,111	406,662
61–90 days	11,294	2,442
Over 90 days	3,866	11,410
	568,271	420,514

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Designated under hedge accounting				
Cross currency swap contracts	–	–	(75,797)	(119,314)
Designated not under hedge accounting				
Interest rate swap contracts	–	–	(3,602)	(2,996)
Call/put options in unlisted equity securities and foreign currencies	–	–	–	(684)
Cross currency swap contracts	2,170	–	–	(5,496)
Forward foreign exchange contracts	180	67	–	–
	2,350	67	(79,399)	(128,490)
Analysed for reporting purpose as:				
Current	2,350	67	(3,602)	(9,176)
Non-current	–	–	(75,797)	(119,314)
	2,350	67	(79,399)	(128,490)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 19. BANK BORROWINGS

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Bank loans	10,475,601	10,161,641
Less: front-end fee	(27,630)	(29,956)
	<b>10,447,971</b>	10,131,685
Analysed for reporting purpose as:		
Non-current liabilities	6,083,503	7,376,392
Current liabilities	4,364,468	2,755,293
	<b>10,447,971</b>	10,131,685
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	3,083,192	1,439,712
More than one year, but not exceeding two years	2,070,135	3,669,738
More than two years, but not exceeding five years	4,966,748	4,238,461
More than five years	355,526	813,730
	<b>10,475,601</b>	10,161,641

The carrying amount of borrowings include an amount of HK\$1,294,264,000 (31.3.2017: HK\$1,328,767,000) 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.

### 20. NOTES AND BONDS

#### 2021 Notes

On 8 September 2016, the Company issued bonds with aggregate principal amount of United States dollar ("US\$") 300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third parties. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 30 September 2017, the aggregate principal amount of the 2021 Notes outstanding was US\$300,000,000 (equivalent to HK\$2,340,000,000).

#### 2018 Bonds

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK\$1,062,500,000) at the 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. As at 30 September 2017, the outstanding principal amount of 2018 Bonds was RMB727,310,000 (equivalent to HK\$850,952,700).

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 21. 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 2016 (audited) and 30 September 2016 (Unaudited)	2,131,709,116	213,171
Issue of share in lieu of cash dividends	104,061,601	10,406
Issue upon exercise of share option at HK\$2.55 per share	2,600,000	260
At 31 March 2017 (audited)	2,238,370,717	223,837
Issue of share in lieu of share option at HK\$2.55 per share	10,950,000	1,095
At 30 September 2017 (unaudited)	2,249,320,717	224,932

### 22. DISPOSAL OF A SUBSIDIARY

In May 2017, the Group disposed of the entire equity interests in DAGL, which was classified as assets and liabilities held for disposal at 31 March 2017, and assigned the shareholder's loan made to that subsidiary. The net liabilities disposed of in the transaction were as follows:

	HK\$'000
Property, plant and equipment	107,855
Debtors, deposits and prepayments	1,561
Other inventories	79
Bank balances and cash	1,616
Trade and other payables	(621)
Amount due to the Group	(188,068)
Deferred tax liabilities	(3,399)
Net liabilities disposed of	(80,977)
Consideration	452,614
Shareholder's loan assigned	(188,068)
Net liabilities disposed of	80,977
Transaction costs incurred in connection with the disposal	(5,393)
Liabilities arising from rental guarantee arrangement	(20,000)
Gain on disposal	320,130
Total consideration satisfied by:	
Cash consideration received – current period	407,614
Sales deposit received – 2017	45,000
	452,614
Net cash inflow arising on disposal:	
Cash consideration received	407,614
Transaction costs paid	(5,393)
Bank balances and cash disposed of	(1,616)
	400,605

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 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 2017 annual report of the Company.

	1.4.2017 to 30.9.2017 '000 (unaudited)	1.4.2016 to 31.3.2017 '000 (audited)
At the beginning of the period/year	12,950	16,500
Exercised during the period	(10,950)	(2,600)
Lapsed during the period/year	-	(950)
At the end of the period/year	2,000	12,950

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

### 24. CHARGE ON ASSETS

Bank borrowings with aggregate amount of HK\$8,872,971,000 (31.3.2017: HK\$8,411,641,000) 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:

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Investment properties	2,038,422	1,811,461
Property, plant and equipment	5,095,764	5,037,296
Prepaid lease payments	511,211	497,635
Properties for sale	7,230,356	5,307,241
Bank deposits	14,036	28,957
Total	14,889,789	12,682,590

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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 25. CAPITAL COMMITMENTS

	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	2,077,221	1,174,949
Others	2,546	6,453
	<b>2,079,767</b>	1,181,402

### 26. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Provision of building management service by associates	1,560	2,196

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.

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.

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

	Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Short-term benefits	12,474	14,266
Post-employment benefits	153	147
Share based payment	-	400
	<b>12,627</b>	14,813

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 27. 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).

Financial assets (liabilities) included in the condensed consolidated statement of financial position

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)		
1) Listed equity securities classified as financial assets at FVTPL	10,557	7,280	Level 1	Quoted bid prices in an active market
2a) Listed debt securities classified as financial assets at FVTPL	1,344,270	713,659	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTPL	96,305	137,070	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 FVTPL	570,961	574,279	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 FVTPL	53,100	33,900	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 2017

**27. 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
	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)		
5) Call/put options in unlisted equity securities and foreign currencies classified as derivative financial instruments	-	Liabilities - (684)	Level 2	Discounted cash flows  Future cash flows are estimated based on applying the expected yields of foreign currency and equity security by banks and a discount rate that reflects the credit risk of the banks
6) Forward foreign exchange contracts classified as derivative financial instruments	Asset - 180	Asset - 67	Level 2	Discounted cash flows  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
7) Interest rate swap contracts classified as derivative financial instruments	Liabilities - (3,602)	Liabilities - (2,996)	Level 2	Discounted cash flow analysis  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
8) Cross currency swaps classified as derivative financial instruments designated as hedging instruments	Liabilities - (75,797)	Liabilities - (119,314)	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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 27. 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
	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)		
9) Cross currency swaps classified as derivative financial instruments not designated as hedging instruments	Assets – 2,170	Liabilities – (5,496)	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 2017.

#### Reconciliation of Level 3 fair value measurements of financial assets

#### Financial assets at fair value through profit or loss

	1.4.2017 to 30.9.2017 HK\$'000 (unaudited)	1.4.2016 to 31.3.2017 HK\$'000 (audited)
At the beginning of the period/year	33,900	24,000
Purchase	19,200	9,900
At the end of the period/year	53,100	33,900

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.

### 28. EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 September 2017,

- the Company issued bonds with aggregate principal amount of US\$150 million with maturity date on 13 May 2023 (the "2023 Notes") to independent third parties. The 2023 Notes bear interest at 4.5% per annum payable semi-annually; and
- the Group entered into an agreement to acquire car parks in Budapest, Hungary at a consideration of approximately EUR21 million.

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