



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



Shaping value

塑造價值

INTERIM REPORT 2019-20 中期報告



A close-up photograph of a hand holding a dark, textured fabric cuff, possibly a sweater or sock, against a blurred background of a person's face and clothing. The word "Exquisiteness" is overlaid in white serif font.

Exquisiteness



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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)

Wing Kwan Winnie CHIU, B.Sc.

Independent Non-Executive Directors

Kwok Wai CHAN

Kwong Siu LAM

Lai Him Abraham SHEK

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)

Kwong Siu LAM

Lai Him Abraham SHEK

NOMINATION COMMITTEE

David CHIU (Chairman)

Kwok Wai CHAN

Kwong Siu LAM

Lai Him Abraham SHEK

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)

David CHIU

Lai Him Abraham SHEK

EXECUTIVE COMMITTEE

David CHIU

Cheong Thard HOONG

Dennis CHIU

Craig Grenfell WILLIAMS

Wing Kwan Winnie CHIU

Wai Hung Boswell CHEUNG

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Wai Hung Boswell CHEUNG

COMPANY SECRETARY

Wai Hung Boswell CHEUNG

AUTHORISED REPRESENTATIVES

David CHIU

Wai Hung Boswell CHEUNG

LEGAL ADVISORS

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

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

Bank of Communications Co., Ltd.

Hong Kong Branch

China Construction Bank (Asia)

Corporation Limited

CMB Wing Lung Bank Limited

Dah Sing Bank, 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

Oversea-Chinese Banking

Corporation Limited

Public Bank (Hong Kong) Limited

The Hongkong and Shanghai

Banking Corporation Limited

The Bank of East Asia, Limited

United Overseas Bank Limited

Malaysia

Public Bank Berhad

OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad

DBS Bank Ltd.

Oversea-Chinese Banking

Corporation Limited

The Bank of East Asia, Limited,

Singapore Branch

The Hongkong and Shanghai

Banking Corporation Limited

United Overseas Bank Limited

Australia

Australia and New Zealand Banking
Group Limited

Bank of China Limited

Bank of Western Australia

Commonwealth Bank of Australia

Industrial and Commercial Bank of

China (Asia) 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

CMB Wing Lung Bank Limited

United Kingdom

Oversea-Chinese Banking
Corporation Limited

The Bank of East Asia, Limited

The Hong Kong 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 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
3.75% USD Medium Term Notes
2021 (Code: 4310)
4.5% USD Medium Term Notes
2023 (Code: 5011)
7.375% USD Senior Guaranteed
Perpetual Capital Notes issued by
FEC Finance Limited (Code: 5781)
The Stock Exchange of Hong Kong
Limited

WEBSITE

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

UNITED KINGDOM



UNITED KINGDOM

- Property development
- Property investment
- Hotel operations
- Car park operations



CONTINENTAL EUROPE

- Hotel operations
- Car park operations
- Gaming and entertainment



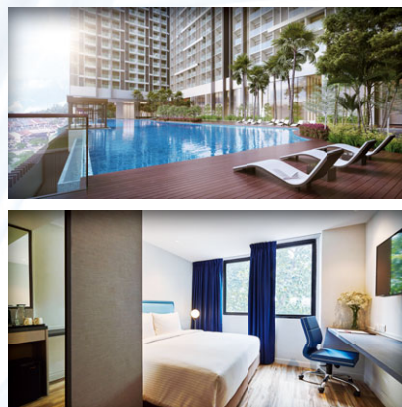
SINGAPORE

- Property development
- Property investment
- Hotel operations



MALAYSIA

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



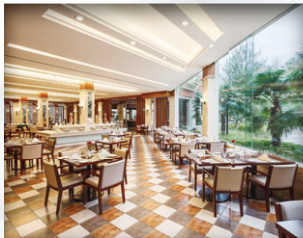
Perth

DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

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

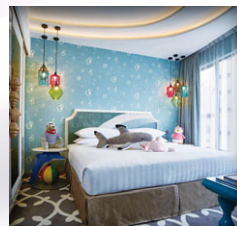
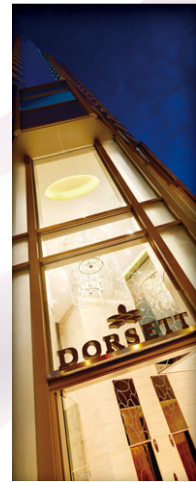
MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



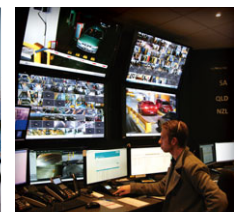
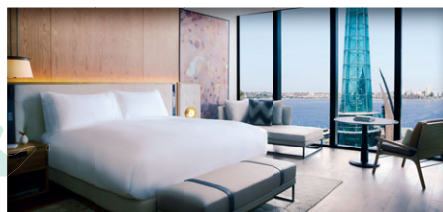
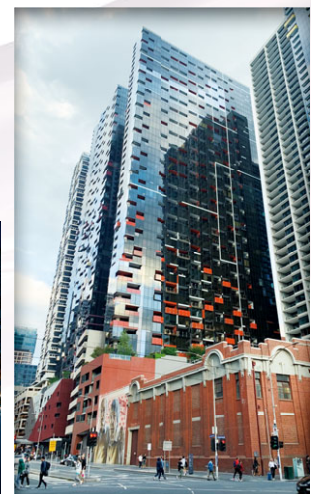
HONG KONG

- Property development
- Property investment
- Hotel operations



AUSTRALIA & NEW ZEALAND

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



AUSTRALIA

Brisbane
Gold Coast

Sydney

Melbourne

NEW ZEALAND

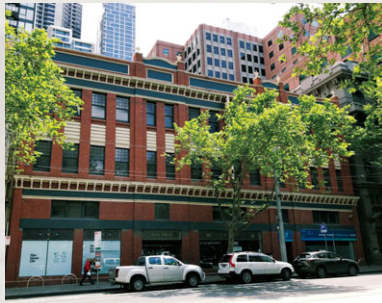
MAJOR EVENTS IN FIRST HALF OF FINANCIAL YEAR 2019/20



Care Park was appointed by Macquarie to manage and operate 3,300 car parking bays of SKYCITY's car park in Auckland, New Zealand



The Group replenished a development site on 640 Bourke Street, Melbourne



The Group acquired 20 acres from Network Rail to progress Northern Gateway Scheme to deliver over 15,000 new homes



The Group won three awards at "9th Asian Excellence Award 2019"



APR 2019

MAY 2019

JUL 2019



The Group awarded "Caring Company Logo" at Caring Company Partnership Expo 2019



The Group garnered twelve honours at the HKIRA 5th Investor Relations Awards 2019



MAJOR EVENTS IN FIRST HALF OF FINANCIAL YEAR 2019/20

 The Group ranked first (tied) in the "Asiamoney 30 Years of Corporate Governance Awards (Hong Kong)" for the decade beginning 2010




 The Group formed joint ventures with AMTD to acquire the Oakwood Premier OUE Singapore hotel




 The Group won "Most Honored Companies" at the "Institutional Investor's 2019 All-Asia Executive Team"

AUG
2019


SEP
2019

 The Group partnered with Mayland on the launch of Dorsett Place Waterfront Subang




 The Group won the tender for a land in Kai Tak, Kowloon, Hong Kong

 The Group purchased a site in Baoshan District in Shanghai for long-term residential rental

 The Group together with SC Global Developments and New World Development launched Cuscaden Reserve in Singapore



 The Group has successfully priced an inaugural issue US\$300 million Perpetual Notes offering

The Towers at Elizabeth Quay and the Ritz-Carlton, Perth



INTERIM RESULTS 2019/20

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 2019 (“1H FY2020”). 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.

Financial year ended/ending 31 March is referred to as “FY” throughout this section and the section headed “Management Discussion and Analysis” of this report.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2019 of HK4.0 cents (six months ended 30 September 2018: HK4.0 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 7 January 2020. The Interim Dividend will be paid in the form of a scrip dividend with the 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 7 January 2020. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election (if applicable) on or around 16 January 2020. Dividend warrants and/or new share certificates will be posted on or around 18 February 2020.



Consort Place, London



640 Bourke Street, Melbourne



Queen's Wharf, Brisbane





Refinement

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS HIGHLIGHTS

- The Group achieved strong year-on-year revenue growth of 75.0% to HK\$5,121 million as a result of robust revenue from sales of properties.
- Revenue from the Group's recurring income businesses decreased slightly, down 1.6% year-on-year. Hotel revenue decreased by 10.3% year-on-year due to the drop of revenue per available room ("RevPAR"). The hotel revenues were particularly affected by a meaningful decrease in tourist arrivals in Hong Kong due to the city's social unrest. However, the car park operations and facilities management and the gaming operations delivered strong revenue, with an increase in revenue year-on-year of 11.0% and 16.6%, respectively. New management contracts were added to the car park portfolio and hotels and gaming revenues of Trans World Corporation Limited ("TWC") were recognised for the full period and grew year-on-year.
- Net profit attributable to shareholders of the Company and adjusted cash profit⁽ⁱⁱ⁾ increased year-on-year by 16.0% and 60.4% to HK\$715 million and HK\$959 million, respectively. This was mainly driven by the strong delivery from sales of properties during the period. That performance more than compensated the one-off gain arising from the bargain purchase of TWC during 1H FY2019, which was not repeated this year, and some adverse movements in the fair value of investment properties.
- The Group completed a number of residential development projects including Astoria Crest and The Garrison in Hong Kong during the period. The construction of The Towers at Elizabeth Quay in Perth was also completed before 30 September 2019 and hand-over by phase continued during the period. Artra in Singapore also contributed to property sales revenue, with most units now presold and construction entering the final phase.
- Three new projects were launched in 1H FY2020, including The Star Residences – Epsilon (Tower 2) in Gold Coast, Australia, in which the Group has a 33.3% interest, Dorsett Place Waterfront Subang in Subang Jaya, Malaysia, in which the Group has a 50.0% interest and Cuscaden Reserve in Singapore, in which the Group has a 10.0% interest.
- Cumulative presales value of properties under development amounted to approximately HK\$11.6 billion (HK\$14.6 billion as at 31 March 2019), slightly lower given the recognition of revenue from sales of properties of HK\$3.7 billion and a lower number of large project launches during 1H FY2020. The Group's residential development pipeline (together with completed inventory for sale) was HK\$51.4 billion in projected gross development value ("GDV") as at 30 September 2019.
- The Group continued to replenish its land bank in 1H FY2020, focusing on cities and locations where it understands very well, such as land comprising the Network Rail of Northern Gateway in Manchester, the United Kingdom ("UK") and Bourke Street in Melbourne, Australia.



The Star Residences - Epsilon, Gold Coast



Dorsett Place Waterfront Subang, Subang Jaya

MANAGEMENT DISCUSSION AND ANALYSIS

- In addition, to further enhance the recurring revenue stream, the Group acquired a land site adjoining the Kai Tak Sports Park in Kai Tak via government tenders, where the Hong Kong Government committed significant investments. The intention is to develop a flagship Dorsett hotel, together with an office tower and retail space. The Group also purchased a site in Baoshan District in Shanghai for long-term residential rental in 1H FY2020. Furthermore, the Group formed joint ventures with AMTD Property Investment Holdings Limited (“AMTD”) and acquired the hotel property and its business in Oakwood Premier OUE Singapore in November 2019.
- Planning and construction of 14 new hotels are underway. The Ritz-Carlton hotel in Perth was completed in 1H FY2020 and started its operations on 15 November 2019.
- BC Group Holdings Limited (“BCG”) continued to grow strongly in 1H FY2020 with loans and advances rising from AUD626 million as at 31 March 2019 to AUD853 million as at 30 September 2019.
- As an initiative to unlock the value of its hotel portfolio and to recycle capital, the Group intends to spin-off and list separately certain hotel properties located in Australia, Singapore, Malaysia and the UK. The transaction, if it proceeds, would likely constitute a major transaction under the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
- In 1H FY2020, the Group raised USD300 million (equivalent to HK\$2,358 million) in senior guaranteed perpetual capital notes (“Perpetual Notes”) to improve its capital structure and finance its business expansion. Net gearing ratio⁽ⁱⁱⁱ⁾ was reduced to 43.9% as at 30 September 2019 (45.4% as at 31 March 2019) despite an increase in the Group’s development pipeline and its recent acquisitions and new business investment.
- Earnings per share increased by 13.4% to HK\$30.4 cents during the period (HK\$26.8 cents for 1H FY2019). Interim dividend for 1H FY2020 was maintained at HK4.0 cents per share (1H FY2019: HK4.0 cents per share).
- Net asset value⁽ⁱⁱⁱ⁾ per share as at 30 September 2019 amounted to approximately HK\$13.21 per share (HK\$13.29 per share as at 31 March 2019).
- During 1H FY2020, the Group repurchased shares amounting to approximately HK\$81 million. The Group had previously announced its intention to repurchase shares in FY2020 for an amount of up to HK\$200 million.

Notes:

- Adjusted cash profit is calculated by adding depreciation and amortisation charges to, subtracting post-tax fair value gain/adding post-tax fair value loss in investment properties and subtracting gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.
- Net gearing ratio represents total bank loans, notes and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.
- Revaluation surplus on hotel assets of approximately HK\$17,838 million was based on independent valuation carried out as at 31 March 2019 and was not recognized in the Company’s consolidated financial statements, but was adjusted for the calculations of net asset value per share and the net gearing ratio.



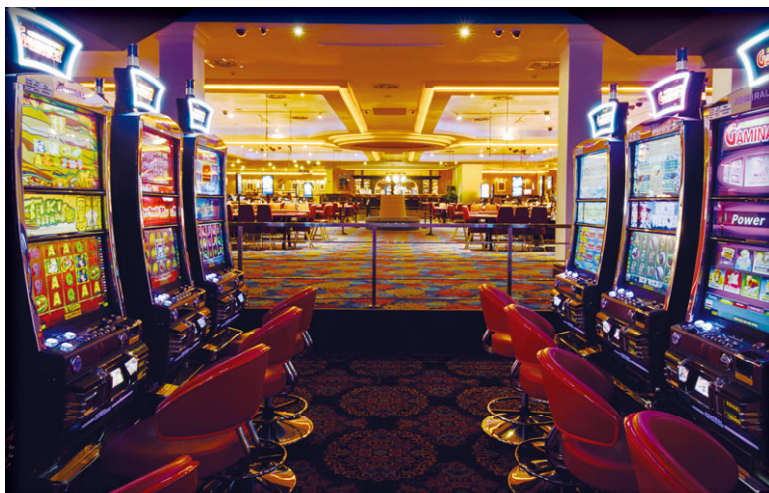
The view from the Ritz-Carlton hotel, Perth

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for 1H FY2020 was approximately HK\$5,121 million, an increase of 75.0% as compared with 1H FY2019, driven primarily by (i) significant revenue recognised from sales of residential properties; (ii) growth and full period contribution from TWC's hotels and gaming operations; and (iii) organic growth in car park operations and facilities management. Gross profit (before depreciation of hotel,



Route 59 Casino, Czech Republic

car park and gaming assets) ["Adjusted gross profit"] came in at HK\$1,836 million, as compared to HK\$1,393 million for 1H FY2019. 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	Gaming operations HK\$'000	Others HK\$'000	Total HK\$'000
For 1H FY2020						
Revenue	3,686,333	776,562	397,023	143,564 ⁽ⁱ⁾	117,653	5,121,135
Gross profit	1,108,756	297,802	62,420	78,065	100,329	1,647,372
Depreciation	-	163,515	17,479	7,363	-	188,357
Adjusted gross profit	1,108,756	461,317	79,899	85,428	100,329	1,835,729
Adjusted gross profit margin	30.1%	59.4%	20.1%	59.5%	85.3%	35.8%
For 1H FY2019						
Revenue	1,468,031	865,661	357,773	123,103 ⁽ⁱ⁾	111,914	2,926,482
Gross profit	596,404	357,812	67,529	88,484	90,985	1,201,214
Depreciation	-	170,373	15,279	6,544	-	192,196
Adjusted gross profit	596,404	528,185	82,808	95,028	90,985	1,393,410
Adjusted gross profit margin	40.6%	61.0%	23.1%	77.2%	81.3%	47.6%

Note:

- (i) After deduction of gaming tax amounting to HK\$46 million (1H FY2019: HK\$39 million). Gaming tax rates in the Czech Republic are 23% for live table games and 35% for electronic table games and slots.

Revenue from sales of properties amounted to approximately HK\$3,686 million in 1H FY2020, an increase of 151.1% as compared with 1H FY2019. The major 1H FY2020 contributors were the revenues recognised from The Towers at Elizabeth Quay in Australia, Astoria Crest and The Garrison in Hong Kong and Artra in Singapore. Gross profit of approximately HK\$1,109 million for 1H FY2020 was recorded, representing a 85.9% year-on-year growth due to the higher number of residential projects delivered in 1H FY2020, albeit at a lower margin in Australia.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from hotel operations and management amounted to approximately HK\$777 million in 1H FY2020, a drop of 10.3% as compared with 1H FY2019. Adjusted gross profit margin for the Group's hotel operations fell slightly to 59.4% in 1H FY2020 from 61.0% in 1H FY2019, primarily due to the decrease in RevPAR in the hotel operations in Hong Kong due to social unrest in the city.

Revenue from car park operations and facilities management amounted to approximately HK\$397 million in 1H FY2020, an increase of 11.0% as compared with 1H FY2019. Adjusted gross profit decreased slightly by 3.5% year-on-year to HK\$80 million in 1H FY2020 as the business incurred expenses related to regional business expansion. During 1H FY2020, approximately 6,600 car park bays were added to the Group's car park operations portfolio.

Revenue from gaming operations grew year-on-year by 16.6% to approximately HK\$144 million (net of gaming tax) in 1H FY2020. The higher revenues were driven by a stronger trading environment and recognition of 6 months of operations in 1H FY2020 as compared with 5 months of operations in 1H FY2019, as TWC's acquisition closed in April 2018. The higher contribution from TWC's gaming operations offset the lower dividend received from our investment in The Star which affected gross profit margin for the operations.

The Group's overall performance in 1H FY2020 was driven mainly by the strong delivery from sales of properties during the period. This more than compensated the HK\$117 million one-off gain arising from the bargain purchase of TWC during 1H FY2019, which was not repeated this period, and some adverse movements in fair value of investment properties amounting to HK\$16 million in 1H FY2020 compared with a fair value gain of HK\$111 million in 1H FY2019.

Profit attributable to shareholders of the Company was approximately HK\$715 million for 1H FY2020, an increase of 16.0% as compared with HK\$616 million for 1H FY2019.

Adjusted cash profit⁽ⁱ⁾ reached HK\$959 million for 1H FY2020, an increase of 60.4% from HK\$598 million recorded for 1H FY2019.

Note:

- (i) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, subtracting post-tax fair value gain/adding post-tax fair value loss in investment properties and subtracting gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.



Sky Deck, Queen's Wharf, Brisbane

MANAGEMENT DISCUSSION AND ANALYSIS

2. Liquidity, financial resources and net gearing

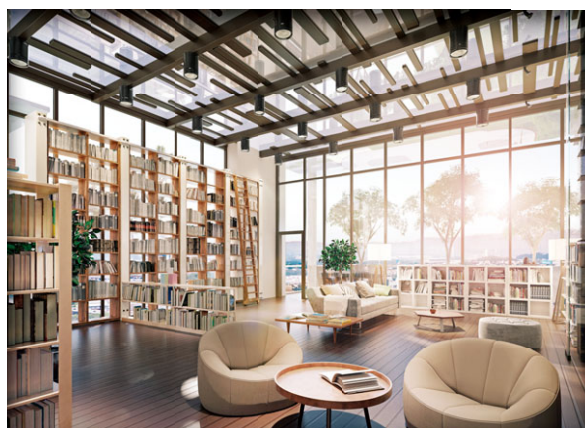
The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily-monetizable nature), bank loans and borrowings, and equity as at 30 September 2019.

	As at 30 September 2019 HK\$ million	As at 31 March 2019 HK\$ million
Bank loans, notes and bonds		
Due within 1 year ⁽ⁱ⁾	3,561	4,236
Due 1–2 years	7,441	4,146
Due 2–5 years	10,611	12,799
Due more than 5 years	416	167
Total bank loans, notes and bonds	22,029	21,348
Investment securities	4,584	4,422
Bank and cash balances ⁽ⁱⁱ⁾	2,765	2,648
Liquidity position	7,349	7,070
Net debts ⁽ⁱⁱⁱ⁾	14,680	14,278
Carrying amount of the total equity ^(iv)	15,622	13,632
Add: hotel revaluation surplus	17,838	17,838
Total adjusted equity ^(iv)	33,460	31,470
Net gearing ratio (net debts to total adjusted equity)	43.9%	45.4%
Net debt to total adjusted assets ^(v)	24.5%	25.1%

Notes:

- (i) Include an amount of approximately HK\$545 million which is reflected as liabilities due within one year 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.
- (ii) The amount represents total restricted bank deposits, deposit in a financial institution, and bank balances and cash.
- (iii) Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.
- (iv) Include Perpetual Notes.
- (v) Total adjusted assets include revaluation surplus on hotel assets.

To better manage the Group's liquidity position, the Group's treasury operation allocates a portion of its cash position to marketable and liquid investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed-income securities and investments in fixed-income funds, the investment in the listed shares of The Star which the Group intends to hold for the long term, as well as the investment in notes issued by the trust which hold the mortgage portfolio managed by BCG, an entity 50.66% owned by the Group.



Study Room, Dorsett Place Waterfront Subang, Subang Jaya

MANAGEMENT DISCUSSION AND ANALYSIS

On 12 September 2019, the Group successfully issued USD250 million Perpetual Notes at par at an initial distribution rate of 7.375% per annum issued under the USD1,000 million guaranteed medium term note programme. Given the strong response received from investors, on 16 September 2019, the Group issued at 102.423% of par value for an additional USD50 million Perpetual Notes (to be consolidated and form a single series with the USD250 million Perpetual Notes) at the same initial distribution rate. The issuance of Perpetual Notes helps the Group to lower the overall gearing ratio and to lengthen the debt maturity profile. The proceeds of the Perpetual Notes help the Group in maintaining a robust financial position and a very good liquidity position.

The liquidity position of the Group as at 30 September 2019 was approximately HK\$7.3 billion. Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$17,838 million, which is based on independent valuations assessed as at 31 March 2019 and including the Perpetual Notes, the Group's total adjusted equity as at 30 September 2019 was approximately HK\$33,460 million. The net gearing ratio of the Group stood at 43.9% as at 30 September 2019, compared with 45.4% as at 31 March 2019. The Group will continue to adopt a conservative approach to capital management by maintaining its net gearing ratio at a prudent level.

	As at 30 September 2019 HK\$ million	As at 31 March 2019 HK\$ million
The Company's notes	3,587	3,509
Unsecured bank loans	2,491	2,809
Secured bank loans		
– Property development and investment	7,392	7,536
– Hotel operations and management	7,096	6,008
– Car park operations and facilities management	553	556
– Gaming operations	86	94
– Others	824	836
Total bank loans, notes and bonds	22,029	21,348

As at 30 September 2019, the Group's undrawn banking facilities were approximately HK\$7.4 billion. Of this amount, approximately HK\$3.7 billion was in relation to construction development while the balance of approximately HK\$3.7 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 7 hotel assets⁽ⁱ⁾ within the Group were unencumbered as at 30 September 2019, the capital value of which amounted to HK\$4.9 billion based on independent valuations assessed as at 31 March 2019. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Note:

(i) Exclude Ritz-Carlton hotel in Perth which is unencumbered but opened in November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Foreign exchange management

Overall in 1H FY2020, contribution from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against the Hong Kong dollar. The table below sets forth the exchange rates of the Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate	As at 30 September 2019	As at 31 March 2019	Change
HK\$/AUD	5.29	5.56	(4.9%)
HK\$/RMB	1.10	1.17	(6.0%)
HK\$/MYR	1.87	1.92	(2.6%)
HK\$/GBP	9.61	10.20	(5.8%)
HK\$/CZK	0.33	0.34	(2.9%)
HK\$/SGD	5.67	5.79	(2.1%)

Average rates for	1H FY2020	1H FY2019	Change
HK\$/AUD	5.43	5.82	(6.7%)
HK\$/RMB	1.14	1.20	(5.0%)
HK\$/MYR	1.90	1.96	(3.1%)
HK\$/GBP	9.91	10.60	(6.5%)
HK\$/CZK	0.34	0.36	(5.6%)
HK\$/SGD	5.73	5.85	(2.1%)

The Group adopts a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currency of the countries where such investments are made. The impact of movements in the above currencies to the Group's profit attributable to shareholders for 1H FY2020 is analysed below:

Increase to the Group's profit attributable to shareholders for 1H FY2020 assuming exchange rates of the following currencies against the Hong Kong dollar remained constant during the period:

	HK\$ million
AUD	14.1
RMB	0.9
MYR	0.4
GBP	2.3
CZK	0.4
SGD	2.6
Total impact	20.7

The movement in foreign currencies also had an impact on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollars for consolidation purposes, the movement in foreign currencies has affected the value in Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. The Group's net asset value (less Perpetual Notes) would have been HK\$730 million higher as at 30 September 2019 assuming exchange rates remained constant during 1H FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Net asset value per share

	As at 30 September 2019 HK\$ million	As at 31 March 2019 HK\$ million
Equity attributable to shareholders of the Company	12,987	13,413
Add: Hotel revaluation surplus ⁽ⁱ⁾	17,838	17,838
Total net asset value	30,825	31,251
Number of shares issued (million)	2,334	2,352
Net asset value per share	HK\$13.21	HK\$13.29

Adjusting for the revaluation surplus on hotel assets of approximately HK\$17,838 million based on independent valuation assessed as at 31 March 2019, net asset value attributable to shareholders reached approximately HK\$30,825 million. Net asset value per share for the Company as at 30 September 2019 was approximately HK\$13.21.

Note:

(i) As at 31 March 2019.

5. Capital expenditures

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

During 1H FY2020, the Group's capital expenditures amounted to approximately HK\$2,573 million, primarily attributable to (i) the land acquisition of a commercial project in Kai Tak, Hong Kong; (ii) the land acquisition of a long-term residential rental project in Baoshan district, Shanghai; and (iii) the ongoing capital expenditures in relation to our residential, retail and hotel projects with The Star across Australia. The capital expenditures were funded through a combination of borrowings and internal resources.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Capital commitments

	As at 30 September 2019 HK\$ million	As at 31 March 2019 HK\$ million
Capital expenditures contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	598	878
Commitment to provide credit facility to BCG	83	65
Others	23	28
	704	971

7. Post balance sheet event

Acquisition of hotel in Singapore

In September 2019, the Group formed joint ventures with AMTD and the joint ventures (through their subsidiaries) entered into sales and purchase agreements to acquire a hotel property and its business in the central business district ("CBD") of Singapore, for a total consideration of approximately SGD289 million. The hotel was previously known as "Oakwood Premier OUE Singapore" and has been renamed as "Oakwood Premier AMTD Singapore" with effect on the completion date of the acquisition. The hotel is part of OUE Downtown, a newly refurbished mixed-use development which comprises two high-rise towers with offices and a retail mall apart from the hotel. The Oakwood Premier AMTD Singapore hotel, located in the heart of Singapore's vibrant CBD, has a total of 268 rooms, 2 dining facilities and other amenities. The Group has been seeking to build a stronger presence in Singapore and already operates a very successful hotel, Dorsett Singapore. By leveraging on Dorsett's established operation platform, the remaining short tenure of the existing third-party management contract offers an opportunity for Dorsett to further expand its presence and enhance its brand equity in Singapore. The Group also believes that the acquisitions allow it to take advantage of the solid business environment in that market and to further diversify its hotel portfolio and bring to the Group immediate cash returns from its existing business. Completion of the acquisitions have taken place in mid November 2019.

Potential spin-off and formation of REIT

The Group is considering a potential spin-off and separate listing ("Potential Spin-off and Separate Listing") of certain hospitality properties of the Group in Australia, Singapore, Malaysia and the UK on an overseas securities exchange in the form of a stapled trust group comprising a real estate investment trust and a business trust (collectively, the "Hospitality Trust"). In connection with the Potential Spin-off and Separate Listing, the Company has submitted a proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules on 28 November 2019. The Group expects that the Potential Spin-off and Separate Listing, if it proceeds, would likely constitute a major transaction for the Company under the Listing Rules, and approval from the Shareholders would be required. The Board believes that the Potential Spin-off and Separate Listing, if it proceeds, would among others: (i) create an asset management platform for the Group dedicated to hospitality assets, which would generate a new income stream to the Group, (ii) unlock and crystallise the value of the hospitality properties of the Group, and allow the Group to recycle capital, and (iii) facilitate more active third-party hotel acquisitions using the spun-off entity. Please refer to the announcement dated 28 November 2019 for more details on the Potential Spin-off and Separate Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Property division

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

Property investment

Property investment comprises of investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore and Australia. For 1H FY2020, a fair value loss on investment properties of approximately HK\$16 million was recognized, primarily due to the decrease in fair value of investment properties in Hong Kong. As at 30 September 2019, valuation of investment properties was approximately HK\$5.3 billion (31 March 2019: HK\$5.4 billion).

21 Anderson Road is a freehold condominium development situated in District 10 of Singapore, which was acquired by the Group in July 2018. It is currently known as "21 Anderson Royal Oak Residence" and comprises 34 residential units with saleable floor area of approximately 86,000 square feet ("sq. ft."), which the Group currently holds for recurring income purposes but with flexibility to resell or redevelop.

The Group won the tender to acquire an additional land parcel in August 2019 with gross floor area ("GFA") of 574,000 sq. ft. as part of the California Garden development in Shanghai. The above-mentioned land is adjacent to another parcel of land which was acquired by the Group in early 2019, which can be developed together into a few blocks of residential units to be leased out for recurring income purposes.

Property development

The Group has a diversified portfolio of residential property developments in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class. 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. The Group is also actively looking to work with property owners for redevelopment opportunities, an example of which is the partnership with The Star. These land acquisition strategies have resulted in a relatively low land holding cost for the Group's development projects and little capital kept idle in a land banking strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK\$11.6 billion as at 30 September 2019. Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed. The following table shows a breakdown of the Group's total cumulative presales value of residential properties under development as at 30 September 2019.

Developments	Location	Attributable presales HK\$ million	Actual/ Expected financial year of completion
Artra	Singapore	674 ⁽ⁱ⁾	FY2021
Cuscaden Reserve	Singapore	8 ⁽ⁱ⁾	FY2023
West Side Place (Towers 1 and 2)	Melbourne	4,718	FY2021
West Side Place (Tower 3)	Melbourne	2,257	FY2023
West Side Place (Tower 4)	Melbourne	2,346	FY2023
Perth Hub	Perth	318	FY2022
The Star Residences (Tower 1)	Gold Coast	416	FY2023
The Star Residences – Epsilon (Tower 2)	Gold Coast	202	FY2025
MeadowSide (Plots 2 and 3)	Manchester	383	FY2022
MeadowSide (Plot 5)	Manchester	81	FY2021
Hornsey Town Hall	London	171	FY2022
Dorsett Place Waterfront Subang	Subang Jaya	30 ⁽ⁱ⁾	FY2024
Total		11,604	

Note:

(i) Excluding contracted presales already recognized as revenue up to 30 September 2019.

During 1H FY2020, the Group launched presales of its residential development projects named The Star Residences – Epsilon (Tower 2) in Gold Coast, Australia, Dorsett Place Waterfront Subang in Subang Jaya, Malaysia and Cuscaden Reserve in Singapore which, in aggregate, have an expected attributable GDV and attributable saleable floor area of approximately HK\$1.7 billion and approximately 657,000 sq. ft., respectively.

As at 30 September 2019, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 10.3 million sq. ft..

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the Group's current pipeline are shown below:

Developments	Attributable saleable floor area ⁽ⁱ⁾ Sq. ft.	Expected Attributable GDV ⁽ⁱⁱⁱ⁾ HK\$ million	Status/ expected launch	Expected financial year of completion
Pipeline development				
Melbourne				
West Side Place				
- Towers 1 and 2	1,078,000	5,041	Launched	FY2021
- Tower 3	518,000	2,393	Launched	FY2023
- Tower 4	621,000	2,845	Launched	FY2023
Bourke Street	600,000	2,393	FY2021	FY2025
Perth				
Perth Hub	230,000	824	Launched	FY2022
Brisbane				
Queen's Wharf Brisbane ⁽ⁱⁱⁱ⁾				
- Tower 4	252,000	1,417	FY2020	FY2024
- Tower 5	269,000	1,443	Planning	Planning
- Tower 6	269,000	1,443	Planning	Planning
Gold Coast				
The Star Residences ^(iv)				
- Tower 1	98,000	476	Launched	FY2023
- Tower 2 – Epsilon	109,000	554	Launched	FY2025
- Towers 3 to 5	374,000	1,635	Planning	Planning
Hong Kong				
Shatin Heights	84,000	1,671	FY2021	FY2021
London				
Consort Place	390,000	4,089	FY2020	FY2024
Hornsey Town Hall	108,000	909	Launched	FY2022
Manchester				
MeadowSide				
- Plots 2 and 3	221,000	891	Launched	FY2022
- Plot 5	99,000	384	Launched	FY2021
- Plot 4	238,000	1,067	Planning	Planning
Northern Gateway ^(v)				
- Addington Street	47,000	173	FY2020	Planning
- Victoria Riverside	396,000	1,428	FY2021	Planning
- Network Rail	1,532,000	5,521	Planning	Planning
- Others	1,202,000	4,218	Planning	Planning

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area ⁽ⁱ⁾ Sq. ft.	Expected Attributable GDV ⁽ⁱⁱⁱ⁾ HK\$ million	Status/ expected launch	Expected financial year of completion
Singapore				
Artra ^(vi)	110,000	756	Launched	FY2021
Holland Road ^(vii)	192,000	3,111	FY2020	FY2024
Cuscaden Reserve ^(viii)	19,000	387	Launched	FY2023
Malaysia				
Dorsett Place Waterfront Subang ^(ix)	529,000	791	Launched	FY2024
Total development pipeline as at 30 September 2019	9,585,000	45,860		
Completed development available for sale				
Shanghai				
King's Manor	48,000	279		
The Royal Crest II	51,000	313		
Guangzhou				
Royal Riverside	263,000	994		
Kuala Lumpur				
Dorsett Bukit Bintang	31,000	123		
Hong Kong				
Marin Point	73,000	787		
Manor Parc	48,000	641		
The Garrison	1,600	44		
Others	1,000	36		
Perth				
The Towers at Elizabeth Quay	141,000	1,068		
Singapore				
21 Anderson Road	86,000	1,215		
Total completed development available for sale as at 30 September 2019	743,600	5,500		
Total pipeline and completed development available for sale as at 30 September 2019	10,328,600	51,360		

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.
- (ii) The amounts represent expected GDV attributable to the Group, which may change subject to market conditions.
- (iii) This residential development consists of a total gross floor area of approximately 1,800,000 sq. ft.. The Group has 50.0% interest in the development.
- (iv) The Group has 33.3% interest in the development.
- (v) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. 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.
- (vi) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70.0% interest in the development. Revenue for this development is recognised based on a percentage of completion basis. Amounts shown here exclude the portion which has been recognized as revenue up to 30 September 2019.
- (vii) Total saleable floor area of this development is approximately 241,000 sq. ft.. The Group has 80.0% interest in the development.
- (viii) Total saleable floor area of this development is approximately 190,000 sq. ft.. The Group has 10.0% interest in the development.
- (ix) Total saleable floor area of this development is approximately 1,058,000 sq.ft.. The Group has 50.0% interest in the development.

In addition to the above, the Group has entered into a memorandum of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino site in Sydney and three further towers in Gold Coast, which will further contribute to the residential pipeline of the Group upon receiving planning approval and signing of definitive agreement.

Australia

Melbourne

West Side Place is a mixed-use residential development located in the CBD of Melbourne. The project comprises approximately 3,000 apartments spreading over 4 towers with total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK\$10.3 billion.

The development consists of 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. All four towers have been launched for presales as of FY2019. Towers 1 and 2 comprise a total of 1,376 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK\$5.0 billion. HK\$4.7 billion worth of units were presold as at 30 September 2019 and the project is expected to be completed in FY2021. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK\$2.4 billion. HK\$2.3 billion worth of units were presold as at 30 September 2019 and the project is expected to be completed in FY2023. Tower 4 comprises 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK\$2.8 billion. HK\$2.3 billion worth of units were presold as at 30 September 2019 and the project is expected to be completed in FY2023. With the strong presales recorded for this development, the Group is expected to have significant cashflow and earnings in the coming years.

Following the successful launch of the various stages of West Side Place, the Group has replenished its pipeline in Melbourne by securing a development site on 640 Bourke Street, which is in Melbourne CBD near the West Side Place development. The property currently has obtained approval to be redeveloped into a residential project with total saleable floor area of approximately 600,000 sq. ft. and is expected to provide approximately 800 residential units. Presales of this development is expected to be launched in 1H FY2021, with completion of the development expected to be in FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Perth

The Towers at Elizabeth Quay is a two-tower mixed-use development project which consists of approximately 371,000 sq. ft. in saleable floor area of residential apartments, a luxury Ritz-Carlton hotel of about 205 rooms which was opened on 15 November 2019 and commercial or retail area as well as other ancillary facilities of approximately 15,000 sq. ft.. This residential development was completed in 2H FY2019 with HK\$275 million of presold inventory expected to be delivered in 2H FY2020. The remaining completed units amounting to HK\$793 million in GDV will be sold and are being actively marketed.

The Perth City Link is a large project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district.

Perth Hub, being the first phase of the Perth City Link project, is a mixed-use development adjacent to the Perth Arena representing Lots 2 and 3A of the Perth City Link project, featuring 314 residential apartments and approximately 260 hotel rooms to be operated by Dorsett. Presales of this development was launched in October 2018, with GDV of HK\$318 million presold as at 30 September 2019. Completion of the development is expected in FY2022.

Having been selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link projects in May 2017, which is a continuation of the development stemming from Perth Hub, the Group has secured these land plots in FY2019. These three lots are planned to be developed into a range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is currently under planning stage.

Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and Chow Tai Fook Group ("CTF"), located in Brisbane, entered into development agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project ("QWB Project"). The QWB Project comprises:

- (i) an integrated resort component in which the Group's ownership is 25.0% (CTF owns 25.0% and The Star owns 50.0%) with an equity investment amount of more than AUD200 million. Payments are made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of FY2023; and
- (ii) the residential component owned in the proportion of 50.0% by the Group and 50.0% by CTF.

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately 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 GFA of the QWB Project is expected to be approximately 386,650 square meters ("sq. m.") of which approximately 160,250 sq. m. relates to the residential component.

The QWB Project brings together the Group's experience in international hospitality operations 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 streams as well as to add to its residential development pipeline.

The construction of the integrated resort component is well underway with the excavation of the site close to completion, thereby substantially de-risking the construction of the development. Furthermore, discussion with potential lenders are ongoing for the debt financing of the integrated resort component.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The project 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 first tower of the development will feature a 316-room Dorsett hotel and 423 residential apartments with total saleable floor area of approximately 295,000 sq. ft. and a GDV of HK\$1.4 billion. Total presales value of HK\$1.2 billion was recorded as at 30 September 2019 and the completion of the first tower of the development is expected to take place in FY2023.

Following the successful launch of the first tower, planning approval has been granted for the other four towers of the development. Epsilon, which is the second tower of the development, will feature a 210-room five-star hotel and 457 residential apartments with total saleable floor area of approximately 327,000 sq. ft. and a GDV of HK\$1.7 billion. Presales of this development was launched with a positive response in May 2019, with total presales value of HK\$606 million being recorded as at 30 September 2019. Completion of the development is expected in FY2025.

In addition, the strategic alliance agreement that was entered into with The Star and CTF in March 2018 stipulated that the parties will join forces on the delivery of certain nominated developments including the potential re-development of The Spit Precinct in Gold Coast. The realization of these potential developments will undoubtedly add to the Group's development pipeline in the city, and will benefit the Group through its investment in The Star.

Sydney

The Group has agreed to partner with The Star and CTF to co-develop a mixed-use tower located at the existing site where The Star operates its casino in Sydney. The project is currently under planning stage and discussions are ongoing to obtain approvals from the local authorities. The parties also agreed that there are certain nominated developments which the parties will work together to bring forward the planning and delivery, including the potential re-development of the Pyrmont Precinct in Sydney, where the parties have purchased an existing building for re-development.

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. 21 town houses of this development remain unsold, and will be sold on a completed basis.

The Royal Crest II consists of 174 apartments and 42 town houses. 24 town houses of this development remain unsold, and will be sold on a completed basis.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 685,000 sq. ft. and a total expected GDV of HK\$2.3 billion. Presales for Tower 5 was launched in May 2018. The entire development has been completed with approximately HK\$1.3 billion GDV having been delivered up to 30 September 2019, with the remaining units to be sold on a completed basis.

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 tenders and bidding for projects with the Urban Renewal Authority ("URA").

Astoria Crest is a residential development at Hai Tan Street, Sham Shui Po which was acquired by the Group through the URA. This residential development comprises 72 apartments with approximately 20,000 sq. ft. in saleable floor area. The project has successfully been launched for sales in December 2017 and all units were sold and delivered to buyers in 1H FY2020.

The Garrison is a residential development at Mei Tin Road, Tai Wai, which the Group acquired through a government tender. This development comprises 118 residential units with approximately 29,000 sq. ft. in saleable floor area and a GDV of HK\$674 million and a commercial component of approximately 4,100 sq. ft. in GFA. GDV of about HK\$630 million has been presold and delivered to buyers in 1H FY2020. The remaining units with approximately 1,600 sq. ft. in saleable floor area will be sold on a completed basis.

Marin Point is a residential development 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 and 6,800 sq. ft. of commercial component. The development was launched for presales during FY2018 with a GDV of about HK\$306 million having been presold and delivered as at 30 September 2019. The remaining units will be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in saleable floor area and a GDV of HK\$641 million. All units are to be sold on a completed basis.

The Group also acquired through a government tender a residential development site at Tai Po Road, Shatin Heights. Comprising over 60 apartments and 4 houses, the project has a saleable floor area of approximately 84,000 sq. ft. and a GDV of HK\$1,671 million. Construction is progressing with the presales of the project expected to be launched in FY2021.

Malaysia

Dorsett Place Waterfront Subang is a joint development which the Group has 50.0% interest in this development. The project is situated next to the Group's renowned 5-star hotel, Dorsett Grand Subang. Consisting of three blocks, the development will offer 1,989 fully-serviced suites. Presales of the development project was launched in September 2019 with a HK\$30 million attributable GDV having been presold as at 30 September 2019. Completion of the development is expected in FY2024.

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. The development was completed during FY2018 with 121 apartments delivered as at 30 September 2019, with a number of the remaining units converted into serviced apartments managed by the Dorsett Group. The rest is to be sold on a completed basis.

MANAGEMENT DISCUSSION AND ANALYSIS

United Kingdom

London

Hornsey Town Hall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 135 apartments with a saleable floor area of approximately 108,000 sq. ft. This development also has a commercial component of 7,500 sq. ft. Presales for the residential component of this development was launched in FY2019 with a GDV of about HK\$171 million presold as at 30 September 2019. Completion of the development is expected in FY2022.

Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf, London, which has been granted planning approval for a mixed-use complex of approximately 390,000 sq. ft. in saleable floor area consisting of approximately 500 residential units, a hotel of approximately 230 rooms and commercial facilities. Presales for the residential component of this development is expected to be launched in 2H FY2020, with completion of the development expected to be in FY2024.

Manchester

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city, and is sitting on the doorstep of the Group's Northern Gateway development. The development will feature 4 towers comprising more than 700 apartments with approximately 558,000 sq. ft. of saleable floor area around the historic Angel Meadow Park near Victoria railway station which is one of the transportation hubs in the city. 3 plots have launched their presales with Plot 2 and Plot 3 comprising a total saleable area of 221,000 sq. ft., with a GDV of HK\$891 million and a GDV of HK\$383 million has been presold as at 30 September 2019. Plot 5 with a total saleable area of 99,000 sq. ft. and a GDV of HK\$384 million was launched in March 2019 for presales with a GDV of HK\$81 million having been presold as at 30 September 2019. Construction work is progressing smoothly and Plot 2 and Plot 3 are scheduled for completion by FY2022 and Plot 5 is scheduled for completion by FY2021.

Northern Gateway is a large-scale development project in Manchester which spans across an area of more than 390 acres (equivalent to 17 million sq. ft.), sweeping north from Victoria railway station and taking in the neighborhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city center to expand and providing the optimal mix of high-quality housing. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

The Strategic Regeneration Framework ("SRF") of the Northern Gateway development was approved by the Manchester City Council ("MCC") in February 2019. The SRF provides an illustrative masterplan in order to guide development proposals within the Northern Gateway. It will be used to guide and co-ordinate developments brought forward by the joint venture formed between the Group and MCC, and to deliver a series of vibrant, sustainable and integrated residential neighbourhoods within the extended city center of Manchester.

Since the Group entered into a development agreement with MCC in April 2017, the Group has acquired various land plots within the Northern Gateway area which will be developed into individual projects as the overall masterplan pans out. In July 2019, the Group further acquired 20 acres of land from Network Rail in Central Manchester to progress its delivery of the Northern Gateway and the acquisition is expected to offer over 1,500 new homes including the first elements of the River City Park at St Catherine's Wood, which will link from Angel Meadow out to the North of Manchester.

MANAGEMENT DISCUSSION AND ANALYSIS

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the United Kingdom. As at 30 September 2019, the Group has already secured land plots within the Northern Gateway area providing a pipeline with saleable floor area of more than 3 million sq. ft. which is expected to deliver approximately 4,500 new homes over the next 5 to 10 years.

Addington Street is one of the initial sites acquired from MCC as part of the development agreement for Northern Gateway. The development is located within New Cross at the northern edge of the Manchester city center. The site is planned to develop into an 80-apartment residential scheme with saleable floor area of approximately 47,000 sq. ft.. Presales for this development is expected to be launched in 2H FY2020.

Victoria Riverside is located within the Northern Gateway masterplan area in close proximity to major transport links including Victoria railway station and Manchester city center. It is a key gateway into the Northern Gateway masterplan area, expanding the city center northwards from MeadowSide. It will be predominately a residential development incorporating a high quality public realm, commercial and leisure uses and a landmark building. The development features three towers comprising more than 600 units with approximately 396,000 sq. ft. of saleable floor area. Presales of the development is expected to be launched in FY2021.

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 70.0% interest. Presales of the development was launched in FY2018 with HK\$674 million having been presold as at 30 September 2019. Completion of the development is expected to take place during FY2021.

Hollandia and The Estoril are premium residential development sites at Holland Road within the sought-after District 10 of Singapore, for which the Group was awarded the tender through a collective sale in FY2018. Completion of the acquisition of both sites took place in FY2019. The two adjacent sites are expected to be amalgamated and redeveloped into a residential development with a combined saleable floor area of approximately 241,000 sq. ft., in which the Group has a 80.0% interest. Presales of the development is expected to be launched in 2H FY2020 with completion of the development expected to be in FY2024.

Cuscaden Reserve located at Cuscaden Road is a residential development site in the prime District 9 of Singapore. The development is expected to provide approximately 19,000 sq. ft. in attributable saleable floor area. The Group has a 10.0% interest in the joint venture which is undertaking the development. Presales of the development was launched in September 2019 with completion of the development expected to be in FY2023.

2. Hotel operations and management

The Group owns and operates its hotel portfolio through three distinct lines of business, with focus on the three to four-star hotel segment. These include Dorsett Hotels and Resorts, featuring the upscale "Dorsett Grand" and mid-scale "Dorsett", the value-led "Silka" branded hotels, and the "d.Collection" which features boutique hotels with unique identities. The Group's hotels under these three lines of business are collectively referred to as the "Dorsett Group".

As at 30 September 2019, the Group had 28 hotels in operation of which 9 are in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in the UK, 1 in Australia, 3 in Germany, 1 in Austria and 1 in Czech Republic with approximately 7,500 rooms.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2019, the Group had 14 hotels in the development pipeline, including a Ritz-Carlton hotel located in Melbourne and three world-class hotels in addition to a Dorsett hotel in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest; and the remaining hotel pipelines are expected to be operated by Dorsett in Hong Kong, Australia, UK and Malaysia. The Group also manages 4 other hotels (1 in Hong Kong and 3 in Malaysia) with approximately 970 rooms.

In April 2018, the Group completed the acquisition of TWC, which owns and operates two four-star hotels and one three-star hotel in Germany, one four-star hotel in Austria and one four-star hotel in the Czech Republic (directly connected to one of the casinos in TWC's portfolio). In total, 572 rooms are operated under the hotels under TWC ("TWC Hotel Group"). TWC Hotel Group started to contribute to the Group's hotel operating results with effect from 1 May 2018.

The performance of the Group's owned hotel operations for 1H FY2020 is summarized as follows. Results of hotels by regions are expressed in their respective local currency ("LC").

	Occupancy Rate		Average room rate		RevPAR		Revenue	
	1H FY2020	1H FY2019	1H FY2020 (LC)	1H FY2019 (LC)	1H FY2020 (LC)	1H FY2019 (LC)	1H FY2020 (LC million)	1H FY2019 (LC million)
Hong Kong (HK\$)	82.5%	94.0%	659	730	544	686	310	382
Malaysia (MYR)	72.6%	76.7%	195	188	142	144	60	64
Mainland China (RMB)	70.6%	77.8%	398	390	281	304	105	113
Singapore (SGD)	84.9%	81.9%	175	176	149	144	8	8
United Kingdom (GBP)	84.0%	86.9%	128	116	108	101	13	13
			(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$ million)	(HK\$ million)
Dorsett Group Total	78.0%	85.6%	634	668	495	572	714	817
TWC Hotel Group	67.7%	64.0%	586	600	397	384	63	49

Dorsett Group's hotel operations for 1H FY2020 recorded total revenues of approximately HK\$714 million as compared with HK\$817 million in 1H FY2019. The overall occupancy rate ("OCC") decreased by 7.6 percentage points to 78.0%. The overall average room rate ("ARR") decreased 5.1% to HK\$634 per night. As a result, RevPAR decreased by 13.5% to HK\$495 for 1H FY2020.

For TWC Hotel Group's hotel operations, full period contribution has been recorded in 1H FY2020 compared with 5 months of revenues recorded in 1H FY2019, with the total revenue achieved reaching HK\$63 million compared with HK\$49 million in 1H FY2019, an increase of 28.6%. The OCC increased by 3.7 percentage points to 67.7% with RevPAR increasing by 3.4% to HK\$397 for 1H FY2020.

Hotel operations in Hong Kong have been affected by the decline of tourist arrivals in Hong Kong due to social unrest in the city. During 1H FY2020, total revenues for Hong Kong hotel operations recorded a decrease of 18.8% as compared with 1H FY2019, achieving HK\$310 million. Hong Kong remains the main contributor to the Group's hotel revenues representing 43.4% of the total revenue of the Dorsett Group. OCC in Hong Kong decreased 11.5 percentage points to 82.5% and ARR decreased by 9.7% to HK\$659 per night as compared with the same period last year, resulting in a decrease of 20.7% in RevPAR for Hong Kong to HK\$544.

In Malaysia, total revenue from owned hotel operations for 1H FY2020 recorded a drop of 6.3% as compared with 1H FY2019 to approximately MYR60 million. ARR improved slightly by 3.7% to MYR195 which was partially offset by a decrease 4.1 percentage points of OCC to 72.6%, resulting in a slight decrease of 1.4% in RevPAR.

MANAGEMENT DISCUSSION AND ANALYSIS

In Mainland China where the broader hotel industry showed weak operating environment, OCC in our hotels in 1H FY2020 decreased 7.2 percentage points year-on-year which was partially offset by an increase of 2.1% in ARR to RMB398, resulting in a decline in RevPAR of 7.6% year-on-year to RMB281 and a decline in total revenues of 7.1% to RMB105 million.

In Singapore, total revenues of Dorsett Singapore remained stable at SGD8 million in 1H FY2020. ARR was relatively flat at SGD175 in 1H FY2020, while OCC recorded a moderate increase of 3.0 percentage points to 84.9% and RevPAR increased by 3.5% to SGD149.

In the UK, total revenue remained stable at GBP13 million. The operation of Dorsett City London hotel is stabilizing since its opening in February 2018. ARR managed to improve by 10.3% to GBP128 which was partially offset by the 2.9 percentage points decrease of OCC to 84.0%. As a result, RevPAR increased by 6.9% to GBP108 for 1H FY2020.

The Ritz-Carlton hotel in Perth is considered to be one of the best luxury hotels in the entire Australia which had its grand opening on 15 November 2019. The hotel comprising 205 rooms and approximately 15,000 sq. ft. of commercial and retail area as well as other ancillary facilities, is expected to contribute stable recurring cashflows to the Group.

The acquisitions of the hotel property and its business in Oakwood Premier OUE Singapore, which has been renamed as Oakwood Premier AMTD Singapore with effect from the completion date of the acquisitions on 18 November 2019, provide more recurrent income to the Group. The hotel, which was opened in June 2017 in the heart of Singapore's vibrant CBD, has a total of 268 rooms, 2 dining facilities and other amenities. The business environment in Singapore is very constructive and augur well from the Group's management of the hotel.

On 12 August 2019, the Group has successfully won the tender of the commercial land at Shing Kai Road adjoining Kai Tak Sports Park in Kai Tak with total GFA up to 32,000 sq. m. The Group is planning to develop a Dorsett brand hotel with an office block and retail space on the site. Total investment in the project, including the land cost, will be approximately HK\$4 billion.

3. Car park operations and facilities management

The Group's car park operations and facilities management business includes car park operations, operated under the brand "Care Park", and property management services, operated under the brand "APM".

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. Care Park has been achieving steady growth over the years, with the Group's portfolio under management growing to approximately 106,000 car parking bays as at 30 September 2019, having added approximately 6,600 car parking bays during 1H FY2020. Of the Group's 487 car parks, 35 were self-owned car parks (23 in Australia, 3 in New Zealand, 1 in the UK, 2 in Malaysia and 6 in Hungary) comprising approximately 11,000 car parking bays, with the remaining approximately 95,000 car parking bays under management contracts entered into with third-party car park owners. The management contracts are primarily located in Australia, New Zealand, the UK, Hungary and Malaysia. These contracts are struck with entities which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's car park business continued to deliver consistent profit contribution to the Group through organic growth, having leveraged its central monitoring system, Care Assist, which enables the management team of this business to have 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 or management contracts to its portfolio.

During 1H FY2020, Care Park was appointed by Macquarie Principal Finance Group ("Macquarie") to manage and operate SKYCITY Entertainment Group's ("SKYCITY") car park in Auckland, New Zealand, on the back of Macquarie winning a 30-year concession for the car park at SKYCITY's casino and convention center, adding another 3,300 car parking bays to its growing portfolio.

In addition, the Group continued to expand its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 112 contracts in relation to facilities management services as at 30 September 2019. It is expected that with significant investment to expand the car park business regionally, the car park operations and facilities management business will be a growing source of recurring cash flow streams to the Group.

4. Gaming operations and management

Europe

The Group completed the acquisition of TWC on 30 April 2018. Revenue from TWC's gaming operations in 1H 2020 reached HK\$119 million (net of gaming tax), a sharp increase of 34.2% from HK\$88 million due to the strong performance of the business and the full period recorded in 1H FY2020 compared with the 5 months of trading recorded in 1H FY2019.

TWC owns and operates a portfolio of 3 casinos in Czech Republic. All the casinos of TWC feature gaming tables and slot machines are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavor to introduce Asian customers to TWC's properties to supplement the Group's hospitality offerings geographically.

TWC upholds a high standard of regulatory compliance and corporate governance practices, having been listed on the over-the-counter market in the United States until being privatized and delisted last year. It will not only bring to the Group recurring earnings and cash flow contribution from its hospitality business, but could also serve as a platform for the Group to pursue expansion in the gaming space.

The following sets forth certain operating data of TWC's casinos for the period ended 30 September 2019:

	As at 30 September 2019
Number of slot machines	513
Number of tables	62

MANAGEMENT DISCUSSION AND ANALYSIS

	1H FY2020
Table game revenue ⁽ⁱ⁾ (HK\$ million)	28
Slots revenue ⁽ⁱ⁾ (HK\$ million)	70
Average table game win rate ⁽ⁱⁱⁱ⁾	20.3%
Average slot win per machine per day (HK\$)	1,148

Notes:

- (i) Net of gaming tax.
- (iii) Table game win rate is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table.

TWC's gaming operations continue to perform well with the synergies created between the Group and TWC after the acquisition in April 2018, including, for instance, cross-selling opportunities, improvement of gaming machines and introduction of new table games.

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and took a 4.99% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, Gold Coast and Brisbane.

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

- (i) strengthening the Group's already established relationship with The Star;
- (ii) forging partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia;
- (iii) allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth;
- (iv) benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group; and
- (v) benefiting from cash flow from The Star's future dividend distribution based on a dividend payout of at least 70.0% of normalised net profit after tax.

During 1H FY2020, the dividend received on The Star shares was HK\$25 million.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Other business

As an extension of our property development business, the Group established a mortgage lending platform under BCG. BCG specializes in the provision of residential mortgages to non-resident buyers of international properties. BCG is highly synergistic to the Group's property development business and offers significant growth potential beyond the existing property development business of the Group. Indeed, less than 5% of the loans extended to non-resident buyers were used to purchase residential properties of the Group.

Loans and advances provided to property buyers have been rising quickly and reached AUD853 million as at 30 September 2019, an increase of about 36.3% from 31 March 2019. Yet, BCG has strict lending rules, a very diversified portfolio and a prudent loan-to-value ratio of 59% on average as at 30 September 2019. During 1H FY2020, BCG has continued to broaden its sources of financing and is in active discussion with institutional investors and international banks to secure additional funding. Whilst most of the capital is provided by third-parties, the Group has committed AUD75 million of funding, and had AUD59 million of funding as at 30 September 2019, which is classified as investment securities. Including interest income from the funding, BCG's business has contributed HK\$11 million to the Group's profit during 1H FY2020.

BCG is reviewing a number of new and promising markets where it can expand its service offering, such as the UK, Malaysia and New Zealand. The Group remains committed to grow BCG's business and expects contribution from the business to increase over time.

OUTLOOK

The Group continues to benefit from its diversified portfolio of businesses and wide geographical footprint to deliver consistent and long-term growth. This was apparent again in 1H FY2020 where the Group achieved a solid performance across the board. As at 30 September 2019, cumulative presales value of the Group was approximately HK\$11.6 billion and the current development pipeline and completed inventory for sale was approximately HK\$51.4 billion, which provide clear visibility of the Group's future revenues. The Group will continue to add to the development pipeline by allocating resources to regions where the Group sees long-term fundamental growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

Since Dorsett became 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 be affected by the performance of its hotels in Hong Kong due to social unrest in the city and 2H FY2020 impact is expected to take a bigger hit should the situation remain. However, with 14 new hotels coming online, the long-term growth potential remains good. In the short term, the opening of the Ritz-Carlton in Perth and the J-hotel in Kuala Lumpur, together with the additional revenues from the Oakwood Premier AMTD Singapore should help to mitigate the performance of the Group's Hong Kong portfolio.

The intention to pursue the Potential Spin-off and Separate Listing for a selected group of hospitality properties could help to, among others: (i) create an asset management platform for the Group dedicated to hospitality assets, which would generate a new income stream to the Group, (ii) unlock and crystallise the value of the hospitality properties of the Group, and allow the Group to recycle capital, and (iii) facilitate more active third-party hotel acquisitions using the spun-off entity.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's commitment to the car park operations and facilities management business ensures that this part of the Group's business will not only grow organically as it has been for years, but also through new management contracts or the acquisitions of car park assets that yield good returns and offer longer-term potential land-banking opportunities.

The expansion of the Group's footprint into the gaming business through the acquisition of TWC, and the investment in QWB Project and The Star, is another major growth driver of the Group's business. The opening of the QWB Project, whilst years away, will be significant and additive to the recurring income of the Group. The cooperation with The Star has been excellent and has already resulted in a number of large-scale property development projects. The Group expects this to continue.

The Group has a solid liquidity position at approximately HK\$7.3 billion and a net gearing ratio of 43.9% as at 30 September 2019. The intention is to continue to manage the Group's balance sheet in a prudent and disciplined manner, whilst ensuring that our capital is employed productively. Together with the available undrawn credit facility of HK\$7.4 billion and with a number of hotel assets unencumbered, there is a significant source of capital available to continue to support the growth of the Group.

In conclusion, the Group has laid a solid foundation for growth and will continue to deliver a sustainable and progressive dividend to its shareholders.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had approximately 4,350 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 THE SHARES, THE UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2019, 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")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, 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 ^(iv)
David CHIU	Beneficial owner	18,047,617	0.77%
	Interest of spouse	585,322 ⁽ⁱ⁾	0.03%
	Interest of controlled corporations	1,090,839,657 ⁽ⁱ⁾	46.74%
Cheong Thard HOONG	Beneficial owner	13,234,771	0.57%
	Joint interest	464,754 ⁽ⁱⁱ⁾	0.02%
Dennis CHIU	Beneficial owner	4,040	0.00%
	Interest of controlled corporation	5,754,094 ⁽ⁱⁱⁱ⁾	0.25%
Wing Kwan Winnie CHIU	Beneficial owner	68,045	0.00%

Notes:

- (i) 1,090,823,690 shares were held by Sumptuous Assets Limited and 15,967 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) 464,754 shares were held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.
- (iii) 5,754,094 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
- (iv) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2019.

OTHER INFORMATION

A.2 Debentures

As at 30 September 2019, 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.

As at 30 September 2019, Mr. Cheong Thard HOONG was deemed to have an interest in the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD1,000,000 of which USD300,000 was held by Mr. Cheong Thard HOONG and USD700,000 was held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

As at 30 September 2019, Ms. Wing Kwan Winnie CHIU has an interest in the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD400,000.

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
Cheong Thard HOONG	BCG	Beneficial owner	653,429	3.30% ⁽ⁱ⁾
Craig Grenfell WILLIAMS	BCG	Beneficial owner	217,810	1.10% ⁽ⁱ⁾
	Care Park Group Pty. Ltd. ("Care Park")	Beneficiary of a discretionary trust	825 ⁽ⁱⁱⁱ⁾	8.25% ⁽ⁱⁱⁱ⁾

Notes:

- (i) The percentage represents the number of ordinary shares interested divided by BCG's issued shares as at 30 September 2019.
- (ii) 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.
- (iii) The percentage represents the number of ordinary shares interested divided by the Care Park's issued shares as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, none of the directors or chief executive of the Company had or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SHARE OPTION SCHEME

(A) FECIL Share Option Schemes

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

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

As at 30 September 2019, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2019.

(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 2019, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2019.

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 AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2019, so far as was known to the directors and chief executive of the Company, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital ^(iv)
Sumptuous Assets Limited	Beneficial owner	1,090,823,690 ⁽ⁱ⁾ (long position)	46.74%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.56%
	Interest of controlled corporations	140,942,693 ⁽ⁱⁱ⁾ (long position)	6.04%
	Interest of spouse	1,624,301 ⁽ⁱⁱⁱ⁾ (long position)	0.07%
Value Partners Group Limited	Interest of controlled corporations	139,917,264 ⁽ⁱⁱⁱ⁾ (long position)	6.00%
Value Partners High-Dividend Stocks Fund	Beneficial owner	112,842,788 (long position)	4.84%

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 the Shares, the Underlying Shares and Debentures of the Company and its Associated Corporations". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) 140,942,963 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.
- (iv) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, no other persons were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and its subsidiary, 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 19 September 2018 and a term loan facility in the aggregate amount of up to HK\$1,700 million was granted to City Sight. The final maturity date is 37 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 2019, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 19 September 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 September 2019, the Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the deviations from Code Provisions A.2.1 and E.1.2 described below.

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

Pursuant to Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company. Due to unavoidable business engagement, the Chairman was unable to attend the annual general meeting of the Company held on 12 September 2019. The Chairman had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiry made by the Company, all directors have confirmed they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2019.

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 2019, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 22,825,000 shares on the Stock Exchange for a total consideration of approximately HK\$81 million. Details are set out below:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
June 2019	1,500,000	3.60	3.52	5,324,800
July 2019	6,959,000	3.90	3.61	26,151,450
August 2019	9,511,000	3.74	3.35	33,386,980
September 2019	4,855,000	3.34	3.28	16,115,630

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2019.

The purchases were made for the benefit of the Shareholders with a view to enhancing the net asset value and earnings per share of the Group.

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK 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 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31 December 2019 to 7 January 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 30 December 2019.

By order of the Board of
Far East Consortium International Limited
Wai Hung Boswell CHEUNG
Company Secretary

Hong Kong, 28 November 2019

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 44 to 80, which comprise the condensed consolidated statement of financial position as of 30 September 2019 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
28 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

	NOTES	Six months ended	
		30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Revenue	5	5,121,135	2,926,482
Cost of sales and services		(3,285,406)	(1,533,072)
Depreciation and amortisation of hotel and car park assets		(188,357)	(192,196)
Gross profit		1,647,372	1,201,214
Other income		9,860	70,517
Other gains and losses	6	76,927	142,886
Administrative expenses			
– Hotel operations and management		(224,900)	(214,518)
– Others		(172,040)	(196,388)
Pre-operating expenses			
– Hotel operations and management		(6,521)	(827)
Selling and marketing expenses		(122,893)	(71,326)
Share of results of associates		3,974	22,333
Share of results of joint ventures		(6,413)	2,281
Finance costs	7	(222,218)	(123,823)
Profit before tax		983,148	832,349
Income tax expense	8	(197,081)	(196,829)
Profit for the period	9	786,067	635,520
Attributable to:			
Shareholders of the Company		714,787	616,113
Non-controlling interests			
– Perpetual capital noteholders		7,700	–
– Share of net assets of subsidiaries		63,580	19,407
		786,067	635,520
Earnings per share	10		
– Basic (HK cents)		30.4	26.8
– Diluted (HK cents)		30.4	26.8

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Profit for the period	786,067	635,520
Other comprehensive (expense) income for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(716,885)	(860,072)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	18,054
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value change of equity instruments at fair value through other comprehensive income ("FVTOCI")	55,193	(40,081)
Other comprehensive expense for the period	(661,692)	(882,099)
Total comprehensive income (expense) for the period	124,375	(246,579)
Total comprehensive income (expense) attributable to:		
Shareholders of the Company	58,832	(250,699)
Non-controlling interests		
– Perpetual capital noteholders	7,700	-
– Share of net assets of subsidiaries	57,843	4,120
	124,375	(246,579)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	NOTES	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Non-current Assets			
Investment properties	12	5,308,517	5,426,396
Property, plant and equipment	12	9,448,232	9,690,089
Prepaid lease payments		–	483,454
Right-of-use assets		998,251	–
Goodwill		68,400	68,400
Interests in associates	13	1,121,940	1,061,726
Interests in joint ventures		698,097	661,069
Investment securities	14	1,076,881	1,081,626
Derivative financial instruments		31,866	2,366
Deposits for acquisition of property, plant and equipment		136,455	94,426
Amounts due from associates		62,864	66,831
Amounts due from joint ventures		61,833	64,808
Amount due from an investee company		119,995	119,995
Loan receivables		277,092	233,253
Pledged deposits		16,094	15,280
Deferred tax assets		47,962	49,640
		19,474,479	19,119,359
Current Assets			
Properties for sale			
Completed properties		2,058,154	2,754,840
Properties under development		11,557,692	9,695,682
Other inventories		20,660	11,222
Prepaid lease payments		–	13,782
Debtors, deposits and prepayments	15	595,153	467,846
Customers' deposits under escrow		142,812	196,665
Loan receivables		17,283	20,244
Contract assets	16	1,002,115	215,565
Contract costs	17	311,333	360,748
Amounts due from joint ventures		220,614	114,494
Amounts due from associates		27,231	24,452
Tax recoverable		266,866	68,940
Investment securities	14	3,506,848	3,340,828
Derivative financial instruments		2,208	4,646
Pledged deposits		17,110	20,660
Restricted bank deposits		169,868	175,725
Deposit in a financial institution		25,033	1,561
Bank balances and cash		2,569,745	2,470,604
		22,510,725	19,958,504

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	NOTES	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Current Liabilities			
Creditors and accruals	18	1,412,239	1,531,578
Contract liabilities		211,696	974,166
Obligations under finance leases		–	6,697
Lease liabilities		53,849	–
Amounts due to related companies		–	623
Amounts due to associates		8,394	28,057
Amount due to a shareholder of a non-wholly owned subsidiary		7,583	7,786
Derivative financial instruments		275	–
Dividend payable		420,070	–
Tax payable		455,273	313,698
Bank and other borrowings	19	3,561,400	4,235,896
		6,130,779	7,098,501
Net Current Assets		16,379,946	12,860,003
Total Assets less Current Liabilities		35,854,425	31,979,362
Non-current Liabilities			
Obligations under finance leases		–	12,476
Lease liabilities		468,485	–
Amounts due to shareholders of non-wholly owned subsidiaries		395,216	392,024
Notes and bonds		3,587,304	3,509,499
Bank and other borrowings	19	14,880,257	13,602,647
Deferred tax liabilities		890,506	795,228
Other liabilities		11,028	35,226
		20,232,796	18,347,100
Net Assets		15,621,629	13,632,262
Capital and Reserves			
Share capital	20	233,372	235,169
Share premium		4,416,453	4,479,650
Reserves		8,337,019	8,698,257
Equity attributable to shareholders of the Company		12,986,844	13,413,076
Non-controlling interests			
– Perpetual capital noteholders	21	2,357,756	–
– Share of net assets of subsidiaries		277,029	219,186
Total Equity		15,621,629	13,632,262

The condensed consolidated financial statements on pages 44 to 80 were approved and authorised for issue by the Board of Directors on 28 November 2019 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 2019

	Attributable to shareholders of the Company										Non-controlling interests			
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	FVTOCI reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total	Perpetual capital	Share of net assets of subsidiaries	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	HK\$'000
At 31 March 2018 (audited)	230,179	4,297,682	28,458	54,727	-	(28,339)	1,241	(22,170)	1,057,764	7,351,270	12,970,812	-	173,070	13,143,882
Adjustments	-	-	-	-	-	-	-	-	-	85,714	85,714	-	3,132	88,846
At 1 April 2018 (restated)	230,179	4,297,682	28,458	54,727	-	(28,339)	1,241	(22,170)	1,057,764	7,436,984	13,056,526	-	176,202	13,232,728
Profit for the period	-	-	-	-	-	-	-	-	-	616,113	616,113	-	19,407	635,520
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(844,785)	-	-	-	-	(844,785)	-	(15,287)	(860,072)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	-	18,054	-	-	18,054	-	-	18,054
Fair value change of equity instruments at fair value through other comprehensive income	-	-	-	-	(40,081)	-	-	-	-	-	(40,081)	-	-	(40,081)
Other comprehensive (expense) income for the period	-	-	-	-	(40,081)	(844,785)	-	18,054	-	-	(866,812)	-	(15,287)	(882,099)
Total comprehensive (expense) income for the period	-	-	-	-	(40,081)	(844,785)	-	18,054	-	616,113	(250,699)	-	4,120	(246,579)
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	-	(410,768)	(410,768)	-	-	(410,768)
Shares repurchased and cancelled	(1,085)	(45,424)	1,085	-	-	-	-	-	-	-	(45,424)	-	-	(45,424)
At 30 September 2018 (unaudited)	229,094	4,252,258	29,543	54,727	(40,081)	(873,124)	1,241	(4,116)	1,057,764	7,642,329	12,349,635	-	180,322	12,529,957

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to shareholders of the Company										Non-controlling interests			
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	FVTOCI reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total	Perpetual capital noteholders	Share of net assets of subsidiaries	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	HK\$'000
At 1 April 2019	235,169	4,479,650	29,820	54,727	(298,100)	(791,334)	-	984	1,057,764	8,644,396	13,413,076	-	219,186	13,632,262
Profit for the period	-	-	-	-	-	-	-	-	-	714,787	714,787	7,700	63,580	786,067
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(711,148)	-	-	-	-	(711,148)	-	(5,737)	(716,885)
Fair value change of equity instruments at fair value through other comprehensive income	-	-	-	-	55,193	-	-	-	-	-	55,193	-	-	55,193
Other comprehensive income (expense) for the period	-	-	-	-	55,193	(711,148)	-	-	-	-	(655,955)	-	(5,737)	(661,692)
Total comprehensive income (expense) for the period	-	-	-	-	55,193	(711,148)	-	-	-	714,787	58,832	7,700	57,843	124,375
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	-	(420,070)	(420,070)	-	-	(420,070)
Issuance of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	-	2,350,056	-	2,350,056
Shares repurchased and cancelled	(1,797)	(63,197)	-	-	-	-	-	-	-	-	(64,994)	-	-	(64,994)
At 30 September 2019 (unaudited)	233,372	4,416,453	29,820	54,727	(242,907)	(1,502,482)	-	984	1,057,764	8,939,113	12,986,844	2,357,756	277,029	15,621,629

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 2019

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Net cash used in operating activities	(1,980,435)	(1,670,749)
Investing activities		
Acquisition and development expenditure of property, plant and equipment	(291,198)	(67,687)
Purchase of equity securities	(81,576)	(1,493,722)
Purchase of debt securities	(2,816,789)	(1,449,297)
Purchase of structured deposits	–	(166,205)
Proceeds from disposal of investment fund	265,096	473,168
Purchase of investment fund	(128,131)	(615,384)
Proceeds from disposal of debt securities	2,556,379	1,128,361
Proceeds from disposal of equity securities	65,096	110,999
Investment in an associate	(105,480)	(56,895)
Investment in joint ventures	(43,441)	(63,011)
Placement of pledged bank deposits	(17,464)	(11,250)
Release of pledged bank deposits	20,200	5,821
Placement of restricted bank deposits	(3,013)	–
Release of restricted bank deposits	8,870	1,515,238
Advance to a joint venture	(103,144)	(73,838)
Acquisition of subsidiaries, net of bank balances and cash acquired	–	(277,327)
Other investing activities	(1,429)	10,615
Net cash used in investing activities	(676,024)	(1,030,414)
Financing activities		
New bank borrowings raised	5,347,117	7,797,579
Repayment of bank borrowings	(4,386,668)	(4,833,427)
Repayment of other liabilities	(24,198)	–
Interest paid	(388,994)	(306,517)
Issue of bonds	80,000	–
Repayment of bonds	–	(1,012,905)
Repayment of lease liabilities	(29,851)	–
Payment on repurchase of shares	(64,994)	(45,424)
Issue of perpetual capital notes, net of transaction costs	2,350,056	–
Advance from shareholders of non-wholly owned subsidiaries	2,989	65,201
Other financing activities	(20,286)	(24,877)
Net cash from financing activities	2,865,171	1,639,630
Net increase (decrease) in cash and cash equivalents	208,712	(1,061,533)
Cash and cash equivalents at beginning of the period	2,472,165	3,043,562
Effect of foreign exchange rate changes	(86,099)	(90,835)
Cash and cash equivalents at end of the period	2,594,778	1,891,194
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	2,569,745	1,891,074
Deposit in a financial institution	25,033	120
	2,594,778	1,891,194

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment properties and inventories as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment properties and inventories are presented within investment properties and properties for sale respectively.

Properties for sales

Properties under development for sale and completed properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development and completed properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments less any lease incentives receivable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease liabilities (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessor (continued)

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group applied HKFRS 16 from 1 April 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application. Right-of-use assets relating to the Group's operating leases are measured at the amount of lease liabilities on initial application by applying HKFRS 16.C8(b)(ii) transition, adjusted by the amount of any prepaid or accrued lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 2.10% to 4.90% in Hong Kong, Shanghai, United Kingdom, Czech Republic, Australia, New Zealand and Malaysia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued) As a lessee (continued)

	Note	At 1.4.2019 HK\$'000
Operating lease commitments as at 31 March 2019		412,222
Lease liabilities relating to operating lease commitments recognised at date of initial application		350,361
Add: Extension options reasonably certain to be exercised		200,072
Less: Recognition exemption		
– short-term leases		(9,013)
Recognition exemption		
– low value assets		(65)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		541,355
Add: Obligations under finance leases recognised at 31 March 2019	(b)	19,173
Lease liabilities as at 1 April 2019		560,528
Analysed as		
Current		41,351
Non-current		519,177
		560,528

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Notes	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		541,355
Reclassified from prepaid lease payments	(a)	497,236
Amounts included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	(b)	23,664
		1,062,255
By class:		
Leasehold lands		497,236
Leased properties		541,355
Office equipment		23,664
		1,062,255

(a) Upfront payments for leasehold lands in the PRC, Malaysia and Singapore were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$13,782,000 and HK\$483,454,000 respectively were reclassified to right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK\$23,664,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK\$6,697,000 and HK\$12,476,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

Effective from 1 April 2019, leasehold lands which were classified as properties for sale are measured under HKFRS 16 at cost less accumulated depreciation and any impairment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no material impact on the Group's condensed consolidated statement of profit or loss for the six-month period ended 30 September 2019 and the condensed consolidated statement of financial position at 30 September 2019.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The application has had no material impact on the Group's condensed consolidated statement of profit or loss for the six-month period ended 30 September 2019 and the condensed consolidated statement of financial position at 30 September 2019.

The application of transition of HKFRS 16 has had no material impact on retained profit and the condensed consolidated statement of financial position at 1 April 2019.

4. SEGMENT INFORMATION

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 nature of operations by various geographical locations stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including the investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team)
- Car park operations and facilities management
- Gaming operations
- Securities and financial product investments
- Provision of mortgage services

Gaming operations also include the investment in The Star Entertainment Group Limited ("The Star") which is engaged in the gaming business in Australia and which is classified as equity instruments at FVTOCI. Due to the expansion of provision of mortgage loan business which was previously presented as part of other operations, provision of mortgage services is presented as a new reportable segment and accordingly, the comparative figures have been re-presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue Six months ended		Segment profit (loss) Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Property development				
– Australia	1,180,259	102,222	206,734	12,525
– Hong Kong (“HK”)	1,106,695	441,880	397,933	128,483
– Malaysia	16,245	19,522	6,502	9,595
– Other regions in the People's Republic of China excluding HK [“PRC”]	132,570	512,344	100,820	327,319
– Singapore	1,250,106	391,508	269,239	52,825
– United Kingdom (“UK”)	458	555	1,724	(4,102)
	3,686,333	1,468,031	982,952	526,645
Property investment				
– Australia	4,309	4,242	2,307	2,241
– HK	18,673	21,257	12,693	88,113
– PRC	8,590	8,303	(13,249)	(12,189)
	31,572	33,802	1,751	78,165
Hotel operations and management				
– Australia	–	–	(6,526)	–
– HK	310,190	382,072	6,706	77,711
– Malaysia	104,582	119,060	11,451	13,914
– PRC	118,776	134,498	(2,284)	11,228
– Singapore	47,359	47,228	8,418	14,919
– UK	132,478	133,539	41,801	29,642
– Continental Europe (other than UK)	63,177	49,264	1,859	4,380
	776,562	865,661	61,425	151,794
Car park operations and facilities management				
– Australia and New Zealand	366,366	332,271	17,447	26,972
– Europe	28,714	22,895	2,709	2,310
– Malaysia	1,943	2,607	115	232
	397,023	357,773	20,271	29,514
Gaming operations				
– Australia	24,860	34,642	24,849	34,637
– Czech Republic	118,704	88,461	7,345	2,423
	143,564	123,103	32,194	37,060
Securities and financial product investments	70,289	65,316	97,934	(58,941)
Provision of mortgage services				
– Australia	11,018	12,027	10,813	43,856
– Hong Kong	4,774	769	4,852	756
	15,792	12,796	15,665	44,612
Segment revenue/segment profit	5,121,135	2,926,482	1,212,192	808,849
Bargain purchase gain			–	116,890
Unallocated corporate income and expenses			(6,826)	30,433
Finance costs			(222,218)	(123,823)
Profit before tax			983,148	832,349
Income tax expense			(197,081)	(196,829)
Profit for the period			786,067	635,520

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

No revenue from any single customer contributed over 10% of the total revenue of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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 certain assets, which are mainly bank balances and cash and deposit in financial institutions.

	As at 30.9.2019 HK\$'000 (unaudited)	As at 31.3.2019 HK\$'000 (audited)
Property development		
– Australia	5,389,133	5,145,514
– HK	4,329,207	2,521,993
– Malaysia	507,242	524,652
– PRC	2,412,935	2,446,147
– Singapore	5,776,501	5,780,657
– UK	1,318,742	1,117,764
	19,733,760	17,536,727
Property investment		
– Australia	273,996	270,049
– HK	2,471,451	2,464,766
– PRC	2,862	5,566
	2,748,309	2,740,381
Hotel operations and management		
– Australia	1,754,460	1,537,990
– HK	3,269,146	3,236,558
– Malaysia	825,142	851,487
– PRC	1,857,037	2,007,458
– Singapore	565,225	586,652
– UK	1,161,103	1,200,863
– Europe (other than UK)	306,780	290,935
	9,738,893	9,711,943
Car park operations and facilities management		
– Australia	1,286,868	894,177
– Europe	439,953	446,390
– Malaysia	140,587	137,797
	1,867,408	1,478,364
Gaming operations		
– Australia	1,056,926	1,091,762
– Czech Republic	298,509	308,965
	1,355,435	1,400,727
Provision of mortgage services		
– Australia	458,334	478,695
– HK	275,296	233,947
	733,630	712,642
Securities and financial product investments	3,207,938	3,019,617
Other operations	5,053	5,297
Segment assets	39,390,426	36,605,698
Unallocated assets	2,594,778	2,472,165
Total assets	41,985,204	39,077,863

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 2019

5. REVENUE

	Six months ended	
	30.09.2019 HK\$'000 (unaudited)	30.09.2018 HK\$'000 (unaudited)
Sales of properties	3,656,563	1,448,650
Hotel revenue		
– room revenue	631,552	726,741
– food and beverage	120,214	123,000
Car park income		
– parking revenue	357,468	317,437
– management fee	40,006	39,782
Gaming revenue	101,140	75,326
Provision of property management services	8,590	8,492
Other operations	13,263	1,559
Revenue from contracts with customers	4,928,796	2,740,987
Leasing of properties	81,397	72,741
Loan interest income	4,774	769
Interest income and dividend income from financial instruments	106,168	111,985
	5,121,135	2,926,482
Timing of revenue recognition from contracts with customers		
– At a point in time	2,641,567	1,242,968
– Over time	2,287,229	1,498,019
	4,928,796	2,740,987

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 4.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

5. REVENUE (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amount disclosed in the segment information.

	For the six months ended 30 September 2019				Consolidation HK\$'000
	Segment revenue HK\$'000	Leasing of properties and car park income HK\$'000	Adjustment Hotel room revenue and food and beverage HK\$'000	Interest and dividend income HK\$'000	
Sales of properties	3,686,333	(29,770)	-	-	3,656,563
Hotel operations	776,562	(29,096)	(115,914)	-	631,552
Car park operations	397,023	451	-	-	397,474
Gaming operations	143,564	-	(17,563)	(24,861)	101,140
Provision of property management service	-	8,590	-	-	8,590
Food and beverage	-	-	120,214	-	120,214
Other operations	-	-	13,263	-	13,263
Revenue from contracts with customers	5,003,482	(49,825)	-	(24,861)	4,928,796
Leasing of properties	31,572	49,825	-	-	81,397
Provision of mortgage services	15,792	-	-	(11,018)	4,774
Interest and dividend income from financial instruments	70,289	-	-	35,879	106,168
Total revenue	5,121,135	-	-	-	5,121,135

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

5. REVENUE (continued)

	For the six months ended 30 September 2018				Consolidation HK\$'000
	Segment revenue HK\$'000	Leasing of properties and car park income HK\$'000	Adjustment Hotel room revenue and food and beverage HK\$'000	Interest and dividend income HK\$'000	
Sales of properties	1,468,031	(19,381)	-	-	1,448,650
Hotel operations	865,661	(29,055)	(109,865)	-	726,741
Car park operations	357,773	(554)	-	-	357,219
Gaming operations	123,103	-	(13,135)	(34,642)	75,326
Provision of property management service	-	8,492	-	-	8,492
Food and beverage	-	-	123,000	-	123,000
Other operation	-	1,559	-	-	1,559
Revenue from contracts with customers	2,814,568	(38,939)	-	(34,642)	2,740,987
Leasing of properties	33,802	38,939	-	-	72,741
Provision of mortgage services	12,796	-	-	(12,027)	769
Interest and dividend income from financial instruments	65,316	-	-	46,669	111,985
Total revenue	2,926,482	-	-	-	2,926,482

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Change in fair value of investment properties	(16,356)	110,573
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	28,151	(117,059)
Change in fair value of derivative financial instruments	23,888	6,539
(Loss) gain on disposal of property, plant and equipment	(284)	255
Net foreign exchange gains	47,708	30,543
Allowance for credit loss	(6,180)	(4,855)
Bargain purchase gain (note 22(a))	-	116,890
	76,927	142,886

7. FINANCE COSTS

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Interest on bank borrowings	301,232	231,703
Interest on notes and bonds	73,694	71,542
Less: net interest income from cross currency swap contracts	-	(1,223)
Amortisation of front-end fee	7,930	3,480
Interest on lease liabilities	9,962	-
Others	4,106	1,015
Total interest costs	396,924	306,517
Less: amounts capitalised to:		
- properties for sale (properties under development)	(159,596)	(182,694)
- owners' occupation (properties, plant and equipment)	(15,110)	-
	222,218	123,823

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 3.28% to 4.50% (six months ended 30.9.2018: 2.54% to 6.17%) per annum to expenditure on the qualifying assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	55,789	17,375
PRC Enterprise Income Tax ("PRC EIT")	29,106	58,071
PRC Land Appreciation Tax ("PRC LAT")	17,677	82,006
Australia Income Tax	20,351	11,464
Malaysia Income Tax	2,735	4,759
Singapore Income Tax	–	1,183
UK Income Tax	–	3,234
Czech Republic Income Tax	1,830	–
	127,488	178,092
Deferred taxation	69,593	18,737
	197,081	196,829

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period of each individual company comprising the Group less tax losses brought forward where applicable.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25%.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% of the estimated assessable profit for the period, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	–	4,841
Depreciation of property, plant and equipment	186,971	192,251
Depreciation of right-of-use assets	36,261	–
Share of taxation of associates (included in share of results of associates)	606	640
and after crediting:		
Bank interest income	6,515	10,360

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\$714,787,000 (six months ended 30.9.2018: HK\$616,113,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2019 '000 (unaudited)	30.9.2018 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,347,546	2,296,952
Effect of dilutive potential ordinary shares – Company's share options	–	626
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,347,546	2,297,578

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

11. DIVIDENDS

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2019 of HK18 cents (six months ended 30 September 2018: final dividend for the year ended 31 March 2018 of HK18 cents) per share	420,070	410,768

The 2019 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK\$3.276 per share which was the average of the closing prices per share for the five consecutive trading days up to and including 23 September 2019. Shareholders will elect to receive dividends in cash, or partly in cash and partly in the form of scrip shares by 17 October 2019. 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 30.9.2018: HK4.0 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 7 January 2020.

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

During the period ended 30 September 2019, the Group acquired certain property, plant and equipment amounting to HK\$46,810,000 (six months ended 30.9.2018: HK\$76,144,000) and incurred development expenditure on development of certain hotel properties amounting to HK\$244,389,000 (six months ended 30.9.2018: HK\$30,594,000).

The fair value of the investment properties at 30 September 2019 and 31 March 2019 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 Cushman & Wakefield (Valuations) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers
UK	Chestertons Global Limited	Member of Royal Institution of Chartered Surveyors

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

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

13. INTERESTS IN ASSOCIATES

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Unlisted investments, at cost less impairment	880,699	824,459
Share of post-acquisition results, net of dividends received	241,241	237,267
	1,121,940	1,061,726

14. INVESTMENT SECURITIES

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
(i) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	89,485	79,874
(b) Debt instruments at FVTPL		
Listed debt securities	1,246,530	2,076,376
Unlisted debt securities	301,875	409,959
	1,548,405	2,486,335
(c) Equity securities at FVTPL		
Unlisted equity securities	17,945	14,483
(d) Investment funds	624,147	774,618

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

14. INVESTMENT SECURITIES (continued)

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
(ii) Financial assets at FVTOCI		
Debt instruments at FVTOCI		
Listed debt securities	1,197,438	-
Unlisted debt securities	47,373	-
	1,244,811	-
(iii) Equity instruments at FVTOCI		
Unlisted equity securities	2,010	2,133
Equity securities listed overseas	1,056,926	1,065,011
	1,058,936	1,067,144
Total	4,583,729	4,422,454
Analysed for reporting purposes as:		
Non-current assets	1,076,881	1,081,626
Current assets	3,506,848	3,340,828
	4,583,729	4,422,454

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Trade debtors, net of allowance of credit loss	127,811	138,809
Utility and other deposits	67,847	78,852
Prepayment and other receivables	194,423	195,492
Other tax recoverable	55,530	34,693
Deposit and stamp duty paid for the acquisition of property	149,542	20,000
	595,153	467,846

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

The following is an aged analysis of trade debtors, net of allowance of credit loss, based on the invoice dates at the end of the reporting period, which approximates the respective revenue recognition date:

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
0–60 days	108,771	112,476
61–90 days	7,207	6,857
Over 90 days	11,833	19,476
	127,811	138,809

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

16. CONTRACT ASSETS

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

Certain of the Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

17. CONTRACT COSTS

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised.

18. CREDITORS AND ACCRUALS

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	833,041	939,681
– Others	99,939	122,873
	932,980	1,062,554
Construction cost and retention payable for capital assets	19,954	36,038
Rental and reservation deposits and receipts in advance	50,894	73,728
Other payable and accrued charges	408,411	359,258
	1,412,239	1,531,578

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

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
0–60 days	833,104	1,005,701
61–90 days	72,134	13,502
Over 90 days	27,742	43,351
	932,980	1,062,554

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

19. BANK AND OTHER BORROWINGS

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Bank loans	17,657,342	17,034,260
Other loans	824,905	835,824
Less: front-end fee	(40,590)	(31,541)
	18,441,657	17,838,543
Non-current liabilities	14,880,257	13,602,647
Current liabilities	3,561,400	4,235,896
	18,441,657	17,838,543
Analysed for reporting purpose as:		
Secured	15,982,247	15,050,084
Unsecured	2,500,000	2,820,000
	18,482,247	17,870,084
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	3,030,663	3,199,157
More than one year, but not exceeding two years	5,411,154	4,222,741
More than two years, but not exceeding five years	9,607,532	10,180,824
More than five years	432,898	267,362
	18,482,247	17,870,084

The carrying amount of borrowings include an amount of HK\$545,269,000 (31.3.2019: HK\$1,044,413,000) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

20. 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 2018 (audited)	2,301,786,140	230,179
Shares repurchased and cancelled	(10,850,000)	(1,085)
At 30 September 2018 (unaudited)	2,290,936,140	229,094
Shares repurchased and cancelled	(2,769,000)	(277)
Issue of shares in lieu of cash dividends	62,023,162	6,202
Issue upon exercise of share options at HK\$2.55 per share	1,500,000	150
At 31 March 2019 (audited)	2,351,690,302	235,169
Shares repurchased and cancelled	(17,970,000)	(1,797)
At 30 September 2019 (unaudited)	2,333,720,302	233,372

21. PERPETUAL CAPITAL NOTES

On 6 September 2019 and 11 September 2019, FEC Finance Limited ("FEC Finance"), an indirect wholly-owned subsidiary of the Group, issued US\$250,000,000 and US\$50,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. The 2019 Perpetual Capital Notes were unconditionally and irrevocably guaranteed by the Company under the US\$1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distributions are unpaid or deferred, the Group and FEC Finance cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Group and FEC Finance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

22. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of business

On 30 April 2018, the Group acquired the entire share capital of Trans World Corporation ("TWC"), a company incorporated in United States of America. The principal activity of TWC is hospitality and gaming business. The acquisition was accounted for using the purchase method.

The bargain purchase gain of HK\$116,890,000 recognised in last interim period represents the excess of the acquirer's interest in the net provisional fair value of assets attributable by the sale by the shareholders of the acquiree in anticipation of the change in the gaming regulatory and operating environment in Czech Republic. Subsequent to the last interim period, the net fair value of assets have been finalised and the bargain purchase gain adjusted to HK\$108,000,000.

(b) Acquisition of assets

In July 2018, the Group acquired the entire share capital of Highest Reach Investments Limited, which indirectly owned a property known as 21 Anderson Royal Oak Residence, located at 21 Anderson Road in Singapore. The assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 *Business Combinations* and therefore, the acquisition was accounted for as assets acquisition.

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 scheme are set out in the 2019 annual report of the Company.

	1.4.2019 to 30.9.2019 000'	1.4.2018 to 31.3.2019 000'
At the beginning of the period/year	-	1,500
Exercised during the period/year	-	(1,500)
At the end of the period/year	-	-

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

24. PLEDGED OF/RESTRICTION ON ASSETS

Pledged of assets

The Group's borrowings is secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Investment properties	3,499,253	2,416,776
Property, plant and equipment	7,062,530	5,612,513
Prepaid lease payments	–	497,236
Right-of-use assets	473,117	–
Properties for sale	10,372,342	11,774,893
Bank deposits	33,204	35,940
Investment securities	756,209	1,073,723
Total	22,196,655	21,411,081

Restrictions on assets

In addition, lease liabilities of HK\$522,334,000 are recognised with related right-of-use assets of HK\$525,134,000 as at 30 September 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

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

25. CAPITAL COMMITMENTS

	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	598,279	877,949
Commitment to provide credit facility to a joint venture	83,000	65,000
Others	23,178	28,273
	704,457	971,222

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

26. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Provision of building management service by associates	2,381	1,039
Interest received from joint ventures	11,945	-

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 Group has entered into three (30.9.2018: three) hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the period ended 30 September 2019, hotel management services income of HK\$1,077,000 (six months ended 30.9.2018: HK\$723,000) was received under these contracts.
- (c) The remuneration of directors and other members of key management during the period are as follows:

	Six months ended	
	30.9.2019 HK\$'000 (unaudited)	30.9.2018 HK\$'000 (unaudited)
Short-term benefits	10,447	8,648
Post-employment benefits	88	96
	10,535	8,744

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 2019

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
	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)		
1a) Listed equity securities classified as financial assets at FVTPL	89,485	79,874	Level 1	Quoted bid prices in an active market
1b) Listed equity securities classified as equity instruments at FVTOCI	1,056,926	1,065,011	Level 1	Quoted bid prices in an active market
1c) Unlisted equity securities classified as financial assets at FVTPL	17,945	14,483	Level 3	Reference to the net asset value of the unlisted equity investments provided by the external counter-parties Discount of 5.12% for lack of marketability
1d) Unlisted equity securities classified as equity instruments at FVTOCI	2,010	2,133	Level 3	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
1e) Listed debt securities classified as financial assets at FVTOCI	1,197,438	-	Level 1	Quoted bid prices in an active market

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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
	30.9.2019 HK\$'000 (unaudited)	31.3.2019 HK\$'000 (audited)		
2a) Listed debt securities classified as financial assets at FVTPL	1,246,530	2,076,376	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTPL	10,595	50,581	Level 2	Quoted price provided by brokers
2c) Unlisted debt securities classified as financial assets at FVTPL	291,280	359,378	Level 2	Recent transactions price of debt securities issued to third parties
2d) Unlisted debt securities classified as financial assets at FVTOCI	47,373	-	Level 2	Recent transactions price of debt securities issued to third parties
3) Investment funds classified as financial assets at FVTPL	624,147	774,618	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Forward contracts on foreign currencies classified as derivative financial instruments	Assets - 411	-	Level 2	Discounted cash flows Future cash flows are estimated based on quoted forward exchange rate
5) Cross currency swaps contracts classified as derivative financial instruments	Assets - 30,841	Assets - 4,465	Level 2	Discounted cash flows 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
6) Assets arising from profit guarantee arrangement	Assets - 2,547	Assets - 2,547	Level 3	Income Approach Discounting future debt free cash flows available for distribution to the owners to their present worth at market-derived rates of return appropriate for the risks and hazards of investing in similar business

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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)

Reconciliation of Level 3 fair value measurements of financial assets

	Structured deposits HK\$'000	Assets (liabilities) arising from profit guarantee arrangement HK\$'000	Unlisted debt securities classified as available-for-sales HK\$'000	Unlisted equity securities classified as equity instruments at FVTOCI HK\$'000	Unlisted equity securities classified as financial assets at FVTPL HK\$'000
As 31 March 2018	40,500	(5,876)	146,423	-	-
Effect of HKFRS 9 – reclassification	-	-	(146,423)	2,000	157,299
Addition	166,205	-	-	-	-
Fair value movement	1,231	1,029	-	176	500
As 30 September 2018	207,936	(4,847)	-	2,176	157,799
As 31 March 2019	-	2,547	-	2,133	14,483
Addition	-	-	-	-	3,912
Fair value movement	-	-	-	(123)	(450)
As 30 September 2019	-	2,547	-	2,010	17,945



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