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

INTERIM REPORT 2020-21 中期報告

SOLID GROUND
For Diversified Development
扎實根基 多元化發展

Contents

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
China Minsheng Banking Corp., Ltd., Hong Kong Branch
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

DBS Bank Ltd.
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

Australia

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch
Commonwealth Bank of Australia
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Ping An Bank Co., Ltd. Hong Kong Branch
Taipei Fubon Commercial Bank Co., Ltd
The Bank of East Asia Limited
The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
United Overseas Bank Limited, Sydney Branch

Mainland China

China Construction Bank Corporation
Dah Sing Bank (China) Limited
Industrial and Commercial Bank of China Limited
Public Bank (Hong Kong) Limited
Shanghai Pudong Development Bank
CMB Wing Lung Bank Limited

United Kingdom

DBS Bank Ltd., London Branch
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

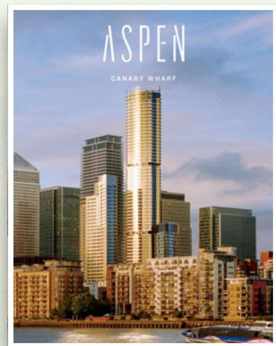
Ordinary Shares (Code: 035)
3.75% USD Medium Term Notes 2021 (Code: 4310)
4.5% USD Medium Term Notes 2023 (Code: 5011)
7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited (Code: 5781)
The Stock Exchange of Hong Kong Limited

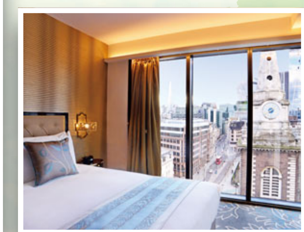
WEBSITE

http://www.fecil.com.hk

UNITED KINGDOM

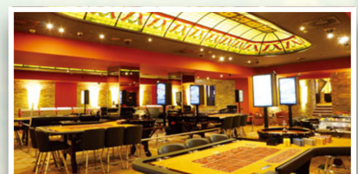
- Property development
- Property investment
- Hotel operations
- Car park operations





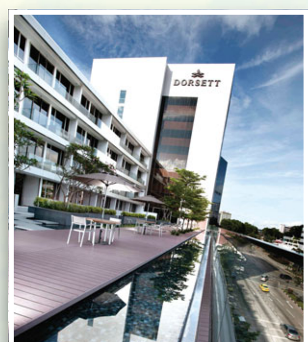
CONTINENTAL EUROPE

- Hotel operations
- Car park operations
- Gaming and entertainment



SINGAPORE

- Property development
- Property investment
- Hotel operations



MALAYSIA

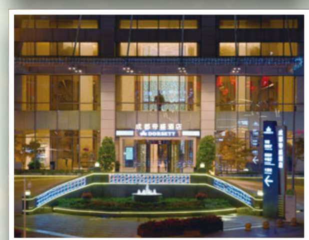
- Property development
- Hotel operations
- Car park operations and facilities management

DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

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

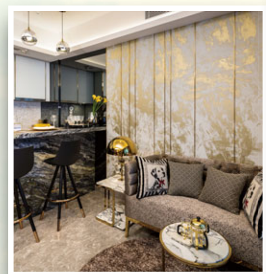
MAINLAND CHINA

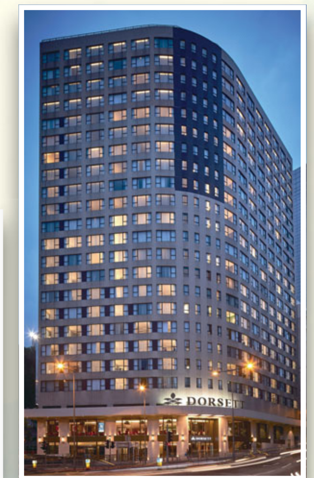
- Property development
- Property investment
- Hotel operations



HONG KONG

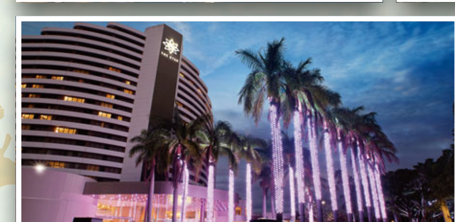
- Property development
- Property investment
- Hotel operations

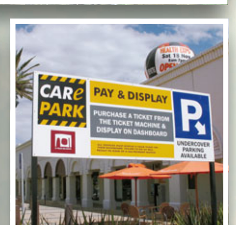




AUSTRALIA & NEW ZEALAND

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





Major Events in First Half Of Financial Year 2020/21

MAR 2020

The Group launched successfully two landmark projects namely Aspen at Consort Place in London and Queen's Wharf Residences (Tower 4) in Brisbane

The Group won five awards in "FinanceAsia's 2020 Asia's Best Companies" poll including "Best Mid-Cap Company in Hong Kong" for the third consecutive year

FinanceAsia
ASIA'S BEST COMPANIES
2020

JUN 2020

The Group together with Hengan International Group Company Limited, proactively sourced and donated 1,000,000 face masks to primary and secondary schools, hospitals as well as disadvantaged groups in Hong Kong and China to fight against the coronavirus

AUG 2020

The Group started the handover process of West Side Place (Towers 1 and 2) in Melbourne

SEP 2020

The Group entered into a new 18-year lease contract with a flagship sports goods retailer for its Wuhan mall for a yearly rental of approximately HK$50 million, with 8% step-up increase every three years

The Group sold out all residential units and entered into agreements to sell all retail units of Artra in Singapore

POST PERIOD END EVENTS

NOV 2020

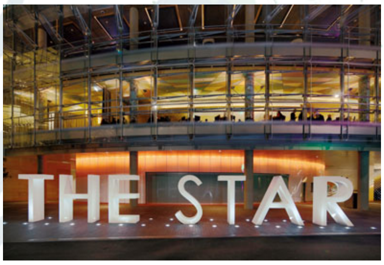
BC Group Holdings Limited ("BCG") successfully priced its inaugural Australian dollar-denominated residential mortgage-backed security ("RMBS") bond. The transaction was upsized to AUD416 million

The Group bought back US$50 million of 2021 notes through tender offer and issued 12.25-year notes of HK$200 million at a 5.25% coupon

OCT 2020

The Group launched a safe deposit box business, Far East Vault ("FEV"). The Group converted the basement of Silka Far East, Hong Kong into a safe deposit box operation providing around 4,500 safe deposit boxes

The Group partnered with The Star Entertainment Group ("The Star") to acquire a site in Pyrmont, Sydney and intended to co-develop a mixed-use tower



The Group won four awards at "10th Asian Excellence Award 2020"

The Group has launched a new residential project – Hyll on Holland in Singapore

The view from Aspen at Consort Place, Canary Wharf, London

Interim Results 2020/21

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 2020 ("1H FY2021"). 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 or ending 31 March is referred to as "FY" throughout this section and the section headed "Management Discussion and Analysis" of this report.


Queen's Wharf, Brisbane

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2020 of HK4.0 cents (six months ended 30 September 2019: 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 28 December 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 28 December 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 5 January 2021. Dividend warrants and/or new share certificates will be posted on or around 5 February 2021.


Hyll on Holland, Singapore

The Towers at Elizabeth Quay, Perth

PURSUIT OF RESTLESS EXPLORATION

Management Discussion and Analysis

BUSINESS UPDATE

- 1H FY2021 continued to be dominated by the impact of the COVID-19 outbreak on the global economy. Whilst the business environment gradually improved in parts of Asia, where the COVID-19 outbreak was tackled relatively more successfully, the rest of the world has continued to wrestle with numerous waves of the COVID-19 outbreak.

- From the start of the COVID-19 outbreak, the Group took active steps to reduce costs and expenses, to monetize assets and to shore up liquidity to prepare for a prolonged period of uncertainty. With all the actions taken, the Group is well positioned to benefit from the gradual recovery in economic activity.

- The Group's performance in 1H FY2021 was inevitably impacted by the global outbreak of the COVID-19. To varying degrees, all our businesses have been affected. Revenues fell to approximately HK$3.1 billion in 1H FY2021, a decrease of 39.2% compared to the same period last year. Sequentially, compared to the second six months of the financial year ended 31 March 2020 ("2H FY2020"), revenues were up by 33.6%.

- The Group recorded a lower contribution from property development in 1H FY2021 due to less development completion compared to the same period last year. Property development revenues dropped by 36.9% year-on-year. But despite the COVID-19, the Group successfully completed in 1H FY2021 a residential development project, Artra in Singapore, and the lower levels of West Side Place (Towers 1 and 2) in Melbourne. The handover process of West Side Place (Towers 1 and 2) started in late 1H FY2021 and is expected to continue by phases until 1H FY2022, providing predictable and significant cash inflows to the Group.

- The Group launched very successfully two landmark projects namely Aspen at Consort Place in London and Queen's Wharf Residences (Tower 4) in Brisbane. These two deluxe projects are located in prime areas and both developments generated strong interest.

- Cumulative attributable presales value of properties under development rose from HK$12.2 billion as at 31 March 2020 to HK$13.4 billion as at 30 September 2020 due in part to favorable foreign currency exchange movement. The Group expects to launch two development projects during 2H FY2021, namely Hyll on Holland in Singapore and Victoria Riverside in Manchester, with an expected aggregate attributable gross development value ("GDV") of HK$5.1 billion as at 30 September 2020.

- During the period, the Group entered into agreements to sell the retail units of Artra in Singapore and Astoria Crest in Hong Kong, amounting to SGD55.2 million (approximately HK$312 million) and HK$40 million, respectively. As part of its monetization strategy, the Group will keep exploring opportunities to recycle capital by selling non-core assets.

Aspen at Consort Place, London

Queen's Wharf Residences, Brisbane

- Strained by the global COVID-19 pandemic, countries and cities around the world have imposed severe lockdowns for local populations and stringent travel restrictions on both business and leisure travelers. The measures imposed considerably impacted our hotel, car park and gaming businesses. As a consequence, the Group's recurring income business fell by 45.2% year-on-year.

- In our hotel operations, revenues fell by 53.2% year-on-year. The Group took decisive and early actions across its portfolio, such as repositioning assets towards long stay guests and self-quarantine guests, furloughing staff, cutting costs and incentives and reviewing thoroughly all its expenses. These measures, combined with an improvement in the business environment, have led to a gradual recovery in hotel performance since June 2020, especially in Hong Kong, the main contributor to our hotel operations.

- Contribution from car park operations and facilities management declined by 44.0% due to the lockdown measures and/or travel restrictions imposed by various cities or states where the Group operates.

- In our gaming operations in the Czech Republic, the advent of the COVID-19 outbreak impacted our business significantly. The temporary and mandatory closure of our 3 casinos for a few months was also unhelpful. However, we took swift actions to reduce operating expenses. Upon re-opening in June 2020, patrons returned quickly and our casinos revenues were back to almost the pre-COVID-19 levels, with lower operating costs. The Star paid no dividend in 1H FY2021 (1H FY2020: AUD0.105 per share).

- On the positive side, the Group entered into a new 18-year lease contract with a flagship sports goods retailer for its Wuhan mall located at the heart of downtown Wuhan. The 18-year lease comprises seven floors with a total retail area of approximately 312,000 sq. ft.. Yearly rental will amount to approximately HK$50 million, with 8.0% step-up increase every three years. This new lease is approximately 100% higher than the previous equivalent rent received.

Wuhan mall, Hong Kong & Macao Centre

- FIRST INTERNATIONAL PROPERTY 第一國際物業 With a view to providing a comprehensive range of services for buyers in Hong Kong, the Group started a new property agency business, First International Property, focusing on international property sales. The business aims to link up world-renowned developers and professional solicitors, mortgage brokers and property managers and assist buyers at every stage of their investment process, from acquisition of the property, ongoing management to the collection of rent to the resale the property.

- BCG, a company in which the Group has a 50.66% stake, continued to grow steadily in 1H FY2021 with loans and advances rising from AUD976 million as at 31 March 2020 to AUD1,018 million as at 30 September 2020. The net interest margin expanded to 2.45% as at 30 September 2020 (2.07% as at 31 March 2020). BCG is positioned for growth and is raising capital ahead of its entrance in the United Kingdom ("UK") market.

FINANCIAL HIGHLIGHTS

- Despite the challenging environment, the Group still managed to be profitable. Profit before tax decreased by 15.5% to HK$831 million in 1H FY2021. Net profit attributable to shareholders and adjusted cash profit[i] decreased by 51.1% and 50.0% year-on-year to HK$350 million and HK$517 million, respectively in 1H FY2021.

- The Group recorded a comprehensive income attributable to shareholders of the Company of approximately HK$1.9 billion in 1H FY2021 (HK$58.8 million in 1H FY2020).

- Earnings per share in 1H FY2021 decreased by 51.3% to HK14.8 cents. The declared interim dividend for 1H FY2021 was maintained at HK4.0 cents per share (1H FY2020: HK4.0 cents per share).

- Cost control initiatives were implemented to mitigate the impact of the COVID-19 outbreak, the Group expects net annualized savings of approximately HK$180 million. Coupled with the incentives and compensation programmes offered by various governments across the regions, whereby the Group expects to receive approximately HK$150 million, the financial impact of the COVID-19 outbreak in FY2021 will be, to some extent, mitigated.

- The Star share price recovered strongly in 1H FY2021 (AUD3.06 per share as at 30 September 2020 vs AUD2.15 per share as at 31 March 2020) and most local currencies in the countries we operate rebounded against the HK$, our reporting currency. As a consequence, the Group's total adjusted equity[iv] rose from HK$30.7 billion as at 31 March 2020, to HK$32.1 billion as at 30 September 2020.

- The Group continued to improve its capital structure through the repayment and refinancing of its loans. During 1H FY2021, the Group (i) refinanced the HK$980 million short-term land acquisition loan with a HK$2.4 billion long-term construction loan for its Kai Tak development in Hong Kong; (ii) fully repaid the SGD40 million construction loan of Artra in Singapore; and (iii) repaid over AUD180 million of the construction loan for West Side Place (Towers 1 and 2) in Melbourne by using sales proceeds from the handover process in 1H FY2021. In addition, the Group repurchased its existing notes, maturing in 2021 and 2023, and US$360 million senior guaranteed perpetual capital notes ("Perpetual Capital Notes") for an aggregated principal amount of approximately US$38.6 million. Net gearing ratio[ii][iii] and net debt to total adjusted assets[v] remained stable at 56.8% and 29.2% as at 30 September 2020, respectively.

- The Group's net debt increased slightly from HK$17.4 billion as at 31 March 2020, to HK$18.2 billion as at 30 September 2020. The Group continued to maintain a comfortable level of liquidity with HK$7.2 billion of cash and marketable securities available as at 30 September 2020. Furthermore, the Group had 8 hotel properties unencumbered valued at HK$4.4 billion and approximately HK$4.5 billion in unsold residential inventory, as at 30 September 2020, respectively.

- Net asset value per shares rose by 6.2% to from HK$11.59 as at 31 March 2020 to HK$12.31 as at 30 September 2020. The Group also repurchased approximately 11 million shares for a total consideration of approximately HK$30 million in 1H FY2021.

POST PERIOD END EVENTS

- In October 2020, the Group launched a safe deposit box business, FEV. The Group converted the basement of one of its hotels in Hong Kong into a safe deposit box operation providing around 4,500 safe deposit boxes. Apart from the full 24-hour security provided, FEV introduces leading-edge intelligent security technologies to traditional vault services including facial recognition, palm vein scans and real-time QR codes, by combining physical and biometric identification. The safe deposit box business is expected to contribute to the Group's recurring income stream starting from FY2021.

- In October 2020, the Group partnered with The Star to acquire a site in Pyrmont, Sydney, located next to the existing site where The Star operates its casino in Sydney. The intention is to co-develop a mixed-use tower. This project will grow its current footprint in Sydney.

- On 10 November 2020, a wholly-owned subsidiary of BCG priced an Australian dollar-denominated RMBS deal, from its Ruby RMBS programme. The transaction was upsized to AUD416 million. This was an inaugural issue that marked a major milestone for BCG.

- As part of the Group's balance sheet capital management exercise, the Group bought back in November 2020 US$50 million principal amount of the notes maturing in 2021 through a tender offer. Furthermore, the Group issued 12.25-year notes for a principal amount of HK$200 million at a 5.25% coupon. The proceeds of the 12.25-year notes will help the Group in maintaining a flexible liquidity position and lengthen the debt maturity profile.

OUTLOOK

- Initial "green shoots" are appearing in parts of our business, especially in countries that have managed the COVID-19 outbreak more successfully. The steps taken to reduce our cost base means that as business recovers, the profitability will improve. This bodes well for the Group's performance when the COVID-19 outbreak will be truly contained or fully eradicated.
- On the property development front, on top of the new launches planned, the Group remains on the look-out for attractive landbank opportunities and joint venture partners to develop large scale residential projects. The Group believes that the UK and the Australian markets continue to offer attractive returns.
- Cumulative unbooked presales of HK$13.4 billion as at 30 September 2020 provide us with good visibility of revenue stream in the short to medium term.
- Looking ahead, with the announcement made by the Hong Kong government that: i) all arrivals, except those from Mainland China, will have to quarantine in a hotel and ii) the potential implementation of travel bubbles with neighboring countries, it is expected that the market sentiment of the Hong Kong hotel industry is on the road to a faster recovery.
- The construction of our 13 hotel pipeline is ongoing. The opening of the Ritz-Carlton in Melbourne in FY2022 (1H FY2022) is the next major milestone for the Group's hotel operations.
- In the car park operations, we are seeing a number of car park opportunities emerging which bodes well for the organic and inorganic growth of our operations going forward. Cities and states are exploring more actively the possibility of entering into long-term concession agreements. This should benefit the Group.
- The construction of the integrated resort at Queen's Wharf, Brisbane ("QWB") is on target. In addition, progress has been made in identifying retail partners and in reviewing options for Towers 5 and 6 of the residential component. The Group's 25% holding in the integrated resort is expected to start contributing in FY2023.

Notes:

(i) Adjusted cash profit is calculated by adjusting for fair value changes in investment properties and by adding depreciation and amortisation charges to profit after tax.

(ii) Net gearing ratio represents total bank loans and notes less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.

(iii) Revaluation surplus on hotel assets of approximately HK$16,348 million was based on independent valuations carried out as at 31 March 2020 (excluding Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur, which are newly opened and valued at cost) and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share, net debt to total adjusted assets and the net gearing ratio.

(iv) Adjusting for the unrecognised hotel revaluation surplus of approximately HK$16,348 million, which is based on independent valuations assessed as at 31 March 2020, and including the Perpetual Capital Notes.

(v) Total adjusted assets include revaluation surplus on hotel assets.

Skydeck, Queen's Wharf, Brisbane

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for 1H FY2021 was approximately HK$3.1 billion, a decrease of 39.2% as compared with 1H FY2020, driven primarily by (i) the lower revenue from property development due to less completions and (ii) the adverse impact of COVID-19 on the hotel, car park and gaming operations. Gross profit (before depreciation of hotel, car park and gaming assets) ("adjusted gross profit") came in at HK$1.2 billion, as compared with HK$1.8 billion for 1H FY2020. A breakdown of the Group's revenue and gross profit is set out 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
1H FY2021						
Revenue	**2,324,285**	**363,374**	**222,255**	**79,591[i]**	**121,609**	**3,111,114**
Gross profit	**864,153**	**(2,689)**	**(11,469)**	**33,300**	**104,366**	**987,661**
Depreciation	**–**	**175,121[ii]**	**18,409[ii]**	**6,739**	**–**	**200,269**
Adjusted gross profit	**864,153**	**172,432**	**6,940**	**40,039**	**104,366**	**1,187,930**
Adjusted gross profit margin	**37.2%**	**47.5%**	**3.1%**	**50.3%**	**85.8%**	**38.2%**
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	–	170,058[ii]	16,958[ii]	7,363	–	194,379
Adjusted gross profit	1,108,756	467,860	79,378	85,428	100,329	1,841,751
Adjusted gross profit margin	30.1%	60.2%	20.0%	59.5%	85.3%	36.0%

Notes:

(i) After deduction of gaming tax amounting to HK$32 million (1H FY2020: HK$46 million).

(ii) Excludes depreciation of leased properties under HKFRS 16.

Revenue from sales of properties amounted to approximately HK$2,324 million in 1H FY2021, a decrease of 36.9% as compared with 1H FY2020. Major contributors to the revenues were the revenue recognized from West Side Place (Towers 1 and 2) in Melbourne, Artra in Singapore and the remaining inventory from our Hong Kong, Shanghai and Guangzhou projects. Gross profit of approximately HK$864 million was recorded during 1H FY2021, representing a 22.1% year-on-year drop, as a result of less completed projects as compared to the same period last year.

The view from West Side Place, Melbourne

Impacted by the significant drop in tourism and business traffic globally since early 2020, revenue from hotel operations and management dropped 53.2% as compared with last year to approximately HK$363 million in 1H FY2021. Adjusted gross profit margin for the Group's hotel operations dropped to 47.5% in 1H FY2021 from 60.2% in 1H FY2020, resulting from the reduction in overall hotel average room rates ("ARR") and occupancy rates ("OCC") across the world.

Revenue from car park operations and facilities management recorded a material reduction of 44.0% year-on-year to HK$222 million in 1H FY2021, mainly due to the lockdown and the related travel restrictions imposed by relevant governments. Adjusted gross profit of approximately HK$7 million was recorded for 1H FY2021.

Revenue from gaming operations decreased year-on-year by 44.6% to approximately HK$80 million (net of gaming tax) in 1H FY2021. The lower revenue was primarily driven by the temporary closure of the casinos announced by the Czech government from April to June 2020 and the nil dividend received on The Star shares attributable to 1H FY2021.

The Group's overall performance in 1H FY2021 was hampered by the outbreak of COVID-19 since the early of 2020. The Group's recurring income businesses have particularly suffered as a result of the travel restrictions worldwide followed by various degree of business closures. Some of the Group's hotels and gaming operations were forced to close temporarily which inevitably impacted the Group's recurring income businesses. However, the Group managed to be profitable with the profit attributable to shareholders of the Company standing at approximately HK$350 million for 1H FY2021, a reduction of 51.1% as compared with HK$715 million for 1H FY2020.

Adjusted cash profit[i] was approximately HK$517 million for 1H FY2021, a decrease of 50.0% from HK$1,034 million recorded for 1H FY2020.

Note:

(i) Adjusted cash profit is calculated by adjusting for fair value changes in investment properties and by adding depreciation and amortisation charges to profit after tax.

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 the easily monetizable nature), bank loans and borrowings and equity as at 30 September 2020.

Consolidated statement of financial position	**As at 30 September 2020 HK$'million**	As at 31 March 2020 HK$'million
Bank loans and notes		
Due within 1 year[i]	**11,887**	6,506
Due 1–2 years	**5,923**	8,297
Due 2–5 years	**7,048**	8,264
Due more than 5 years	**556**	393
Total bank loans and notes	**25,414**	23,460
Investment securities	**3,714**	3,027
Bank and cash balances[ii]	**3,476**	3,040
Liquidity position	**7,190**	6,067
Net debt[iii]	**18,224**	17,393
Carrying amount of the total equity[iv]	**15,723**	14,314
Add: hotel revaluation surplus[v]	**16,348**	16,348
Total adjusted equity	**32,071**	30,662
Net gearing ratio (net debt to total adjusted equity)	**56.8%**	56.7%
Net debt to total adjusted assets[vi]	**29.2%**	29.9%

Notes:

(i) Includes an amount of approximately HK$1,196 million which is reflected as liabilities due within one year even though such sum is not repayable within one year. However, 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 represents total bank loans and notes less investment securities, bank and cash balances.

(iv) Includes Perpetual Capital Notes.

(v) Excludes Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur which are newly opened and valued at cost.

(vi) 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 debentures issued by the trusts which hold the mortgage portfolio managed by BCG, an entity 50.66% owned by the Group.

The liquidity position of the Group as at 30 September 2020 was approximately HK$7.2 billion. The Group's total adjusted equity as at 30 September 2020 was approximately HK$32.1 billion, adjusting for the unrecognised hotel revaluation surplus of approximately HK$16,348 million, which is based on independent valuations assessed as at 31 March 2020, and including the Perpetual Capital Notes. The net gearing ratio of the Group remained stable at 56.8% as at 30 September 2020 compared with 56.7% as at 31 March 2020.

	As at 30 September 2020 HK$ million	As at 31 March 2020 HK$ million
The Company's notes	**3,583**	3,548
Unsecured bank loans	**3,805**	3,380
Secured bank loans		
– Property development and investment	**8,559**	7,589
– Hotel operations and management	**7,684**	7,292
– Car park operations and facilities management	**703**	629
– Gaming operations	**96**	93
– Others	**984**	929
Total bank loans and notes	**25,414**	23,460

During the 1H FY2020, the Group (i) refinanced the HK$980 million short-term land acquisition loan with the HK$2.4 billion long-term land acquisition and construction loan for its Kai Tak development in Hong Kong; (ii) repaid over AUD180 million of the construction loan for West Side Place (Towers 1 and 2) in Melbourne using sales proceeds accruing from the commencement of the handover process in August 2020; (iii) fully repaid the construction loan of Artra in Singapore, which amounted to SGD40 million as at 31 March 2020; and (iv) completed the repurchase of certain notes outstanding of a total principal amount of approximately US$38.6 million. Post period end, the Group further bought back US$50 million of 2021 notes through tender offer. Furthermore, the Group issued 12.25 year notes for a principal amount of HK$200 million at 5.25% coupon. The Group will continue to adopt a conservative approach to maintain a flexible and solid financial position.

As at 30 September 2020, the Group's undrawn banking facilities stood at approximately HK$5.2 billion. Of this amount, approximately HK$2.7 billion is associated to construction/development facilities while the balance of approximately HK$2.5 billion is for the Group's general corporate use. The unutilized banking facilities, together with presales to be recognised 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 its expansion going forward.

In addition, a total of 8 hotel assets were unencumbered as at 30 September 2020, the capital value of which amounted to HK$4.4 billion based on independent valuation assessed as at 31 March 2020. The Group has other assets unencumbered such as unsold residential units, retail assets and commercial assets. These assets can be used as collateral for further bank borrowings which could provide additional liquidity for the Group, should this be necessary.

3. Foreign exchange management

Overall in 1H FY2021, the contribution from the Group's non-Hong Kong operations was 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 2020**	As at 31 March 2020	Change
HK$/AUD	**5.52**	4.78	15.5%
HK$/RMB	**1.14**	1.09	4.6%
HK$/MYR	**1.86**	1.79	3.9%
HK$/GBP	**9.94**	9.57	3.9%
HK$/CZK	**0.33**	0.31	6.5%
HK$/SGD	**5.66**	5.44	4.0%

The rebound in all currencies against the Hong Kong dollar has had a positive effect on the value of our net assets and our adjusted equity.

4. Net asset value per share

	As at 30 September 2020 HK$ million	As at 31 March 2020 HK$ million
Equity attributable to shareholders of the Company	**12,597**	11,119
Add: Hotel revaluation surplus[i][ii]	**16,348**	16,348
Total net asset value	**28,945**	27,467
Number of shares issued (million)	**2,351**	2,369
Net asset value per share	**HK$12.31**	HK$11.59

Adjusting for the revaluation surplus on hotel assets of approximately HK$16,348 million[ii], based on independent valuation assessed as at 31 March 2020, net asset value attributable to shareholders was approximately HK$28,945 million. Net asset value per share for the Company as at 30 September 2020 was approximately HK$12.31.

Notes:

(i) As at 31 March 2020.

(ii) Excludes Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur which are newly opened and valued at cost.

5. Capital expenditures

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

During 1H FY2021, the Group's capital expenditures amounted to approximately HK$219 million, primarily attributable to the Dorsett Melbourne and the Ritz-Carlton Melbourne developments, and ongoing capital expenditures in relation to our hotels across Australia. The capital expenditures were funded through a combination of borrowings and internal resources.

6. Capital commitments

The Group continued to review very closely its capital commitments and to seek to optimise its investments and outgoings.

	As at 30 September 2020 HK$ million	As at 31 March 2020 HK$ million
Capital expenditures contracted but not provided in respect of:		
Acquisition, development and refurbishment of hotel properties	**1,252**	1,187
Commitment to provide credit facility to BCG	**1**	94
Others	**17**	17
	1,270	1,298

BUSINESS REVIEW

1. Property division

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

Property development

The Group has a diversified portfolio of residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on the mass residential market. Our strong regional diversification reduces volatility and allows us to take advantage of different property cycles. To carry out property development in the various markets, the Group has established strong local teams in each of these markets. Our local presence allows the Group to identify trends and source the most attractive opportunities. 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 cost base for the Group's development projects and little capital kept idle in a land banking strategy.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$13.4 billion as at 30 September 2020, an increase of HK$1.2 billion or 9.8% compared with 31 March 2020. Most 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 sets out a breakdown of the Group's total cumulative attributable presales value of residential properties under development as at 30 September 2020.

Developments	**Location**	**Attributable presales HK$ million**	**Actual/ Expected financial year of completion**
West Side Place (Towers 1 and 2)[i]	Melbourne	3,894	FY2021/FY2022
West Side Place (Tower 3)	Melbourne	2,352	FY2024
West Side Place (Tower 4)	Melbourne	2,502	FY2024
Queen's Wharf Residences (Tower 4)	Brisbane	1,266	FY2024
Perth Hub	Perth	494	FY2022
The Star Residences (Tower 1)	Gold Coast	437	FY2023
The Star Residences – Epsilon (Tower 2)	Gold Coast	324	FY2024
Aspen at Consort Place	London	932	FY2025
Hornsey Town Hall	London	240	FY2022
MeadowSide (Plots 2 and 3)	Manchester	504	FY2022
MeadowSide (Plot 5)	Manchester	286	FY2021
New Cross Central	Manchester	39	FY2023
Artra[i]	Singapore	55	FY2021
Cuscaden Reserve	Singapore	13	FY2023
Dorsett Place Waterfront Subang	Subang Jaya	100	FY2024
Total		**13,438**	

Note:

(i) Excludes constructed presales already recognized as revenue up to 30 September 2020.

As at 30 September 2020, the expected attributable GDV of the Group's active residential property development projects under various stages of development across the regions was approximately HK$55.2 billion.

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

Developments	Attributable saleable floor area [i] Sq. ft.	Expected Attributable GDV [ii] HK$ million	Status/ expected launch	Expected financial year of completion
Pipeline developments				
Melbourne				
West Side Place				
– Towers 1 and 2	915,000	4,205	Launched	FY2021/FY2022
– Tower 3	518,000	2,497	Launched	FY2024
– Tower 4	621,000	2,969	Launched	FY2024
Bourke Street	575,000	3,525	FY2022	FY2024
Perth				
Perth Hub	230,000	860	Launched	FY2022
Brisbane				
Queen's Wharf Brisbane[iii]				
– Tower 4	253,000	1,623	Launched	FY2024
– Tower 5	269,000	1,728	Planning	Planning
– Tower 6	269,000	1,728	Planning	Planning
Gold Coast				
The Star Residences[iv]				
– Tower 1	111,000	497	Launched	FY2023
– Tower 2 – Epsilon	109,000	578	Launched	FY2024
– Towers 3 to 5	374,000	1,982	Planning	Planning
Hong Kong				
Shatin Heights	84,000	1,671	FY2022	FY2022
London				
Aspen at Consort Place	377,000	4,122	Launched	FY2025
Hornsey Town Hall	108,000	941	Launched	FY2022
Ensign House	253,000	2,451	Planning	Planning
Manchester				
MeadowSide				
– Plots 2 and 3	220,000	919	Launched	FY2022
– Plot 5	99,000	398	Launched	FY2021
– Plot 4	244,000	1,064	Planning	Planning
Northern Gateway[v]				
– New Cross Central	62,000	251	Launched	FY2023
– Victoria Riverside	458,000	1,998	FY2021	FY2025
– Network Rail	1,532,000	5,711	Planning	Planning
– Others	1,202,000	4,363	Planning	Planning

Developments	Attributable saleable floor area [i] Sq. ft.	Expected Attributable GDV [ii] HK$ million	Status/ expected launch	Expected financial year of completion
Singapore				
Artra[vi]	5,000	55	Launched	FY2021
Hyll on Holland[vii]	192,000	3,105	FY2021	FY2023
Cuscaden Reserve[viii]	16,000	357	Launched	FY2023
Malaysia				
Dorsett Place Waterfront Subang[ix]	525,000	1,003	Launched	FY2024
Total developments pipeline as at 30 September 2020	**9,621,000**	**50,601**		
Completed developments available for sale				
Perth				
The Towers at Elizabeth Quay	97,000	740		
Shanghai				
King's Manor	35,000	223		
The Royal Crest II	42,000	282		
District 17A	18,000	98		
Guangzhou				
Royal Riverside	172,000	630		
Malaysia				
Dorsett Bukit Bintang	27,000	130		
Hong Kong				
Marin Point	63,000	655		
Manor Parc	50,000	641		
The Garrison	400	9		
Others	1,000	36		
Singapore				
21 Anderson Road	86,000	1,105		
Total completed developments available for sale as at 30 September 2020	**591,400**	**4,549**		
Total pipeline and completed developments available for sale as at 30 September 2020	**10,212,400**	**55,150**		

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% interest in the development.

(iv) The Group has 33.3% interest in these developments.

(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% 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 2020.

(vii) Total saleable floor area of this development is approximately 241,000 sq. ft.. The Group has 80% interest in the development.

(viii) Total saleable floor area of this development is approximately 160,000 sq. ft.. The Group has 10% interest in the development.

(ix) Total saleable floor area of this development is approximately 1,050,000 sq. ft.. The Group has 50% interest in the development.

In February 2020, the Group signed a memorandum of understanding with Sainsbury's to redevelop the 4.62-acre site of Sainsbury's existing store at Whitechapel in East London. Located within the London Borough of Tower Hamlets and adjacent to Whitechapel Road, the Whitechapel Square proposal will incorporate a new flagship Sainsbury's supermarket, a significant number of residential units, retail space for local businesses and landscaped public space.

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

The Group is also considering to monetize more assets from its completed developments. For example, the Group started selling car parks in its residential projects in Guangzhou and Shanghai during 1H FY2021.

Australia

Melbourne

West Side Place is a mixed-use residential development located in the Central Business District ("CBD") of Melbourne. The project is comprised of approximately 3,000 apartments spreading over 4 towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$10.7 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$5.26 billion. The lower levels of Towers 1 and 2 were completed in 1H FY2021. The handover process started in August 2020 and expected to continue by phase until 1H FY2022. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.5 billion. HK$2.4 billion worth of units were presold as at 30 September 2020 and the project is expected to be completed in FY2024. Tower 4 comprises 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK$3.0 billion. HK$2.5 billion worth of units were presold as at 30 September 2020 and the project is expected to be completed in FY2024. With the strong presales recorded for this development, the Group is expected to have significant cash flow and earnings in the coming few 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 has obtained approval to be redeveloped into a residential project with a total saleable floor area of approximately 575,000 sq. ft. and is expected to provide approximately 846 residential units. Presales of this development is expected to be launched in FY2022, with completion of the development expected to be in FY2024.

Perth

The Towers at Elizabeth Quay is a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in saleable floor area of residential apartments, a luxury Ritz-Carlton hotel of 205 rooms opened in November 2019 and some commercial and retail space as well as other ancillary facilities of approximately 15,000 sq. ft.. As at 30 September 2020, the expected GDV of the remaining apartments available for sales was HK$740 million.

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 with total expected GDV of HK$860 million and approximately 260 hotel rooms to be operated by Dorsett. As at 30 September 2020, the Group has presold HK$494 million worth of units. 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 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 Enterprises Limited ("CTF"), entered into development agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project ("QWB Project") located in Brisbane. The QWB Project comprises:

(i) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of approximately AUD300 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 FY2024; and

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

Together with the Group's portion of the 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, three 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 387,000 sq. m. of which approximately 147,000 sq. m. relates to the residential component.

During FY2020, the Group launched the highly awaited Queen's Wharf Residences (Tower 4). Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments with a total saleable floor area of approximately 506,000 sq. ft. and a GDV of HK$3.2 billion. Having launched in February 2020, the project received a strong response with a GDV of HK$2.5 billion (attributable GDV of HK$1.3 billion) already presold as at 30 September 2020. Completion of the development is expected to be in FY2024.

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 a total saleable floor area of approximately 333,000 sq. ft. and a GDV of HK$1.5 billion. Total presold value of HK$1.3 billion (attributable GDV of HK$437 million) was recorded as at 30 September 2020 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 200-room five-star hotel and 457 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a GDV of HK$1.7 billion. Presales was launched with positive responses in May 2019, with a total presold value of HK$972 million (attributable GDV of HK$324 million) being presold as at 30 September 2020. Completion of the development is expected in FY2024.

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

In October 2020, the Group partnered with The Star to acquire a site in Pyrmont, Sydney, located next to the existing site where The Star operates its casino in Sydney. The intention is to co-develop a mixed-use tower. This project will grow its current footprint in Sydney.

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. The two phases of the development, namely King's Manor and Royal Crest II, continued to make a contribution to the Group's revenue and profit with HK$139 million of GDV being delivered for the year ending on 31 March 2020.

Situated at the riverside with a large portion of greenery and designed in modern art deco style, Royal Riverside in Guangzhou is a 5-tower residential development comprising 607 apartments. The entire development has been completed with a total of 459 apartments already sold and delivered for approximately HK$1.5 billion of GDV as at 30 September 2020. In FY2020, 59 apartments were sold for a recognized value of HK$237 million. The project, with a higher-than-usual gross profit margin, is expected to contribute to the Group's performance in the coming year.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through the acquisition of re-development sites, participating in government tenders and bidding for projects with the Urban Renewal Authority.

Located in a prime location in the center of Tai Wai and at the meeting point of three MTR lines, The Garrison is a residential development which the Group acquired through a government tender. This development comprises of 118 residential units totaling approximately 29,000 sq. ft. in saleable floor area and a GDV of HK$674 million with a commercial component of approximately 5,600 sq. ft. in GFA. Completed in FY2020, the project was virtually sold out and handed-over to buyers as at 30 September 2020, representing 99% of total GDV. The remaining unit was presold in November 2020.

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 the saleable floor area. GDV of about HK$60 million having been sold and delivered in 1H FY2021 and 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 the saleable floor area and 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 62 apartments and 4 houses, the project has a saleable floor area of approximately 84,000 sq. ft. and a GDV of HK$1.7 billion. Construction is progressing with presales of the project expected to be launched in FY2022.

Malaysia

Dorsett Place Waterfront Subang is a joint development between the Group and Malaysia Land Properties Sdn. Bhd. The Group has a 50% interest in this development. The project is 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 HK$200 million of total GDV having been presold as at 30 September 2020. 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 the total saleable floor area. The development was completed with a number of the remaining units converted into serviced apartments and managed by the Dorsett Group. The rest is to be sold on a completed basis.

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. and a GDV of HK$941 million. This development also has a commercial component of 42,578 sq. ft.. Presales for the residential component of this development was launched in FY2019 with GDV of about HK$240 million presold, as at 30 September 2020. Completion of the development is expected in FY2022.

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 377,000 sq. ft. in saleable floor area consisting of approximately 495 residential units, a hotel of approximately 230 rooms and commercial space. The residential component of the project was launched with positive responses in late January 2020 and captured presales of HK$932 million as at 30 September 2020. The completion of the development is expected to be in FY2025.

The Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. The 4,572 sq.m. site currently comprises an office building with a surface car park which will be demolished and replaced with a residential led mix-use development. The project is still under planning.

In February 2020, a memorandum of understanding was signed to redevelop a site owned by Sainsbury's. Currently, due diligence is ongoing. The project will be a residential development project with retail components including a flagship Sainsbury's supermarket.

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 756 apartments with approximately 563,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs in the city. 3 Plots are currently under presales; Plot 2 and 3, with a total saleable area of 220,000 sq. ft. and GDV of HK$919 million, were launched for presales with GDV of HK$504 million having been presold as at 30 September 2020. Plot 5 with a total saleable area of 99,000 sq. ft. and GDV of HK$398 million was launched in March 2019 for presales with GDV of HK$286 million having been presold as at 30 September 2020. Construction work is progressing smoothly and Plots 2, 3 and 5 are scheduled for completion by FY2022 and FY2021, respectively.

Northern Gateway is a mega-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 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 Northern Gateway. It will be used to guide and co-ordinate development brought forward by the joint venture formed between the Group and MCC, to deliver a series of vibrant, sustainable and integrated residential neighborhoods 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. On July 2019, the Group has further acquired 20 acres of land from Network Rail in central Manchester to progress its delivery of the Northern Gateway and 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.

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the UK. As at 30 September 2020 the Group has already secured land plots within the Northern Gateway area providing a pipeline with a saleable floor area of more than 3 million sq. ft. which is expected to deliver approximately 4,500 new homes over the next 5 years.

New Cross Central is one of the initial sites acquired from MCC as part of the development agreement for the Northern Gateway. The development, located within New Cross at the northern edge of the Manchester city center, comprises 80 residential units with a saleable floor area of approximately 62,000 sq. ft. and a GDV of HK$251 million. The project were launched for presales with GDV of HK$39 million having been presold as at 30 September 2020.

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 residential development incorporating high-quality public realm, commercial and leisure use and a landmark building. The development features three towers comprising more than 634 units with approximately 458,000 sq. ft. of saleable floor area and a GDV of approximately HK$ 2 billion. Presales of the development is expected to be launched in 2H FY2021.

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 409,000 sq. ft. in a saleable floor area and is owned by a joint venture in which the Group has a 70% interest. The project was completed with all units presold and delivered as at 30 September 2020.

Hollandia and The Estoril are premium residential development sites at Holland Road. 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 – Hyll on Holland with a combined saleable floor area of approximately 192,000 sq. ft., in which the Group accounts for 80% interest. Presales of the development is expected to be launched in 2H FY2021 with completion of the development expected to be in FY2023.

The development located at Cuscaden Reserve is a residential development site at the prime District 9 of Singapore. The development is expected to provide approximately 16,000 sq. ft. in attributable saleable floor area. The Group has a 10% interest in the joint venture which is undertaking the development. Presales of the development was launched in FY2020 with completion of the development expected to be in FY2023.

Property investment

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore and Australia. In 1H FY2021, a fair value gain on investment properties of approximately HK$339 million was recorded. This was attributable primarily to the revaluation gain from the Wuhan mall (see below) which was offset by revaluation losses elsewhere due to weak market conditions globally. As at 30 September 2020, the valuation of investment properties was approximately HK$7.9 billion (31 March 2020: HK$7.2 billion).

In 1H FY2021, the Group entered into a new 18-year lease contract with a flagship sports goods retailer for its Wuhan mall located at the heart of downtown Wuhan. The 18-year lease commencing in October 2020 comprises seven floors with a total retail area of approximately 312,000 sq. ft.. Yearly rental will amount to approximately HK$50 million, with 8.0% step-up increase every three years. This new lease is approximately 100% higher than the previous equivalent rent received.

The Group acquired two sites at Baoshan District in Shanghai in 2019 which are adjacent to California Garden, one of our large residential schemes in China. These two sites are intended to be developed altogether into a few blocks of residential units to be leased out for recurring income.

In addition, the Group acquired a commercial plot in Kai Tak, Hong Kong. Apart from a flagship Dorsett hotel comprising of approximately 400 rooms, the Group intends to develop some office and retail space with approximately 195,000 sq. ft. in Gross Floor Area ("GFA"). Planning approval has been obtained and financing is in place for this project.

2. Hotel operations and management

The Group owns and operates its hotel portfolio with a focus on the three to four-star hotel segment. As at 30 September 2020, the Group had 31 hotels in operations and 13 hotels in the development pipeline. The 31 hotels represent approximately 8,100 rooms in total, spreading over Hong Kong, Mainland China, Singapore, Malaysia, Australia, the UK and Continental Europe under Dorsett Hospitality International Limited ("Dorsett") and its subsidiaries (collectively, the "Dorsett Group") and under Trans World Corporation ("TWC Hotel Group"). The Group is currently planning or building 13 new additional hotels which will represent about 3,250 additional rooms. The construction of the Dorsett Shepherds Bush extension in London and the Ritz-Carlton in Melbourne is well underway. Moreover, the Group also manages 3 other hotels in Malaysia with approximately 830 rooms.

The performance of the Group's owned hotel operations for 1H FY2021 is summarized as follows. The results of hotels by regions are expressed in the respective local currency ("LC").

	Occupancy rate		Average room rate		Revenue per available room ("RevPAR")		Revenue	
	1H FY2021	1H FY2020	**1H FY2021 (LC)**	1H FY2020 (LC)	**1H FY2021 (LC)**	1H FY2020 (LC)	**1H FY2021 (LC'million)**	1H FY2020 (LC'million)
Hong Kong (HK$)	**71.7%**	82.5%	**409**	659	**294**	544	**176**	310
Malaysia (MYR)	**32.4%**	72.6%	**154**	195	**50**	142	**19**	60
Mainland China (RMB)	**33.4%**	70.6%	**283**	398	**94**	281	**36**	105
Singapore (SGD)(i)	**92.4%**	84.9%	**126**	175	**117**	149	**7**	8
United Kingdom (GBP)	**20.6%**	84.0%	**64**	128	**13**	108	**2**	13
Australia (AUD)(ii)	**27.6%**	N/A	**383**	N/A	**106**	N/A	**6**	N/A
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$'million)**	(HK$'million)
Dorsett Group Total(iii)	**50.7%**	78.0%	**432**	634	**219**	495	**338**	714
TWC Hotel Group	**24.4%**	67.7%	**587**	586	**143**	397	**25**	63

Notes:

(i) Excludes Oakwood Premier AMTD Singapore which is equity accounted.

(ii) Excludes Sheraton Grand Mirage which is equity accounted.

(iii) Includes Ritz-Carlton in Perth.

During the period under review, the Group's hotel operations faced unprecedented challenges due to the COVID-19 outbreak. Countries and cities around the world have imposed severe travel restrictions on both business and leisure travelers and our hotel operations have unavoidably been affected by the unparalleled decline in the overall ARR and OCC, resulting in a significant decrease in total hotel revenue.

The Group took decisive and early actions to mitigate the impact across its portfolio, such as repositioning hotels towards medical staff, self-quarantine guests and long stay guests, furloughing staff, cutting costs and incentives and reviewing thoroughly all its expenses. Furthermore, various governments have implemented support schemes for the hospitality industry and some utility companies, suppliers and banks have also offered deferral and/or reduction of payments which helped to preserve the liquidity flexibility of the Group.

In 1H FY2021, Dorsett Group's hotel operations recorded total revenue of approximately HK$338 million as compared with HK$714 million in 1H FY2020. The overall OCC decreased by 27.3 percentage points to 50.7% and the overall ARR decreased 31.9% to HK$432 per night. As a result, RevPAR decreased by 55.8% to HK$219 per night for 1H FY2021.

Hong Kong

Hong Kong remained the main contributor to the Group's hotel operations, it accounted for approximately 48.4% of total hotel revenue. Total revenue derived from Hong Kong was approximately HK$176 million in 1H FY2021, representing a drop of 43.3% when compared with 1H FY2020. OCC declined by 10.8 percentage points to 71.7% and ARR dropped by 37.9% to HK$409 per night, resulting in a decrease of 46.0% in the RevPAR to HK$294 per night as compared to 1H FY2020.

Hong Kong hospitality and tourism industry took a big hit due to the paralyzed crossborder travel resulting from the COVID-19 outbreak, which resulted in the number of tourist arrivals reporting their sharpest drop in more than a decade. However, the Group took proactive measures to shift its market positioning towards medical staff, self-quarantine guests and long stay guests. Dorsett Tsuen Wan, one of our largest hotels in Hong Kong with 546 keys, was selected by the Hong Kong government as a holding center for flight arrivals in Hong Kong for 2 months during 1H FY2021. These measures, combined with an improvement in the business environment, have led to a gradual improvement in OCC since June 2020 with 7 out of 9 hotels in Hong Kong outperforming the market in terms of OCC and RevPAR during 1H FY2021.

In FY2020, the Group won the tender of the commercial land at Shing Kai Road adjoining Kai Tak Sports Park in Kai Tak with total GFA up to 344,445 sq.ft.. The Group is planning to develop a 400-key flagship Dorsett brand hotel with commercial and retail space on the site. Completion of the development is expected in FY2024.

Malaysia

Apart from Silka Johor Bahru and J-Hotel by Dorsett, all of our hotels in Malaysia were ordered to close by the local government from 18 March 2020 and reopened progressively starting from late April 2020. Total revenue was approximately MYR19 million in 1H FY2021, a 68.3% decrease year-on-year. ARR dropped by 21.0% to MYR154 per night and OCC fell by 40.2 percentage points to 32.4%, resulting in a 64.8% decline of RevPAR to MYR50 per night. Despite the challenging environment, Dorsett Grand Labuan, benefited from its unique location, and managed to outperform the market and performed better than the same period last year since June 2020 with an average OCC over 63% recorded during the period.

Mainland China

Our hotels in China reached a bottom in early February 2020 and have seen a gradual recovery during 1H FY2021 with support from domestic leisure and corporate travel. During 1H FY2021, OCC decreased by 37.2 percentage points year-on-year to 33.4% and ARR dropped 28.9% to RMB283 per night, resulting in RevPAR recording a decline of 66.5% year-on-year to RMB94 per night. As a result, total revenue recorded a decline of 65.7% to RMB36 million.

Singapore

From mid of April 2020, Dorsett Singapore was selected by the local government as one of the facilities to support various government authorities in accommodating quarantine guests. Helped by the government contract, OCC increased by 7.5 percentage points to 92.4% in 1H FY2021, yet the ARR saw a decline of 28.0% to SGD126 per night, resulting from a decrease of RevPAR of 21.5% to SGD117 per night and a drop of total revenue of 12.5% to SGD7 million in 1H FY2021.

UK

The hotel market in the UK was severely affected by the international travel restrictions and city-wide lockdown measures due to COVID-19 starting from early April 2020. Both hotels in London remained open per government regulations to support essential workers, including medical staff from the National Health Service ("NHS"), policemen from the City of London and guests who were not able to cross the border. However, the leisure and business travel being at a virtual standstill during 1H FY2021, total revenue decreased significantly by 84.6% to GBP2 million. OCC recorded a 63.4 percentage points decrease to 20.6% and ARR decreased by 50.0% to GBP64 per night. As a result, RevPAR decreased by 88.0% to GBP13 per night.

Australia

From the opening in November 2019, the luxury Ritz-Carlton in Perth had performed well. However, that changed when the travel restrictions and state and national border shutdowns imposed by the Western Australia state government in late March 2020 kicked in to control the outbreak of COVID-19. With the reopening in late May 2020, the hotel experienced a rapid rebound and took a leadership position in the local market. Coupled with the staycation promotions and marketing initiatives to attract domestic travelers, total revenue of AUD6 million was recorded in 1H FY2021. OCC was at 27.6% and ARR was at AUD383 per night, resulting in RevPAR of AUD106 per night.

Continental Europe – TWC Hotel Group

Our hotels in the Czech Republic, Germany and Austria were ordered to close by the local governments in mid-March 2020 as the virus spread across Continental Europe. Hotels were re-opened from late April 2020 but business picked up slowly due to the uncertainty of the COVID-19 situation. Total revenue dropped 60.5% to HK$25 million in 1H FY2021, with overall OCC falling by 43.3 percentage points to 24.4% and ARR remaining relatively flat at HK$587.

3. Car park operations and facilities management

The Group's car park operations and facilities management business include car park operations, operated under the brand "Care Park". The Group's portfolio of car park bays owned or under management amounted to approximately 110,322 car parking bays as at 30 September 2020. Of the Group's 426 car parks, 37 were self-owned car parks comprising approximately 11,049 car park bays, with the remaining 99,273 car park bays in Australia, New Zealand, the UK, Hungary and Malaysia under management contracts entered into with third party car park owners.

In 1H FY2021, our car park operations were disrupted due to the COVID-19 with many countries closed their borders to international travelers and restricted movements of their citizens with a view to containing the pandemic. Some of the Group's self-owned/managed car parks located around airports, hotels, shopping malls and office buildings were severely affected due to the lockdown measures and restrictions imposed. The Group has been actively reviewing all lease commitments and reducing rental obligations on unprofitable contracts and impacted leases. Meanwhile, the Group also took various cost control measures across all business locations such as the standing down of workforces and reducing employee overheads to mitigate the negative impacts of the COVID-19 outbreak.

Apart from the above cost control measures, the Australian government has passed a mandatory code of conduct that entitled tenants (such as Care Park) to negotiate with each landlord to adjust down the lease payments proportionally to the decline in revenue as a result of the COVID-19. The Group is also expected to benefit from government compensation programmes such as in Australia, where the government will offer a wage subsidy to eligible employers. The aforesaid cost control initiatives and government support should help to minimize the pressure on the Group's cash flow.

4. Gaming operations and management

Europe

Trans World Corporation ("TWC") owns and operates a portfolio of 3 casinos in the Czech Republic. All the casinos of TWC feature gaming tables and slot machines and 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 more Asian customers living in the region to TWC's properties to supplement the Group's hospitality offerings geographically.

Revenue from TWC's gaming operations in 1H FY2021 was HK$80 million (net of gaming tax), decreasing by 33.0% from HK$119 million in 1H FY2020, mainly due to the 2-month temporary closure of casinos ordered by the local government to contain the spread of the COVID-19 since March 2020. Following the reopening in early June 2020, the business experienced a sharp rebound to pre-COVID-19 levels. The 3 casinos were temporarily closed in early October 2020 due to the compulsory lockdown in the country. However, upon the relaxing of the COVID-19 related restrictions and the recovery of the economic environment and the aforesaid efforts, the Group believes the casinos will continue to generate positive results.

The following tables set forth certain operating data of TWC's casinos for the period ended 30 September 2020:

	As at 30 September 2020	As at 31 March 2020
Number of slot machines	**442**	543
Number of tables	**65**	59

	1H FY2021	1H FY2020
Table game revenue [i] (HK$ million)	**20**	28
Slots revenue [i] (HK$ million)	**52**	70
Average table game win rate [ii]	**20.2%**	20.3%
Average slot win per machine per day (HK$)	**983**	1,148

Notes:

(i) Net of gaming tax.

(ii) 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.

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, the Gold Coast and Brisbane.

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

(i) strengthening the Group's relationship with The Star;

(ii) forging a 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; and

(iv) benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group.

During 1H FY2021, with regards to the announcement made by The Star concerning the suspension of the final dividend payout, the Group received nil dividend from The Star shares.

5. Mortgage services – BCG

As an extension of our property development business, the Group established a mortgage lending platform under BCG which 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.

Loan and advances reached AUD1,018 million as at 30 September 2020, an increase of about 4.3% from 31 March 2020. BCG has strict lending rules, a very diversified portfolio and a prudent loan-to-value ratio of 58.7% on average as at 30 September 2020. Net interest margin expanded to 2.45% as at 30 September 2020 (compared with 2.07% as at 31 March 2020). Whilst most of the capital is provided by third-parties, the Group has provided approximately AUD100 million of funding as at 30 September 2020 which is classified as investment securities. Including interest income from funding, BCG business contributed HK$88 million to the Group's profit during 1H FY2021.

In November, BCG successfully priced its inaugural Australian dollar-denominated RMBS. The transaction was upsized to AUD416 million. This inaugural issue marked a major milestone for BCG and allowed BCG to access the capital markets at a more attractive cost of fund. BCG continues to broaden its sources of financing and is in active discussion with institutional investors and international banks to secure additional funding.

BCG is reviewing a number of new and promising markets where it can expand its service offerings, such as the UK. The Group remains committed to growing the BCG business and expects contribution from the business to increase over time.

OUTLOOK

The global economic uncertainties arising from the outbreak of the COVID-19 are expected to remain and put pressure on the Group's operations across the regions. In 1H FY2021, the Group took the following measures to recalibrate its operations to ensure long-term sustainability:

- Adjusted the level of its workforce, in particular in the hospitality segment which was affected most due to a reduction of tourist and business travel;
- Reviewed all of its overheads with a view of reducing administrative costs;
- Repositioned all assets where possible, monetised assets if attractive offers were made; and
- Delayed certain capital expenditures to preserve cash and maintain liquidity.

The Group remains alert to the global economic uncertainty and will take further mitigation measures where necessary. The Group will also take a cautious approach and seek investment opportunities to grow its operations and leverage its diversified portfolio of businesses to take advantage of a rebound in business activity during the recovery phase.

As at 30 September 2020, the cumulative presales value of the Group was approximately HK$13.4 billion and the current development pipeline and completed development was approximately HK$55.2 billion which provides clear visibility of the Group's future revenues. The Group will selectively add to its development pipeline by allocating resources to regions where the Group sees long-term growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

During 1H FY2021, the Group has successfully repositioned certain of its hotel assets to long stay guests and launched relevant accommodation packages to target the returnees required to undergo self-quarantine. Thanks to the abovementioned strategies, the Group's hotels managed to be profitable in 1H FY2021. Looking ahead, with the announcement made by Hong Kong government that all arrivals except those from Mainland China will have to quarantine in a hotel and the potential of implementation of travel bubbles with neighboring countries, it is expected that the market sentiment of the Hong Kong hotel industry is on the road to recovering further. In addition, the hotel industry in Mainland China is showing an encouraging pick-up with domestic inter-provincial travel after being hard-hit in early 2020.

The Group's hotel business continues to expand with 13 new hotels under development and with a few expected to contribute to the next growth phase of the Group as early as FY2022. The Group remains cautiously optimistic about the long-term future and is well prepared for the rebound in leisure and business travel as soon as a restriction imposed across the globe start to ease. In the meantime, the Group is open to potential disposal opportunities to realize the value of its hotel assets and recycle capital.

The Group maintains a solid and healthy liquidity position of approximately HK$7.2 billion with available undrawn credit facilities of HK$5.2 billion and a number of unencumbered hotel assets with the value of HK$4.4 billion as at 30 September 2020. The Group continues to manage its financial position in a prudent and disciplined manner, whilst ensuring that its capital is employed productively.

In conclusion, thanks to our diversified portfolio and solid foundation, the Group has managed to remain profitable and is confident that it can navigate successfully the current global economic headwinds and deliver a sustainable and attractive dividend to its shareholders.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had approximately 3,700 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external trainings appropriate for various level of staff roles and functions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2020, 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 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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	22,423,223	0.95%
	Interest of spouse	585,322[i]	0.02%
	Interest of controlled corporations	1,127,414,025[i]	47.96%
Cheong Thard HOONG	Beneficial owner	13,284,950	0.57%
	Joint interest	464,754[ii]	0.02%
Dennis CHIU	Beneficial owner	4,306	0.00%
	Interest of controlled corporation	5,754,094[iii]	0.24%
Wing Kwan Winnie CHIU	Beneficial owner	72,545	0.00%

Notes:

(i) 1,127,397,003 shares were held by Sumptuous Assets Limited and 17,022 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 CHIU 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 2020.

A.2 Debentures

As at 30 September 2020, 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 CHIU NG and he has an interest in the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD9,000,000 of which USD5,000,000 was held by Tan Sri Dato' David CHIU and USD4,000,000 was held by his spouse, Ms. Nancy CHIU NG.

As at 30 September 2020, 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 2020, 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 and the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD1,000,000.

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[ii]	8.25%[iii]

Notes:

(i) The percentage represents the number of ordinary shares interested divided by BCG's issued shares as at 30 September 2020.

(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 2020.

Save as disclosed above, as at 30 September 2020, 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.

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 2020, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2020.

(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 2020, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2020.

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 2020, 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	1,127,397,003[i] (long position)	47.96%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.55%
	Interest of controlled corporations	140,942,693[ii] (long position)	6.00%
	Interest of spouse	1,624,301[ii] (long position)	0.07%

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) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2020.

Save as disclosed above, as at 30 September 2020, 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.

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 2020, 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 2020, 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 15 September 2020. 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 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 2020.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2020, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 11,350,000 shares on the Stock Exchange for a total consideration of approximately HK$30 million. Details are set out below:

Month of repurchase	Number of shares repurchased	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$
April 2020	4,712,000	2.82	2.49	12,397,230
May 2020	6,638,000	2.75	2.49	17,471,820

During the six months ended 30 September 2020, the Company, through its wholly-owned subsidiary, repurchased on the Stock Exchange and/or subsequently cancelled (i) 3.75 per cent. notes due 2021 in aggregate principal amount of US$13,370,000; (ii) 4.5 per cent. notes due 2023 in aggregate principal amount of US$8,225,000; and (iii) senior guaranteed perpetual capital notes in aggregate principal amount of US$17,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

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 2020.

CHANGES IN PARTICULARS OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of directors' particulars since the publication of the Company's 2020 Annual Report are set out below:

Effective date	Change
27 June 2020	Mr. Kwong Siu LAM has retired as an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688)
1 August 2020	Mr. Lai Him Abraham SHEK has been appointed as a Honorary Member of the Court of The Hong Kong University of Science and Technology
14 August 2020	Mr. Lai Him Abraham SHEK has been appointed as an independent non-executive director of Landing International Development Limited (stock code: 582)
28 September 2020	Mr. Kwong Siu LAM has been appointed as an independent non-executive director of Skymission Group Holdings Limited (stock code: 1429) which is listed on the Stock Exchange on 29 September 2020
15 October 2020	Mr. Lai Him Abraham SHEK has been appointed as an independent non-executive director of Hao Tian International Construction Investment Group Limited (stock code: 1341)

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 23 December 2020 to 28 December 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 22 December 2020.

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

Hong Kong, 26 November 2020

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 45 to 76, which comprise the condensed consolidated statement of financial position as of 30 September 2020 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
26 November 2020

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020

	NOTES	Six months ended 30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Revenue	5	3,111,114	5,121,135
Cost of sales and services		(1,882,747)	(3,285,406)
Depreciation and amortisation of hotel and car park assets		(240,706)	(188,357)
Gross profit		987,661	1,647,372
Other income		113,341	9,860
Other gains and losses	6	366,704	76,927
Administrative expenses			
– Hotel operations and management		(145,861)	(224,900)
– Others		(152,364)	(172,040)
Pre-operating expenses			
– Hotel operations and management		–	(6,521)
Selling and marketing expenses		(116,977)	(122,893)
Share of results of associates		(5,133)	3,974
Share of results of joint ventures		(22,779)	(6,413)
Finance costs	7	(194,003)	(222,218)
Profit before tax		830,589	983,148
Income tax expense	8	(309,456)	(197,081)
Profit for the period	9	521,133	786,067
Attributable to:			
Shareholders of the Company		349,631	714,787
Owners of perpetual capital notes		102,749	7,700
Other non-controlling interests		68,753	63,580
		171,502	71,280
		521,133	786,067
Earnings per share	10		
– Basic (HK cents)		14.8	30.4
– Diluted (HK cents)		14.8	30.4

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Six months ended 30.9.2020 HK$'000 (unaudited)	Six months ended 30.9.2019 HK$'000 (unaudited)
Profit for the period	521,133	786,067
Other comprehensive income (expense) for the period		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	1,179,859	(716,885)
Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI")	180,444	–
Reclassification adjustment on disposal of debt instruments at FVTOCI during the period	(4,762)	–
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at FVTOCI	188,023	55,193
Other comprehensive income (expense) for the period	1,543,564	(661,692)
Total comprehensive income for the period	2,064,697	124,375
Total comprehensive income attributable to:		
Shareholders of the Company	1,879,314	58,832
Owners of perpetual capital notes	102,749	7,700
Other non-controlling interests	82,634	57,843
	185,383	65,543
	2,064,697	124,375

Condensed Consolidated Statement of Financial Position

At 30 September 2020

	NOTES	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Non-current Assets			
Investment properties	12	7,867,408	7,243,208
Property, plant and equipment	12	11,780,545	11,160,856
Goodwill		68,400	68,400
Interests in associates	13	1,494,346	1,237,775
Interests in joint ventures		894,765	791,846
Investment securities	14	822,757	492,852
Derivative financial instruments		18,531	37,222
Deposits for acquisition of property, plant and equipment		92,093	88,045
Amounts due from associates		62,864	62,864
Amounts due from joint ventures		64,427	58,572
Amount due from an investee company		119,995	119,995
Loan receivables		230,251	259,651
Pledged deposits	22	20,857	20,409
Deferred tax assets		168,192	93,653
		23,705,431	21,735,348
Current Assets			
Properties for sale			
Completed properties		1,798,278	1,966,189
Properties under development		11,206,586	9,983,444
Other inventories		10,021	11,146
Debtors, deposits and prepayments	15	1,772,903	379,091
Customers' deposits under escrow		227,620	147,527
Loan receivables		7,602	9,269
Contract assets	16	–	1,103,698
Contract costs	17	306,559	283,787
Amounts due from joint ventures		353,132	349,392
Amounts due from associates		28,242	24,717
Tax recoverable		113,234	160,697
Investment securities	14	2,891,242	2,534,548
Pledged deposits	22	128,543	51,600
Restricted bank deposits		13,747	120,932
Deposit in a financial institution		106	6,880
Bank balances and cash		3,462,644	2,911,726
		22,320,459	20,044,643

Condensed Consolidated Statement of Financial Position

At 30 September 2020

	NOTES	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Current Liabilities			
Creditors and accruals	18	1,567,965	1,264,635
Contract liabilities		511,522	310,598
Lease liabilities		79,898	77,253
Amounts due to related companies		740	751
Amounts due to associates		9,415	6,897
Amounts due to shareholders of non-wholly owned subsidiaries		318,064	395,126
Derivative financial instruments		4,031	3,397
Tax payable		692,242	368,283
Notes		2,215,058	–
Bank and other borrowings	19	9,672,185	6,505,953
		15,071,120	8,932,893
Net Current Assets		7,249,339	11,111,750
Total Assets less Current Liabilities		30,954,770	32,847,098
Non-current Liabilities			
Lease liabilities		602,295	547,086
Notes		1,367,929	3,548,124
Bank borrowings	19	12,158,647	13,405,809
Deferred tax liabilities		964,054	903,317
Other liabilities		138,354	129,028
		15,231,279	18,533,364
Net Assets		15,723,491	14,313,734
Capital and Reserves			
Share capital	20	235,065	236,942
Share premium		4,486,167	4,534,687
Reserves		7,875,497	6,346,903
Equity attributable to shareholders of the Company		12,596,729	11,118,532
Owners of perpetual capital notes	21	2,753,461	2,904,535
Other non-controlling interests		373,301	290,667
		3,126,762	3,195,202
Total Equity		15,723,491	14,313,734

The condensed consolidated financial statements on pages 45 to 76 were approved and authorised for issue by the Board of Directors on 26 November 2020 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 2020

	Attributable to shareholders of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'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	219,186	13,632,262
Profit for the period	–	–	–	–	–	–	–	–	714,787	714,787	7,700	63,580	71,280	786,067
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(711,148)	–	–	–	(711,148)	–	(5,737)	(5,737)	(716,885)
Fair value change on equity instruments at FVTOCI	–	–	–	–	55,193	–	–	–	–	55,193	–	–	–	55,193
Other comprehensive income (expense) for the period	–	–	–	–	55,193	(711,148)	–	–	–	(655,955)	–	(5,737)	(5,737)	(661,692)
Total comprehensive income (expense) for the period	–	–	–	–	55,193	(711,148)	–	–	714,787	58,832	7,700	57,843	65,543	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	2,350,056
Repurchase of ordinary shares	(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	2,634,785	15,621,629

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributable to shareholders of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2020	236,942	4,534,687	34,087	54,727	(984,960)	(2,311,036)	984	1,057,764	8,495,337	11,118,532	2,904,535	290,667	3,195,202	14,313,734
Profit for the period	–	–	–	–	–	–	–	–	349,631	349,631	102,749	68,753	171,502	521,133
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,165,978	–	–	–	1,165,978	–	13,881	13,881	1,179,859
Fair value change on debt instruments at FVTOCI	–	–	–	–	180,444	–	–	–	–	180,444	–	–	–	180,444
Reclassification adjustment on disposal of debt instruments at FVTOCI during the period	–	–	–	–	(4,762)	–	–	–	–	(4,762)	–	–	–	(4,762)
Fair value change on equity instruments at FVTOCI	–	–	–	–	188,023	–	–	–	–	188,023	–	–	–	188,023
Other comprehensive income for the period	–	–	–	–	363,705	1,165,978	–	–	–	1,529,683	–	13,881	13,881	1,543,564
Total comprehensive income for the period	–	–	–	–	363,705	1,165,978	–	–	349,631	1,879,314	102,749	82,634	185,383	2,064,697
Distribution to owners of perpetual capital notes	–	–	–	–	–	–	–	–	–	–	(123,299)	–	(123,299)	(123,299)
Dividends recognised as distribution (note 11)	–	–	–	–	–	–	–	–	(352,597)	(352,597)	–	–	–	(352,597)
Repurchase of perpetual capital notes	–	–	–	–	–	–	–	–	–	–	(130,524)	–	(130,524)	(130,524)
Repurchase of ordinary shares	(1,877)	(48,520)	1,877	–	–	–	–	–	–	(48,520)	–	–	–	(48,520)
At 30 September 2020 (unaudited)	235,065	4,486,167	35,964	54,727	(621,255)	(1,145,058)	984	1,057,764	8,492,371	12,596,729	2,753,461	373,301	3,126,762	15,723,491

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Net cash from (used in) operating activities	712,157	(1,980,435)
Investing activities		
Acquisition and development expenditure of property, plant and equipment	(314,852)	(291,198)
Development expenditure of investment properties	(38,743)	–
Capital investment in associates	(102,281)	(105,480)
Capital investment in joint ventures	(107,397)	(43,441)
Purchase of equity instruments at FVTOCI	(24,780)	(81,576)
Purchase of debt instruments at FVTOCI	(5,002,439)	(2,816,789)
Proceeds from disposal of investment fund	171,961	265,096
Purchase of investment fund	(221,711)	(128,131)
Proceeds from disposal of debt instruments at fair value through profit or loss ("FVTPL")	76,056	–
Proceeds from disposal of debt instruments at FVTOCI	4,920,603	2,556,379
Proceeds from disposal of equity securities	–	65,096
Placement of pledged bank deposits	(77,391)	(17,464)
Release of pledged bank deposits	–	20,200
Placement of restricted bank deposits	(1,673)	(3,013)
Release of restricted bank deposits	108,858	8,870
Advance to a joint venture	(9,595)	(103,144)
Other investing activities	5,966	(1,429)
Net cash used in investing activities	(617,418)	(676,024)
Financing activities		
New bank borrowings raised	4,561,292	5,347,117
Repayment of bank borrowings	(3,392,392)	(4,386,668)
Distribution to owners of perpetual capital notes	(123,299)	–
Repayment of other liabilities	(961)	(24,198)
Payment for buy-back of perpetual capital notes	(130,524)	–
Interest paid	(368,421)	(388,994)
Issue of notes	–	80,000
Repayment of lease liabilities	(29,051)	(29,851)
Payment on repurchase of shares	(48,520)	(64,994)
Issue of perpetual capital notes, net of transaction costs	–	2,350,056
(Repayment of) advance from shareholders of non-wholly owned subsidiaries	(77,062)	2,989
Other financing activities	2,507	(20,286)
Net cash from financing activities	393,569	2,865,171
Net increase in cash and cash equivalents	488,308	208,712
Cash and cash equivalents at beginning of the period	2,918,606	2,472,165
Effect of foreign exchange rate changes	55,836	(86,099)
Cash and cash equivalents at end of the period	3,462,750	2,594,778
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	3,462,644	2,569,745
Deposit in a financial institution	106	25,033
	3,462,750	2,594,778

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The six months period ended 30 September 2020 continued to be dominated by the impact of the COVID-19 outbreak on the global economy. Whilst the business environment gradually improved in parts of Asia, where the COVID-19 outbreak was tackled relatively more successfully, the rest of the world has continued to wrestle with numerous waves of the COVID-19 outbreak.

From the start of the COVID-19 outbreak, the Group took active steps to reduce costs and expenses, to monetise assets and to shore up liquidity to prepare for a prolonged period of uncertainty. The Group's performance for the six months period ended 30 September 2020 was inevitably impacted by the global outbreak of the COVID-19. To varying degrees, all our businesses have been affected. Revenues fell to approximately HK$3.1 billion for the six months period ended 30 September 2020, a decrease of 39.2% compared to the same period last year. Sequentially, compared to the second half of the financial year ended 31 March 2020, revenues were up by 33.6%.

Benefits from government incentives and compensation programmes have been made available to the Group for certain operations, such as the Employment Support Scheme in Hong Kong and incentive programmes for job retention in Singapore and Australia.

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 additional in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), and application of certain accounting policies when become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "COVID-19-Related Rent Concessions".

Except as described below, the application of the Amendments to References to the Conceptual Framework in the HKFRS Standards and the 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.

3.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs (continued)

3.2 Impacts and accounting policies on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

3.2.1 Accounting policies

Leases

COVID-19-related rent concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3.2.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 April 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK$7,400,000 in the profit or loss for the current interim period.

3.3 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs (continued)

3.3 Accounting policies newly applied by the Group (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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 the different management teams of the related business 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 as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments
- Provision of mortgage services (including securities investment made and monitored by the same team)

4. SEGMENT INFORMATION (continued)

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

	Segment revenue		Segment profit (loss)	
	Six months ended 30.9.2020 HK$'000 (unaudited)	Six months ended 30.9.2019 HK$'000 (unaudited)	Six months ended 30.9.2020 HK$'000 (unaudited)	Six months ended 30.9.2019 HK$'000 (unaudited)
Property development				
– Australia	990,463	1,180,259	145,562	206,734
– Hong Kong ("HK")	80,580	1,106,695	20,231	397,933
– Malaysia	4,980	16,245	680	6,502
– Other regions in the People's Republic of China excluding HK ("PRC")	361,086	132,570	216,606	100,820
– Singapore	886,602	1,250,106	354,779	269,239
– United Kingdom ("UK")	574	458	2,680	1,724
	2,324,285	3,686,333	740,538	982,952
Property investment				
– Australia	6,155	4,309	(10,833)	2,307
– HK	23,693	18,673	(5,843)	12,693
– PRC	19,585	8,590	2,937	(13,249)
	49,433	31,572	(13,739)	1,751
Hotel operations and management				
– Australia	31,591	–	(44,022)	(6,526)
– HK	175,776	310,190	(21,514)	6,706
– Malaysia	32,169	104,582	(17,580)	11,451
– PRC	40,672	118,776	314,853	(2,284)
– Singapore	34,920	47,359	10,618	8,418
– UK	23,276	132,478	(15,150)	41,801
– Europe (other than UK)	24,970	63,177	(13,110)	1,859
	363,374	776,562	214,095	61,425
Car park operations and facilities management				
– Australia and New Zealand	201,619	366,366	603	17,447
– Europe	11,466	28,714	(11,750)	2,709
– Malaysia	9,170	1,943	(843)	115
	222,255	397,023	(11,990)	20,271
Gaming operations				
– Australia	–	24,860	(30)	24,849
– Czech Republic	79,591	118,704	19,629	7,345
	79,591	143,564	19,599	32,194
Securities and financial product investments	52,708	70,289	115,361	97,934
Provision of mortgage services				
– Australia	15,335	11,018	26,221	10,813
– HK	4,133	4,774	3,918	4,852
	19,468	15,792	30,139	15,665
Segment revenue/segment profit	3,111,114	5,121,135	1,094,003	1,212,192
Unallocated corporate expenses, and other gains and losses			(69,411)	(6,826)
Finance costs			(194,003)	(222,218)
Profit before tax			830,589	983,148
Income tax expense			(309,456)	(197,081)
Profit for the period			521,133	786,067

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.

4. SEGMENT INFORMATION (continued)

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, finance costs, and net foreign exchange losses (gains). This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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 30.9.2020 HK$'000 (unaudited)	As at 31.3.2020 HK$'000 (audited)
Property development		
– Australia	7,837,265	6,475,475
– HK	2,013,226	1,891,078
– Malaysia	411,424	404,347
– PRC	641,318	2,528,983
– Singapore	5,214,407	5,317,486
– UK	2,401,536	1,845,815
	18,519,176	18,463,184
Property investment		
– Australia	281,658	257,809
– HK	3,915,424	3,870,967
– PRC	1,959,236	4,567
	6,156,318	4,133,343
Hotel operations and management		
– Australia	1,713,315	1,534,962
– HK	4,357,291	4,357,103
– Malaysia	858,225	845,504
– PRC	2,276,823	1,582,534
– Singapore	582,545	758,811
– UK	1,216,238	1,151,748
– Europe (other than UK)	277,543	269,321
	11,281,980	10,499,983
Car park operations and facilities management		
– Australia and New Zealand	1,575,583	1,398,166
– Europe	398,628	398,331
– Malaysia	141,723	138,384
	2,115,934	1,934,881
Gaming operations		
– Australia	800,257	493,943
– Czech Republic	327,951	298,508
	1,128,208	792,451
Securities and financial product investments	2,364,178	2,230,900
Provision of mortgage services		
– Australia	764,022	542,814
– HK	227,576	258,569
	991,598	801,383
Segment assets	42,557,392	38,856,125
Unallocated corporate assets	3,468,498	2,923,866
Total assets	46,025,890	41,779,991

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

5. REVENUE

	Six months ended	
	30.09.2020 HK$'000 (unaudited)	30.09.2019 HK$'000 (unaudited)
Sales of properties	2,311,839	3,656,563
Hotel revenue		
– room revenue	321,396	631,552
– food and beverage	29,641	120,214
Car park income		
– parking revenue	191,653	357,468
– management fee	31,174	40,006
Gaming revenue	69,616	101,140
Provision of property management services	8,463	8,590
Other operations	7,701	13,263
Revenue from contracts with customers	2,971,483	4,928,796
Leasing of properties	67,455	81,397
Loan interest income	4,132	4,774
Interest and dividend income from financial instruments	68,044	106,168
	3,111,114	5,121,135
Timing of revenue recognition from contracts with customers		
– At a point in time	1,538,514	2,641,567
– Over time	1,432,969	2,287,229
	2,971,483	4,928,796

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

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 2020					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Sales of properties	2,324,285	(12,446)	–	–	–	2,311,839
Hotel operations	363,374	(14,611)	(30,462)	3,095	–	321,396
Car park operations	222,255	572	–	–	–	222,827
Gaming operations	79,591	–	(6,880)	(3,095)	–	69,616
Provision of property management service	–	8,463	–	–	–	8,463
Food and beverage	–	–	29,641	–	–	29,641
Other operations	–	–	7,701	–	–	7,701
Revenue from contracts with customers	2,989,505	(18,022)	–	–	–	2,971,483
Leasing of properties	49,433	18,022	–	–	–	67,455
Provision of mortgage services	19,468	–	–	–	(15,336)	4,132
Interest and dividend income from financial instruments	52,708	–	–	–	15,336	68,044
Total revenue	3,111,114	–	–	–	–	3,111,114

5. REVENUE (continued)

	For the six months ended 30 September 2019					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Sales of properties	3,686,333	(29,770)	–	–	–	3,656,563
Hotel operations	776,562	(29,096)	(120,392)	4,478	–	631,552
Car park operations	397,023	451	–	–	–	397,474
Gaming operations	143,564	–	(13,085)	(4,478)	(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

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Change in fair value of investment properties	338,934	(16,356)
Gain on disposal of debt instruments at FVTOCI	4,762	–
Change in fair value of financial assets at FVTPL	67,815	28,151
Change in fair value of derivative financial instruments	(26,604)	23,888
Loss on disposal of property, plant and equipment	(337)	(284)
Net foreign exchange (losses) gains	(14,376)	47,708
Allowance for credit loss	(3,490)	(6,180)
	366,704	76,927

7. FINANCE COSTS

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Interest on bank borrowings	322,860	301,232
Interest on notes	74,221	73,694
Amortisation of front-end fee	8,336	7,930
Interest on lease liabilities	9,777	9,962
Others	9,417	4,106
Total interest costs	424,611	396,924
Less: amounts capitalised to:		
– properties for sale (properties under development)	(207,232)	(159,596)
– owners' occupation (properties, plant and equipment)	(23,376)	(15,110)
	194,003	222,218

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.59% to 4.5% (six months ended 30.9.2019: 3.28% to 4.5%) per annum to expenditure on the qualifying assets.

8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	25,350	55,789
PRC Enterprise Income Tax ("PRC EIT")	58,616	29,106
PRC Land Appreciation Tax ("PRC LAT")	56,842	17,677
Australia Income Tax	27,241	20,351
Malaysia Income Tax	743	2,735
Singapore Income Tax	158,448	–
Czech Republic Income Tax	3,492	1,830
	330,732	127,488
Under(over)provision in prior years:		
Hong Kong Profits Tax	20,361	–
PRC LAT	3,127	–
Australia Income Tax	(5,697)	–
	17,791	–
Deferred taxation	(39,067)	69,593
	309,456	197,081

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 both periods, respectively.

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	246,334	223,232
and after crediting (included in other income):		
Bank interest income	1,819	6,515
COVID-19-related rent concession	7,400	–
Government grants	83,577	–

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$349,631,000 (six months ended 30.9.2019: HK$714,787,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2020 '000 (unaudited)	30.9.2019 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,355,034	2,347,546

11. DIVIDENDS

	Six months ended 30.9.2020 HK$'000 (unaudited)	Six months ended 30.9.2019 HK$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2020 of HK15 cents (six months ended 30 September 2019: final dividend for the year ended 31 March 2019 of HK18 cents) per share	352,597	420,070

The 2020 final dividend was declared in the form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$2.218 per share which was the average of the closing prices per share for the five consecutive trading days up to and including 24 September 2020.

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 30.9.2019: HK4.0 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 28 December 2020.

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

During the period ended 30 September 2020, the Group acquired certain property, plant and equipment amounting to HK$36,961,000 (six months ended 30.9.2019: HK$46,810,000) and incurred development expenditure on development of certain hotel properties amounting to HK$277,891,000 (six months ended 30.9.2019: HK$244,388,000).

During the period ended 30 September 2020, the Group has incurred development expenditure of investment properties amounting to HK$38,743,000 (six months ended 30.9.2019: HK$nil) and transferred certain completed properties for sale to investment properties at fair value of HK$27,347,000 (six months ended 30.9.2019: HK$52,644,000) to the investment properties.

During the period ended 30 September 2020, fair value gain of investment properties amounting to HK$338,934,000 was recognised in the profit or loss which mainly relates to the fair value gain of an investment property situated in the PRC as a result of a new lease agreement of 18 years lease term entered into with an independent third party during the period.

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

The fair value of the investment properties at 30 September 2020 and 31 March 2020 have been arrived at on the basis of valuations carried out on these date 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 Colliers International (WA) Pty Ltd.	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited Knight Frank Petty Ltd.	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd. Knight Frank Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers

The valuations of the investment properties, which falls under level 3 of fair value hierarchy, was arrived at by reference to market unit rates which represent 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.

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which has led to higher degree of uncertainties in respect of the valuations in the current period, and independent valuers included uncertainty clause in the valuation reports in respect of investment properties located in Australia amounting to HK$281,658,000 as at 30 September 2020.

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

The Group considers valuations of the Group's investment properties are the best estimate. Changes to the assumptions, including the potential risk of any market valuation, policy, geopolitical and social changes or other unexpected incident as a result of change in macroeconomic environment, travel restriction implemented by many countries, increased complexity in international trade tensions, geopolitics changes in policy direction and/or mortgage requirement, or other unexpected incidents would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the condensed consolidated statement of profit or loss.

13. INTERESTS IN ASSOCIATES

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Unlisted investments, at cost	1,271,574	1,009,870
Share of post-acquisition results, net of dividends received	222,772	227,905
	1,494,346	1,237,775

14. INVESTMENT SECURITIES

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
(i) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	–	20,790
(b) Debt instruments at FVTPL		
Listed debt securities	461,449	474,634
Unlisted debt securities	273,051	242,602
	734,500	717,236
(c) Equity instruments at FVTPL		
Unlisted equity securities	22,500	21,909
(d) Investment funds	266,986	215,302

14. INVESTMENT SECURITIES (continued)

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
(ii) Financial assets at FVTOCI		
(a) Debt instruments at FVTOCI		
Listed debt securities	1,611,467	1,435,031
Unlisted debt securities	278,289	146,189
	1,889,756	1,581,220
(b) Equity instruments at FVTOCI		
Equity securities listed overseas	800,257	470,943
Total	3,713,999	3,027,400

	30.9.2020 HK$'000	31.3.2020 HK$'000
Analysed for reporting purposes as:		
Non-current assets	822,757	492,852
Current assets	2,891,242	2,534,548
	3,713,999	3,027,400

Other than the investment held for trading, the classification of investment securities under current and non-current is based on the realisation plan of the investment securities proposed by the management taking into consideration of the Group's cash needs in coming next twelve months.

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Trade debtors		
– Contracts with customers	302,551	117,778
– Lease receivables	10,307	11,443
	312,858	129,221
Unbilled receivables	1,237,221	–
	1,550,079	129,221
Less: allowance for credit loss	(9,253)	(5,763)
	1,540,826	123,458
Utility and other deposits	41,283	63,909
Prepayment and other receivables	165,134	138,241
Other tax recoverable	25,660	53,483
	1,772,903	379,091

15. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

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 date at the end of the reporting period, which approximates the respective revenue recognition date except lease receivables and receivables from sales of properties recognised overtime:

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Unbilled (Note)	1,237,221	–
0–60 days	264,207	97,290
61–90 days	7,061	8,742
Over 90 days	32,337	17,426
	1,540,826	123,458

Note: The amount represents unbilled receivables from the sales of properties. The directors of the Company expect the unbilled receivables would be generally billed and settled within 1 year from the end of the reporting date.

The aged analysis of unbilled receivables, which is based on revenue recognition, are as follows:

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
0–60 days	141,167	–
61–90 days	335,180	–
Over 90 days	760,874	–
	1,237,221	–

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 or based on the stage of completion.

18. CREDITORS AND ACCRUALS

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Trade creditors		
– Construction cost and retention payable	487,508	666,631
– Others	75,575	74,838
	563,083	741,469
Construction cost and retention payable for capital assets	30,113	31,343
Rental deposits and rental receipts in advance	96,166	56,319
Other payable and accrued charges	526,006	435,504
Dividend payable	352,597	–
	1,567,965	1,264,635

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

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
0–60 days	534,810	700,139
61–90 days	2,275	3,623
Over 90 days	25,998	37,707
	563,083	741,469

19. BANK AND OTHER BORROWINGS

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Bank loans	20,905,265	19,015,955
Other loans	984,640	929,007
	21,889,905	19,944,962
Less: front-end fee	(59,073)	(33,200)
	21,830,832	19,911,762
Analysed for reporting purpose as:		
Secured	18,080,657	16,557,962
Unsecured	3,809,248	3,387,000
	21,889,905	19,944,962
Current liabilities	9,672,185	6,505,953
Non-current liabilities	12,158,647	13,405,809
	21,830,832	19,911,762

The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	Bank loans		Other loans	
	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Revolving loans without specified repayment terms and loans repayable within one year	7,501,686	4,679,721	984,640	929,007
More than one year, but not exceeding two years	6,100,766	6,417,747	–	–
More than two years, but not exceeding five years	6,938,723	7,511,073	–	–
More than five years	364,090	407,414	–	–
	20,905,265	19,015,955	984,640	929,007

The carrying amount of borrowings include an amount of HK$2,488,634,000 (31.3.2020: HK$1,965,284,000) that contains a repayment on demand clause, HK$1,196,398,000 (31.3.2020: HK$908,076,000) of that amount is not repayable within one year based on scheduled repayment dates. However, the full HK$2,488,634,000 (31.3.2020: HK$1,965,284,000) has been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

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 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
Shares repurchased and cancelled	(24,702,000)	(2,470)
Issue of shares in lieu of cash dividends	60,402,907	6,040
At 31 March 2020 (audited)	2,369,421,209	236,942
Shares repurchased and cancelled	(18,775,000)	(1,877)
At 30 September 2020 (unaudited)	2,350,646,209	235,065

21. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued US$250,000,000, US$50,000,000 and US$60,000,000 7.375% guaranteed perpetual capital notes ("Perpetual Capital Notes"). Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the US$1,000,000,000 guaranteed medium term note programme. Distribution on 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. The 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. The Perpetual Capital Notes are classified as equity instrument. Any accrued distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

During the period ended 30 September 2020, the Group repurchased US$16,963,000 (equivalent to HK$130,524,000) Perpetual Capital Notes.

22. 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:

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Investment properties	5,386,013	4,971,580
Property, plant and equipment (excluding right-of-use assets)	6,571,957	6,124,724
Right-of-use assets	1,378,315	1,510,185
Properties for sale	9,219,908	8,263,088
Bank deposits	149,400	72,009
Investment securities	914,383	824,953
Total	23,619,976	21,766,539

Restrictions on assets

Lease liabilities less finance lease of HK$665,406,000 (31.3.2020: HK$608,556,000) are recognised with related right-of-use assets of HK$619,404,000 (31.3.2020: HK$567,015,000) as at 30 September 2020. 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.

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.

23. CAPITAL COMMITMENTS

	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)
Capital expenditure contracted for but not provided in respect of:		
Acquisition, development and refurbishment of hotel properties	1,252,316	1,186,814
Commitment to provide credit facility to a joint venture	966	94,000
Others	16,587	17,528
	1,269,869	1,298,342

24. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Provision of building management service by an associate	1,615	2,381
Sales of properties inventories to a related company (Note)	235,060	–

Note: The properties comprise certain commercial units located in Singapore. The sale of properties is included in the revenue of the Group for the period.

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 company is a company 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 (30.9.2019: 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 was received under these contracts.

During the period, the Group waived to receive the management services income from the related company.

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

	Six months ended	
	30.9.2020 HK$'000 (unaudited)	30.9.2019 HK$'000 (unaudited)
Short-term benefits	5,006	10,447
Post-employment benefits	73	88
	5,079	10,535

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

25. 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
	30.9.2020 HK$'000 (unaudited)	31.3.2020 HK$'000 (audited)		
1a) Listed equity securities classified as financial assets at fvtpl	–	20,790	Level 1	Quoted bid prices in an active market.
1b) Listed equity securities classified as equity instruments at FVTOCI	800,257	470,943	Level 1	Quoted bid prices in an active market.
1c) Unlisted equity securities classified as financial assets at FVTPL	22,500	21,909	Level 3	Reference to the net asset value of the unlisted equity investments provided by the external counter-parties. Discount of 3.75% (31.3.2020: 5.008%) for lack of marketability.
2a) Listed debt securities classified as financial assets at FVTPL	461,449	474,634	Level 1	Quoted bid prices in an active market.
2b) Unlisted debt securities classified as financial assets at FVTPL	273,051	242,602	Level 2	Recent transactions price of debt securities issued to third parties.
2c) Unlisted debt securities classified as financial assets at FVTOCI	278,289	146,189	Level 2	Recent transactions price of debt securities issued to third parties.
2d) Listed debt securities classified as financial assets at FVTOCI	1,611,467	1,435,031	Level 1	Quoted bid prices in an active market.

25. 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 30.9.2020 HK$'000 (unaudited)	Fair value as at 31.3.2020 HK$'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
3) Investment funds classified as financial assets at FVTPL	**266,986**	215,302	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds.
4) Cross currency swap contracts classified as derivative financial instruments	**Assets – 18,531**	Assets – 37,222	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.
5) Interest rate swap contracts classified as derivative financial instruments	**Liabilities – (3,865)**	Liabilities – (3,128)	Level 2	Discounted cash flow. Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties.
6) Cross currency swap contracts classified as derivative financial instruments	**Liabilities – (166)**	Liabilities – (269)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between level 1, 2 and 3 during the period ended 30 September 2020 and 30 September 2019.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate to their fair value.

25. 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

	Assets arising from profit guarantee arrangement HK$'000	Unlisted equity securities classified as equity investment at FVTOCI HK$'000	Unlisted equity securities classified as financial assets at FVTPL HK$'000
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
As 31 March 2020	–	–	21,909
Fair value movement	–	–	615
Exchange realignment	–	–	(24)
As 30 September 2020	–	–	22,500

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable input for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

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