FEC 遠東發展

INTERIM REPORT 2018-19 中期報告

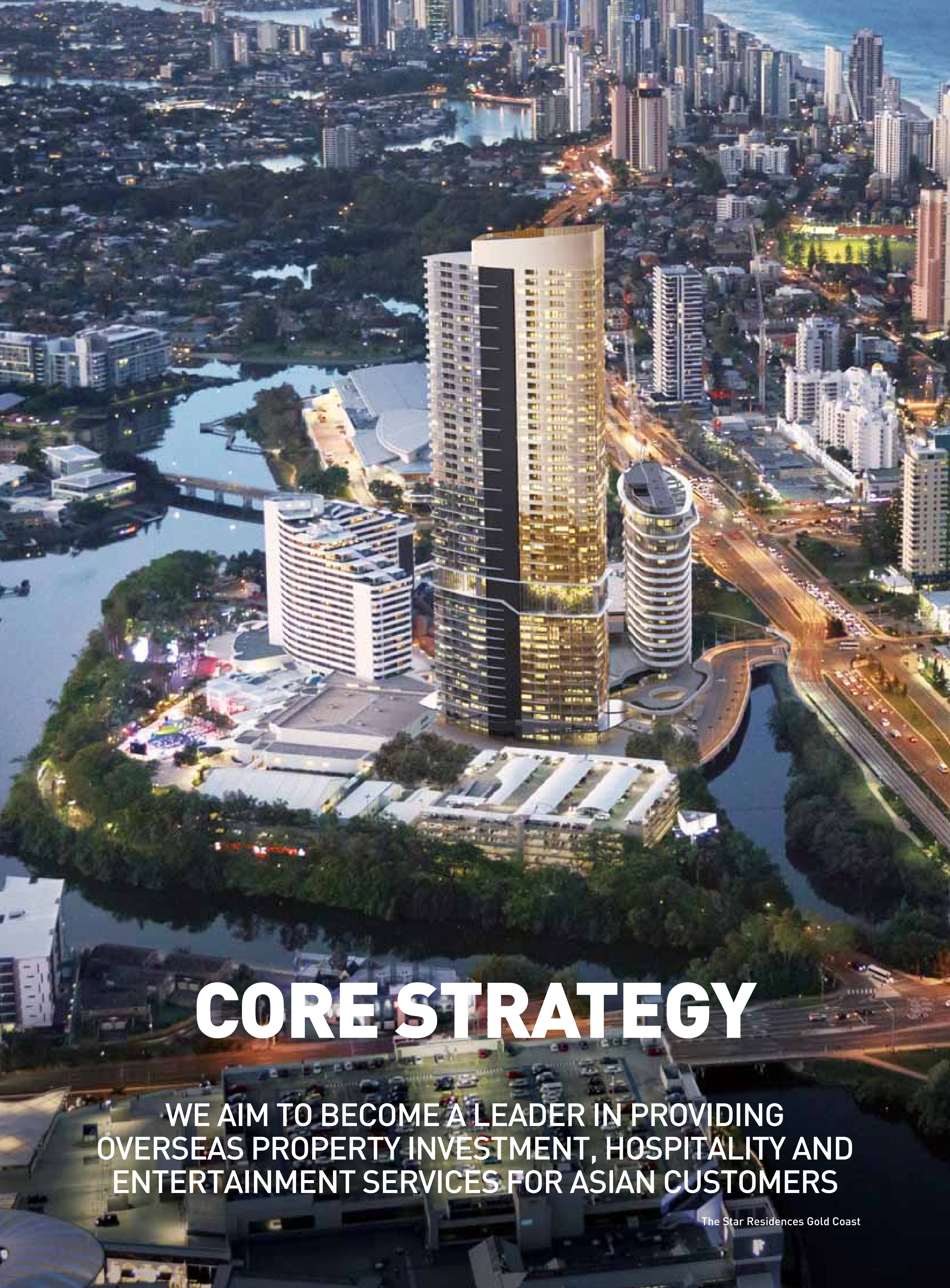
BUILDING VALUE 創建價值

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)*

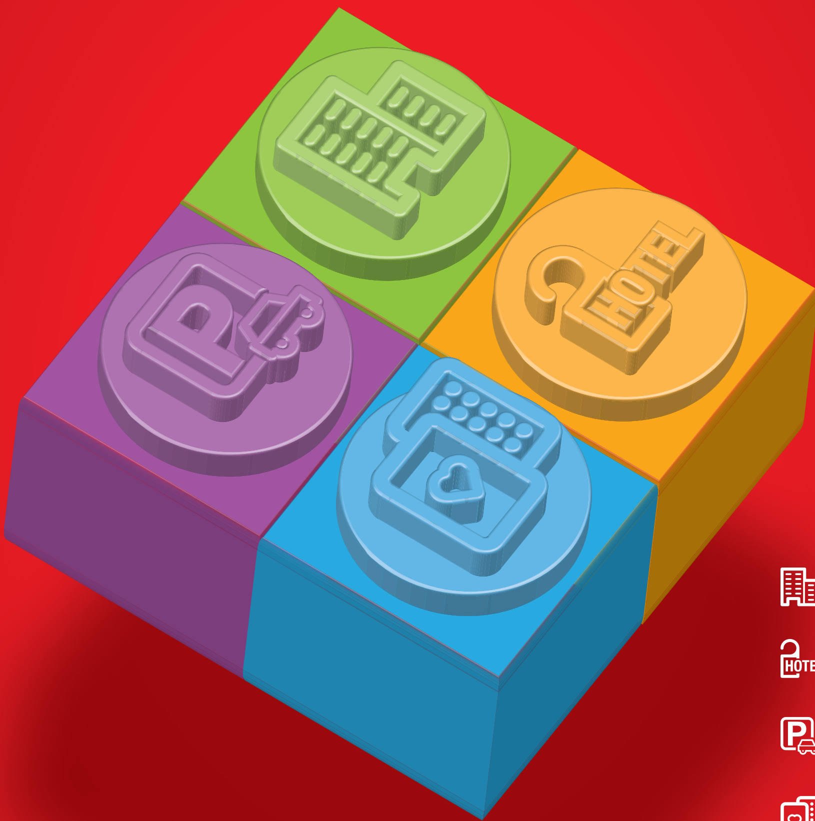
Stock Code 股份代號：035



CORE STRATEGY

WE AIM TO BECOME A LEADER IN PROVIDING OVERSEAS PROPERTY INVESTMENT, HOSPITALITY AND ENTERTAINMENT SERVICES FOR ASIAN CUSTOMERS

The Star Residences Gold Coast



PROPERTY DEVELOPMENT

HOTEL OPERATIONS

CAR PARK OPERATIONS AND FACILITIES MANAGEMENT

GAMING AND ENTERTAINMENT

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)

Independent Non-Executive Directors

Kwok Wai CHAN
Peter Man Kong WONG, J.P.
Kwong Siu LAM

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)
Peter Man Kong WONG
Kwong Siu LAM

NOMINATION COMMITTEE

David CHIU (Chairman)
Kwok Wai CHAN
Peter Man Kong WONG
Kwong Siu LAM

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)
David CHIU
Peter Man Kong WONG

EXECUTIVE COMMITTEE

David CHIU
Cheong Thard HOONG
Dennis CHIU
Craig Grenfell WILLIAMS
Ka Pong CHAN

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Ka Pong CHAN

COMPANY SECRETARY

Ka Pong CHAN

AUTHORISED REPRESENTATIVES

David CHIU
Ka Pong CHAN

LEGAL ADVISORS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation 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
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited
CMB Wing Lung Bank Limited

Malaysia

Public Bank Berhad
OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad
DBS Bank Ltd.
Oversea-Chinese Banking Corporate Limited
The Bank of East Asia, Limited, Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited

Australia

Australia and New Zealand Banking Group Limited
Bank of China Limited
Bank of Western Australia
Commonwealth Bank of Australia Limited
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Westpac Banking Corporation

Mainland China

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

United Kingdom

Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

SHARE REGISTRAR

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

LISTING INFORMATION

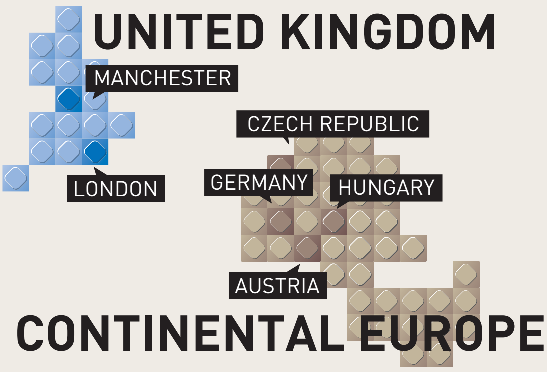
Ordinary Shares (Code: 035)
3.75% USD Medium Term Notes 2021 (Code: 4310)
4.5% USD Medium Term Notes 2023 (Code: 5011)
The Stock Exchange of Hong Kong Limited

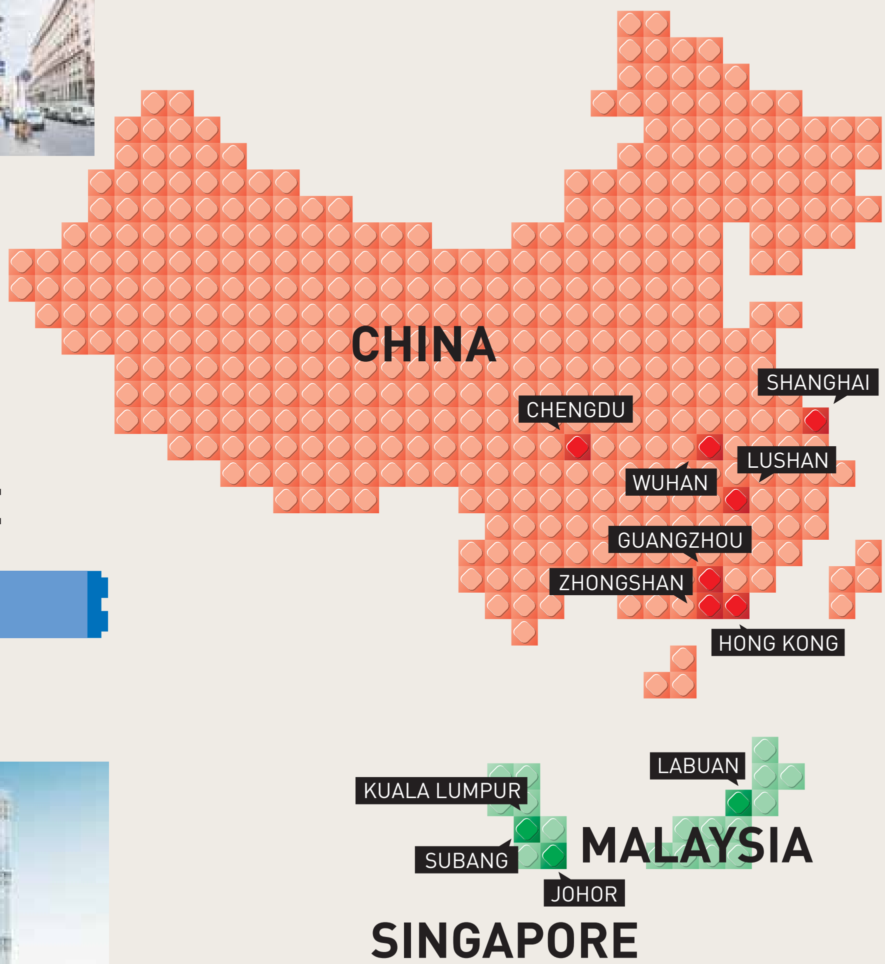
WEBSITE

http://www.fecil.com.hk

CONTINENTAL EUROPE

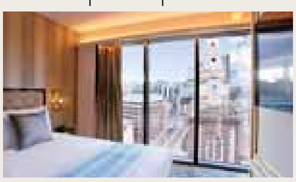
- Hotel operations
- Car park operations
- Gaming and entertainment

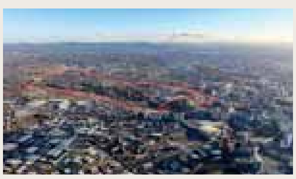




UNITED KINGDOM

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



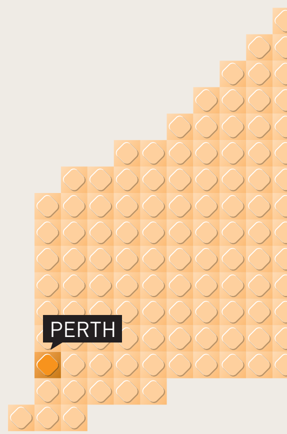


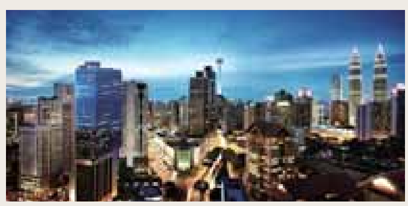
SINGAPORE

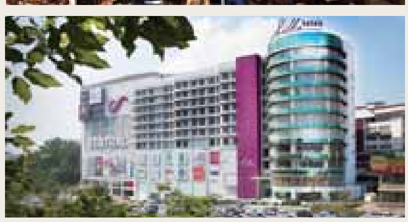
- Property development
- Property investment
- Hotel operations

MALAYSIA

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







DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

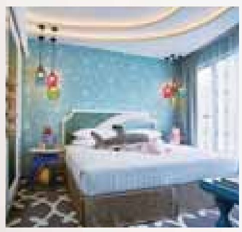
FEC has a geographically diverse footprint across the Asia Pacific and Europe

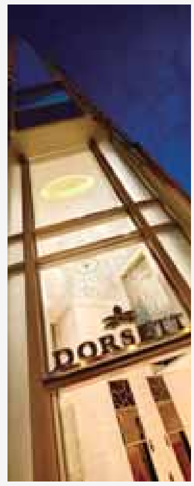
MAINLAND CHINA

- 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 2018/19

APRIL 2018

- The Group awarded the tender for a property at Holland Road in Singapore
- The Group acquired a new development site in central Manchester through auction

MAY 2018

- Hornsey Town Hall at London, UK launched

MAY 2018

- The Group garnered five honours at the "HKIRA 4th Investor Relations Awards 2018"

- The Group received five honours from 2017/18 Mercury Awards

2017|18 WINNER
MERCURY
EXCELLENCE AWARDS
2017 | 2018

- The Group together with SC Global Developments and New World Development won the bid for the highly sought-after site at Cuscaden Road in Singapore

MAY 2018

The Group ranked No.1 for "Best Mid-Cap Company in Hong Kong" in Finance Asia's "Best Managed Companies 2018" poll

Royal Riverside (Tower 5) at Guangzhou launched

West Side Place (Tower 3) at Melbourne, Australia launched

JUNE 2018

The Group won three awards at "Asian Excellence Award 2018"

The Group acquired a property at 21 Anderson Road in Singapore

JULY 2018

The Garrison at Tai Wai, Hong Kong launched

The Group together with Care Park awarded the tender for the Surfers Paradise Transit Centre and Bruce Bishop Car Park in Gold Coast, Australia

ASIAN WALLET STRATEGY

West Side Place, Melbourne

INTERIM RESULTS 2018/19

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 2018 ("1H FY2019"). These unaudited consolidated financial statements have been reviewed by the Company's audit committee (the "Audit Committee") prior to recommending them to the Board for approval.

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

Perth Hub, Perth

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2018 of HK4.0 cents (six months ended 30 September 2017: 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 2018. The Interim Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in the new shares to be allotted and issued thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 consecutive trading days prior to and including 28 December 2018. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election (if applicable) on or around 9 January 2019. Dividend warrants and/or new share certificates will be posted on or around 14 February 2019.

Hornsey Town Hall, London

The Towers at Elizabeth Quay, Perth

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS HIGHLIGHTS

- Revenue grew year-on-year by 6.8% to HK$2,965 million despite a lower revenue from sales of properties as a result of less development completion during 1H FY2019.

- Revenue from the Group's recurring income business grew by 34.0% year-on-year. Hotel revenue grew by 26.4% primarily due to (i) revenue per available room ("RevPAR") growth in Hong Kong; (ii) full period contribution from Dorsett City in London; and (iii) contribution from hotels under Trans World Corporation ("TWC"). Gaming operations started to make contribution to the Group following its acquisition of TWC.

- Net profit attributable to shareholders of the Company and adjusted cash profit[i] were down year-on-year by 40.3% and 45.6% to HK$616 million and HK$582 million respectively, primarily because the gain on disposal of a hotel property amounting to HK$320 million and the higher-than-usual gross margin of the development in Shanghai in the six months ended 30 September 2017 ("1H FY2018") were not repeated during the period. Unfavorable market movements also resulted in mark-to-market loss of the Group's investment securities of HK$117 million. This was partly offset by a one-off gain arising from a bargain purchase of TWC during 1H FY2019.

Dorsett City, London

Concept of Queen's Wharf Brisbane

- Presale of residential properties remained robust with cumulative presales value of properties under development amounted to approximately HK$15.5 billion (HK$13.4 billion as at 31 March 2018), despite having realized revenue of HK$1.5 billion during 1H FY2019. The Group's residential development pipeline was HK$48.3 billion in projected gross development value as at 30 September 2018.

- Constructions on a number of significant projects were underway.

- Bank and cash balances and investment securities of the Group was at approximately HK$7.3 billion as at 30 September 2018 (HK$8.1 billion as at 31 March 2018).

- Net gearing ratio[ii] was at a healthy 40.9% as at 30 September 2018, having incurred investment and acquisitions expenditures during 1H FY2019.

- Earnings per share decreased by 41.7% to HK$0.268 during the period. Interim dividend for 1H FY2019 was maintained at HK4.0 cents per share (1H FY2018: HK4.0 cents per share).

- Net asset value per share as at 30 September 2018[iii] amounted to approximately HK$12.21 per share (HK$12.41 per share as at 31 March 2018). The slight decrease was mainly due to adverse foreign currency movements on overseas investments.

Notes:

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

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

(iii) Revaluation surplus on hotel assets of approximately HK$15,593 million was based on independent valuation carried out as at 31 March 2018 and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and the net gearing ratio.

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for 1H FY2019 was approximately HK$3.0 billion, an increase of 6.8% as compared with 1H FY2018, driven primarily by (i) organic growth in hotel revenue; (ii) additional contribution from TWC; and (iii) growth in car park operations, which was offset by lower revenue from residential development due to less completion. As the higher-than-usual gross margin from our Shanghai project was not repeated during 1H FY2019, gross profit (before depreciation of hotel and car park assets) came in at HK$1.4 billion, as compared to HK$1.6 billion for 1H FY2018. A breakdown of the Group's revenue and gross profit is shown below:

	Property development HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Gaming operations HK$'000	Others HK$'000	Total HK$'000
For 1H FY2019						
Revenue	1,466,472	878,796	357,773	148,852	113,473	2,965,366
Gross profit	594,661	364,405	67,527	120,777	92,728	1,240,098
Depreciation	–	168,444	15,280	8,472	–	192,196
Adjusted gross profit	594,661	532,849	82,807	129,249	92,728	1,432,294
Adjusted gross profit margin	40.6%	60.6%	23.1%	86.8%	81.7%	48.3%
For 1H FY2018						
Revenue	1,655,526	695,315	333,154	–	91,991	2,775,986
Gross profit	983,689	276,917	68,439	–	76,259	1,405,304
Depreciation	–	150,992	10,010	–	–	161,002
Adjusted gross profit	983,689	427,909	78,449	–	76,259	1,566,306
Adjusted gross profit margin	59.4%	61.5%	23.5%	–	82.9%	56.4%

Revenue from sales of properties amounted to approximately HK$1,466 million in 1H FY2019, down 11.4% as compared with 1H FY2018 owing to the completion timing of the projects in the Group's pipeline. Gross profit of approximately HK$595 million for 1H FY2019 was recorded, representing a 39.5% year-on-year drop as revenue recognized during 1H FY2018 were primarily for our Shanghai project which had a higher-than-usual gross profit margin compared to the Group's projects elsewhere.

MeadowSide, Manchester

Revenue from hotel operations and management amounted to approximately HK$879 million in 1H FY2019, an improvement of 26.4% as compared to 1H FY2018. Hotel market, in particular in Hong Kong, continued its strong growth, while the addition of the newly opened Dorsett City in London (fully operational in February 2018) and the hotels under TWC (the "TWC Hotel Group") also contributed to the Group's hotel revenue during 1H FY2019. Despite the additions of TWC Hotel Group which has lower-than-average gross profit margin, gross profit margin for the Group's hotel operations (before depreciation and amortisation) was maintained at 60.6% in 1H FY2019, compared to 61.5% in 1H FY2018. Gross profit margin of hotels under Dorsett Group expanded to 62.3% driven by better overall hotel average room rate and higher overall occupancy rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from car park operations and facilities management amounted to approximately HK$358 million in 1H FY2019, an increase of 7.4% as compared to 1H FY2018. Adjusted gross profit increased from approximately HK$78 million for 1H FY2018 to HK$83 million for 1H FY2019, a 5.6% year-on-year growth, despite start up expenditures made in the United Kingdom ("UK") and Hungary. During 1H FY2019, approximately 3,900 car park bays were added to the Group's car park management portfolio.

Care Park, Budapest

1H FY2019 was the first period when the Group started to see contributions from its gaming operations, following the Group's acquisition of TWC in April 2018, and the Group's investment in The Star Entertainment Group Limited ("The Star") which started to generate dividend income. Total revenue from gaming operations was approximately HK$149 million during the period.

Casino Route 59, Czech Republic under TWC

Profit attributable to Shareholders and adjusted cash profit[i] were at HK$616 million and HK$582 million respectively for 1H FY2019, which showed a drop of 40.3% and 45.6% from HK$1,033 million and HK$1,071 million for 1H FY2018 respectively, as the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in 1H FY2018 were not repeated in 1H FY2019. Unfavorable market movements also resulted in mark-to-market loss of the Group's investment securities of HK$117 million during 1H FY2019. This was partly offset by a one-off gain of similar amount arising from a bargain purchase of TWC. Excluding the mark-to-market loss and the gain on disposal of hotels, adjusted cash profit would have been approximately HK$699 million for 1H FY2019 (1H FY2018: HK$747 million), with approximately HK$333 million contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment) (1H FY2018: HK$242 million).

Note:

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

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings, obligations under finance leases, and equity as at 30 September 2018.

	As at 30 September 2018 HK$ million	As at 31 March 2018 HK$ million
Bank loans, obligations under finance leases, notes and bonds		
Due within 1 year[i]	4,747	6,199
Due 1–2 years	1,895	1,593
Due 2–5 years	12,019	7,273
Due more than 5 years	152	1,307
Total bank loans, obligations under finance leases, notes and bonds	18,813	16,372
Investment securities[ii]	5,377	3,520
Bank and cash balances[iii]	1,924	4,591
Liquidity position	7,301	8,111
Net debts[iv]	11,512	8,261
Carrying amount of the total equity	12,559	13,144
Add: hotel revaluation surplus	15,593	15,593
Total adjusted equity	28,152	28,737
Net gearing ratio (net debts to total adjusted equity)	40.9%	28.7%

Notes:

(i) Include an amount of approximately HK$948 million (as at 31 March 2018: HK$1,194 million) which is reflected as liabilities due within one year even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

(ii) Balance as at 30 September 2018 includes investment in The Star amounting to HK$1,341 million (31 March 2018: Nil) and investment in BCS's mortgage portfolio amounting to HK$436 million (31 March 2018: HK$146 million).

(iii) The amount represents total restricted bank deposits, deposit in a financial institution, and bank balances and cash.

(iv) Net debts represent total bank loans, obligations under finance leases, notes and bonds less investment securities, bank and cash balances.

To better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities and investments in fixed income funds, the investment in the listed shares of The Star which the Group intends to hold for the long term, as well as the investment in the mortgage portfolio managed by BC Securities ("BCS").

The liquidity position of the Group as at 30 September 2018 was approximately HK$7.3 billion. Adjusting for the unrecognized hotel revaluation surplus of approximately HK$15,593 million, based on independent valuation assessed as at 31 March 2018, the Group's total consolidated equity as at 30 September 2018 was approximately HK$28,152 million. The net gearing ratio of the Group was at 40.9% as at 30 September 2018, compared to 28.7% as at 31 March 2018. Such rise in net gearing ratio was primarily due to capital expenditure for replenishment of development pipeline and new investments made during 1H FY2019.

The table below shows the Group's debts profile.

	As at 30 September 2018 HK$ million	As at 31 March 2018 HK$ million
The Company's notes	3,497	3,499
Dorsett bonds	–	908
Unsecured bank loans	2,320	1,437
Secured bank loans		
– Property development and investment	5,403	3,954
– Hotel operations and management	6,076	5,787
– Gaming	102	–
– Car park operations and facilities management	537	576
– Others	878	211
Total bank loans, notes and bonds	18,813	16,372

As at 30 September 2018, the Group's undrawn banking facilities were approximately HK$8.6 billion which were all committed banking facilities. Of this amount, approximately HK$5.8 billion was in relation to construction development while the balance of approximately HK$2.8 billion was for the Group's general corporate use. The unutilized banking facilities together with sale proceeds to be generated from the Group's upcoming property development projects place the Group in a solid financial position to fund not only its existing business and operations but also to expand its business further.

The view from Perth Hub, Perth

In addition, a total of 7 hotel assets within the Group were unencumbered as at 30 September 2018, the capital value of which amounted to HK$3.4 billion based on independent valuation assessed as at 31 March 2018. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

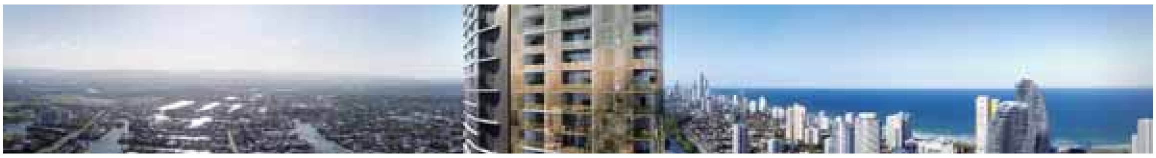
3. Foreign exchange management

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

Rate as at	As at 30 September 2018	As at 31 March 2018	Change
HK$/Australia Dollar ("AUD")	5.64	5.99	(5.8%)
HK$/Renminbi ("RMB")	1.14	1.25	(8.8%)
HK$/Malaysian Ringgit ("MYR")	1.89	2.03	(6.9%)
HK$/British Pound ("GBP")	10.18	11.02	(7.6%)
HK$/Czech Koruna ("CZK")	0.35	0.37[1]	(5.4%)
HK$/Singapore Dollar ("SGD")	5.72	5.97	(4.2%)

Average rates for	1H FY2019	1H FY2018	Change
HK$/AUD	5.82	6.02	(3.3%)
HK$/RMB	1.20	1.16	3.4%
HK$/MYR	1.96	1.80	8.9%
HK$/GBP	10.60	10.05	5.5%
HK$/CZK	0.36	N/A	N/A
HK$/SGD	5.85	5.66	3.4%

(1) As at 30 April 2018



The view from The Star Residences, Gold Coast

The Group adopted a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currencies of the countries where such investments are made. The impact of movement in the above currencies to the Group's profit attributable to shareholders for 1H FY2019 is analysed below:

Increase (decrease) to the Group's profit attributable to shareholders for 1H FY2019 assuming exchange rates of the following currencies against Hong Kong dollar remained constant during the period:

	HK$ million
AUD	3.1
RMB	(5.6)
MYR	(1.7)
GBP	(1.0)
CZK	(0.4)
SGD	(1.5)
Total impact	(7.1)

The movement in foreign currencies also had impacts on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollar for consolidation purpose, the movement in foreign currencies will affect the Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. As a result of the fluctuation of the abovementioned foreign currencies against Hong Kong dollar during 1H FY2019, the Group's net asset was down by HK$860 million.

4. Net asset value per share

	As at 30 September 2018 HK$ million	As at 31 March 2018 HK$ million
Equity attributable to Shareholders	**12,382**	12,971
Add: Hotel revaluation surplus	**15,593**	15,593
Total net asset value	**27,975**	28,564
Number of shares issued (million)	**2,291**	2,302
Net asset value per share	**HK$12.21**	HK$12.41

Adjusting for revaluation surplus on hotel assets of approximately HK$15,593 million based on independent valuation assessed as at 31 March 2018, net asset value attributable to the Shareholders reached approximately HK$27,975 million. Net asset value per share for the Company as at 30 September 2018 was approximately HK$12.21. The slight decrease during the period was mainly due to adverse foreign currency movements on the Group's non-Hong Kong operations as mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Capital expenditure

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

During 1H FY2019, the Group's capital expenditure amounted to approximately HK$1,880 million primarily attributable to the acquisition of TWC and the investment in The Star. The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at 30 September 2018 HK$ million	As at 31 March 2018 HK$ million
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	742	1,596
Others	30	31
	772	1,627

BUSINESS REVIEW

1. Property division

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

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China and Australia. For 1H FY2019, a fair value gain of investment properties of approximately HK$111 million was recognized, as a result of an increase in fair value of the investment properties in Shanghai, Hong Kong and Melbourne. As at 30 September 2018, valuation of investment properties was approximately HK$3.2 billion (31 March 2018: HK$3.2 billion).

The Group has a diversified portfolio in residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the United Kingdom. To carry out property development in the various markets, the Group has established strong local teams in each of these markets which, coupled with the regionalisation approach, allow the Group to take advantage of the different property cycles in different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. The Group's property developments are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class.

Manor Parc, Hong Kong

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$15.5 billion as at 30 September 2018 (excluding the presale value of Artra in Singapore accounted for on a percentage of completion basis). Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed.

The following shows a breakdown of the Group's total attributable cumulative presales value of residential properties under development as at 30 September 2018.

Developments	**Location**	**Attributable pre-sales HK$ million**	**Expected financial year of completion**
Aspen Crest	Hong Kong	645	FY2019
Marin Point	Hong Kong	219	FY2019
Astoria Crest	Hong Kong	422	FY2019
The Garrison	Hong Kong	635	FY2020
Artra	Singapore	1,547[1]	FY2021
West Side Place (Towers 1 and 2)	Melbourne	4,796	FY2021
West Side Place (Towers 3 and 4)	Melbourne	4,097	FY2023
The Towers at Elizabeth Quay	Perth	2,052	FY2019/20
The Star Residences	Gold Coast	405	FY2022
MeadowSide (Plots 2 and 3)	Manchester	342	FY2021
Hornsey Town Hall	London	79	FY2021/22
Royal Riverside (Towers 1 to 5)	Guangzhou	292	FY2019/20
Total attributable cumulative presales		15,531	

During 1H FY2019, the Group launched presales of four of its residential development projects, namely (i) The Garrison in Hong Kong; (ii) West Side Place (Tower 3) in Melbourne; (iii) Royal Riverside (Tower 5) in Guangzhou; and (iv) Hornsey Town Hall in London. Total expected attributable gross development value ("GDV") and attributable saleable floor area of these four development projects are approximately HK$5.2 billion and 933,000 sq. ft. respectively.

As at 30 September 2018, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 8.2 million sq. ft..

(1) Excluding contracted pre-sales already recognized as revenue up to 30 September 2018

Developments	**Attributable saleable floor area[i] Sq. ft.**	**Expected attributable GDV[ii] HK$ million**	**Status/ expected launch**	**Expected financial year of completion**
Pipeline development				
Melbourne				
West Side Place				
– Towers 1 & 2	1,078,000	5,349	Launched	FY2021
– Towers 3 & 4	1,161,000	5,552	Launched	FY2023
Perth				
The Towers at Elizabeth Quay	371,000	2,708	Launched	FY2019/20
Perth Hub	221,000	899	FY2019	FY2022

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Brisbane				
Queen's Wharf Brisbane[iii]				
– Tower 4	259,000	1,050	FY2019	FY2023
– Tower 5	224,000	1,065	Planning	Planning
– Tower 6	224,000	1,065	Planning	Planning
Gold Coast				
The Star Residences[iv]	100,000	508	Launched	FY2022
Guangzhou				
Royal Riverside (Towers 1 to 5)[v]	325,000	1,175	Launched	FY2019/20
Hong Kong				
Aspen Crest[v]	39,000	645	Launched	FY2019
Manor Parc	50,000	601	FY2019	FY2019
Marin Point	103,000	1,078	Launched	FY2019
Astoria Crest	20,000	422	Launched	FY2019
The Garrison	29,000	678	Launched	FY2020
Shatin Heights	84,000	1,671	FY2020	FY2021
London				
Alpha Square	390,000	4,349	FY2020	FY2024/25
Hornsey Town Hall	107,000	959	Launched	FY2021/22
Manchester				
MeadowSide				
– Plots 2 and 3	221,000	942	Launched	FY2021
– Plot 5	99,000	414	FY2019	FY2021
– Plot 4	238,000	1,130	Planning	Planning
Northern Gateway[vi]	2,165,000	8,341	Planning	Planning
Singapore				
Artra[vii]	230,000	2,147	Launched	FY2021
Holland Road[viii]	192,000	3,138	FY2020	FY2024
Cuscaden Road[ix]	19,000	391	FY2020	FY2023
Total development pipeline as at 30 September 2018	7,949,000	46,277		

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Completed development available for sale				
Shanghai				
King's Manor	51,000	313		
The Royal Crest II	64,000	353		
Kuala Lumpur				
Dorsett Bukit Bintang	31,000	125		
Melbourne				
The FIFTH	1,000	3		
Singapore				
21 Anderson Road	86,000	1,223		
Hong Kong	1,000	36		
Total completed development available for sale as at 30 September 2018	234,000	2,053		
Total pipeline and completed development available for sale as at 30 September 2018	8,183,000	48,330		

Notes:

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

(ii) The amounts represent expected gross development value attributable to the Group, which may change subject to market conditions.

(iii) This residential development consists of a total floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(iv) Total saleable floor area of this development is approximately 301,000 sq. ft.. The Group has 33.3% interest in the development.

(v) Excluding units which were completed and delivered before 30 September 2018.

(vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Northern Gateway, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.

(vii) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development. Revenue for this development is recognised based on a percentage of completion basis. Amounts exclude the portion which has been recognized as revenue up to 30 September 2018.

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

(ix) Total saleable floor area of this development is approximately 190,000 sq. ft.. The Group has 10% interest in the development.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Australia

Melbourne

West Side Place is a mixed-use residential development located in the Central Business District ("CBD") of Melbourne. This development is expected to have a residential saleable floor area of approximately 2.2 million sq. ft. from 4 towers with approximately 3,000 apartments and a total GDV of approximately HK$11 billion.

The development will comprise two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz Carlton with approximately 250 hotel rooms located at the top of Tower 1. Building on the strong response on the presales of Towers 1 and 2 in June 2016 and of Tower 4 in June 2017, the Group launched the presales of Tower 3 in May 2018. Units worth HK$8.9 billion in West Side Place were pre-sold as at 30 September 2018, representing approximately 82% of a total expected GDV of the entire development of HK$10.9 billion. With Towers 1 and 2 expected to be completed in FY2021 and Towers 3 and 4 expected to be completed in FY2023, this development is expected to generate significant cashflow and earnings for the Group in the coming few years.

The FIFTH is located next to West Side Place and provides 402 apartments, which have been completely presold. Majority of the units were delivered in FY2018 when the development was completed, with the remaining units delivered during FY2019.

Perth

The Towers at Elizabeth Quay is a mixed-use development comprising residential apartments of approximately 371,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 15,000 sq. ft. of commercial or retail area as well as other ancillary facilities. As at 30 September 2018, its presales value reached approximately HK$2.1 billion, representing 76% of the expected GDV. The first tower of the two within this development is expected to be completed during FY2019, with the other tower due for completion during FY2020.

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Perth Hub is a mixed-use development located adjacent to the Perth Arena representing Lots 2 and 3A of the Perth City Link project, featuring 314 residential apartments and approximately 260 hotel rooms to be operated by Dorsett. It was launched for presales in October 2018, with completion expected in FY2022.

In May 2017, the Group was also selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project, which is a continuation of the development stemming from Perth Hub. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment and hospitality complex. This project is currently under planning stage.

Brisbane

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

(1) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of more than AUD200 million. Payments will be made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of the FY2023,

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

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group intends to fund from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, and envisages three residential towers, five world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development gross floor area ("GFA") of the QWB Project is expected to be 386,650 sq. m. of which approximately 160,250 sq. m. relates to the residential component.

The QWB Project brings together the Group's experience in international hospitality operation and mixed-use development, CTF's extensive VIP customer base in Mainland China and Asian markets, as well as The Star's operational experience in integrated resorts. The QWB Project is expected to contribute significantly to the Group's recurring cash flow stream as well as to add to its residential development pipeline.

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. Pre-sale for the first tower with a saleable floor area of 301,000 sq. ft. and a GDV of HK$1.5 billion was launched in September 2017, with pre-sale contracted for 80% of the GDV of the first tower as at 30 September 2018. 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 completion of the first tower of the development is expected to take place in FY2022. An additional four towers at the site are currently under planning stage and will be added to the Group's development pipeline when the plan is finalised.

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

Sydney

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

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses.

King's Manor consists of 479 apartments and 90 town houses. 23 town houses of this development remain unsold, and will be sold on a completed basis.

The Royal Crest II consists of 180 apartments and 42 town houses. 28 town houses of this development remain unsold, and will be sold on a completed basis.

The Group is currently evaluating the acquisition of additional land parcels in the township development.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 684,000 sq. ft. and a total expected GDV of HK$2.2 billion. Completion of Towers 1, 2, 3 and 4 took place by stages with approximately HK$1,048 million worth of units having been delivered up to 30 September 2018, with the rest to be delivered in FY2019. Pre-sale for Tower 5 was launched in May 2018 with the entire development expected to be fully completed in FY2020.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with Urban Renewal Authority ("URA").

Currently the Group has 6 residential projects in the pipeline in Hong Kong.

Aspen Crest is a redevelopment project consisting of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 9,100 sq. ft. of commercial component. All the units have been pre-sold before completion, with delivery of individual units starting from September 2018. Full delivery is expected by the end of FY2019.

Marin Point is a residential development site at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area. The development was launched for pre-sale during FY2018 with 20% of the units pre-sold as at 30 September 2018. Completion of the development is expected in FY2019.

Astoria Crest is a residential development site at Hai Tan Street, Sham Shui Po which was acquired by the Group through URA. This residential development comprises 72 apartments (mainly 1-bedroom apartment) with approximately 20,000 sq. ft. in saleable floor area. Pre-sale for the development was launched in December 2017 with all the units pre-sold as at 30 September 2018. Completion of the development is expected in FY2019.

The Garrison is a residential development site at Mei Tin Road, Tai Wai, which the Group acquired through a government tender. This development comprises a residential component of approximately 29,000 sq. ft. in saleable floor area and a commercial component of approximately 5,100 sq. ft. in GFA. Pre-sale for the development was launched in July 2018 with 94% of the units pre-sold as at 30 September 2018. Completion of the development is expected in FY2020.

Manor Parc is a residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in saleable floor area. The development is expected to be launched for sale on a completed basis in FY2019.

The Group also acquired through government tender a residential development site at Tai Po Road, Shatin Heights. This development will comprise more than 60 apartments and 4 houses. The project has a saleable floor area of approximately 84,000 sq. ft. and is currently under construction.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. The development was completed during FY2018 with 119 apartments delivered, with a number of the remaining units converted into serviced apartments managed by the Dorsett Group. The rest is to be sold on a completed basis.

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 107,000 sq. ft.. Pre-sale for the residential component of this development was launched during 1H FY2019 with 8% of the units pre-sold as at 30 September 2018. Completion of the development is expected in FY2021/22.

Alpha Square is a mixed-use development site at Marsh Wall, Canary Wharf, London, which has been granted planning approval for a complex featuring private residences of approximately 390,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms and commercial facilities. Pre-sale for the residential component of this development is expected to be launched in FY2020, with completion of the development expected to be in FY2024/25.

Manchester

Northern Gateway is a mega-sized development project in Manchester the Group will deliver, which spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city centre 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 Group is currently developing a masterplan of the Northern Gateway development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy enabling the Group to acquire land plots within the area progressively as the implementation of the overall masterplan is rolled out. Since the entering into of the development agreement with the Manchester City Council 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.

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the UK and signals the fact that the Group is accelerating its expansion into the UK market. As at 30 September 2018, the Group has already secured land plots within the Northern Gateway area providing a pipeline with saleable floor area of more than 2 million sq. ft..

MANAGEMENT DISCUSSION AND ANALYSIS

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 750 apartments with approximately 558,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs of the city. Presale was launched for the first 2 plots of the development featuring more than 280 apartments in FY2018, with 36% of the overall GDV pre-sold as at 30 September 2018. Pre-sale of plot 5 of the development is expected to be launched in FY2019 followed by plot 4. Completion of plots 2, 3 and 5 of the development is expected to be in FY2021 while that of plot 4 is in planning stage.

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 410,000 sq. ft. in saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Pre-sale of the development was launched in FY2018 with 78% of the overall units pre-sold as at 30 September 2018. Completion of the development is expected to take place during FY2021.

Hollandia is a residential development site at Holland Road within the highly sought after District 10 of Singapore for which the Group was awarded the tender through collective sale in March 2018. Completion of the acquisition is subject to certain regulatory approvals.

The Estoril is a residential development site at Holland Road within District 10 of Singapore for which the Group was awarded the tender through collective sale in April 2018. Completion of the acquisition took place in October 2018. This site is expected to be redeveloped together with the abovementioned Hollandia site into a residential development with a combined attributable saleable floor area of approximately 192,000 sq. ft., in which the Group has a 80% interest. The development is currently in planning stage.

The development located at Cuscaden Road is a residential development site at the prime District 9 of Singapore. The development is expected to comprise approximately 19,000 sq. ft. in attributable saleable floor area. The Group has a 10% interest in the joint venture which is undertaking the development.

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

International mortgage finance

As an extension of our property development business, the Group is sponsoring an international mortgage finance platform under the brand of BCS which specializes in the provision of residential mortgages to non-resident buyers of international properties. This business is highly synergistic to the Group's property development business and offers significant growth potential.

Assets under management of BCS reached AUD374 million as at 30 September 2018 with an average loan-to-value ratio of 60%. Majority of BCS's mortgage portfolio funding comes from an international investment bank. The Group has also committed AUD75 million of funding, and has funded AUD77 million as at 30 September 2018 which is classified as investment securities. Despite its initial stage of development, BCS has contributed HK$43 million to the Group's profit during 1H FY2019.

The rapid growth of BCS seen for the past year is expected to continue, due to its uniqueness of having the backing of a property developer and its diverse distribution channels. The Group will enjoy good risk-adjusted return with this investment given the quality of asset backing.

2. Hotel operations and management

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

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

The performance of the Group's owned hotel operations for 1H FY2019 is summarized as follows. Results of hotels by regions are expressed in the respective local currency ("LC").

	Occupancy rate		Average room rate		RevPAR		Revenue	
	1H FY2019	1H FY2018	1H FY2019 (LC)	1H FY2018 (LC)	1H FY2019 (LC)	1H FY2018 (LC)	1H FY2019 (LC' million)	1H FY2018 (LC' million)
Dorsett Group								
Hong Kong (HK$)	94.0%	91.2%	730	655	686	597	382	341
Malaysia (MYR)	76.6%	72.4%	188	194	144	140	64	62
Mainland China (RMB)	77.8%	69.2%	390	415	304	287	113	107
Singapore (SGD)	81.9%	85.9%	176	173	144	149	8	8
United Kingdom (GBP)	86.9%	87.6%	116	105	101	92	13	7
			(HK$)	(HK$)	(HK$)	(HK$)	(HK$ million)	(HK$ million)
Dorsett Group Total	85.6%	81.8%	668	604	572	494	816	695
TWC Hotel Group (i)	64.0%	–	600	–	384	–	63	–

(i) Amounts represent results of TWC Hotel Group for the period from 1 May 2018 to 30 September 2018.

Dorsett Group's hotel operations recorded a solid growth of 17.4% on total revenue to HK$816 million for 1H FY2019 as compared to HK$695 million in 1H FY2018. The overall occupancy rate ("OCC") increased by 3.8 percentage points to 85.6%. The overall average room rate ("ARR") increased by 10.6% to HK$668 per night. As a result, RevPAR for Dorsett Group increased by 15.8% to HK$572.

During 1H FY2019, total revenue for Hong Kong hotel operations recorded a strong growth of 12.0% as compared to 1H FY2018 to HK$382 million. Hong Kong remains the main regional contributor to the Group's hotel revenue representing 46.8% of the total revenue of the Dorsett Group. OCC in Hong Kong increased 2.8 percentage points to 94.0% and ARR increased by 11.5% to HK$730 per night as compared to the same period last year, resulting in a strong growth of 14.9% in RevPAR for Hong Kong to HK$686.

Our hotel operations in Hong Kong have not only ridden on the growth momentum of a recovering market, but have also outperformed our hotel competitors through the strategy of diversification with more emphasis on the transient travellers from emerging markets of North Asia and South East Asia origins.

MANAGEMENT DISCUSSION AND ANALYSIS

In Mainland China, OCC in 1H FY2019 increased 8.6 percentage points year-on-year while ARR recorded RMB390 per night. RevPAR recorded a growth of 5.9% year-on-year to RMB304 and total revenue also recorded a growth of 5.6% to RMB113 million. The growth was primarily due to the strong performance of Dorsett Grand Chengdu and Dorsett Wuhan as their RevPAR increased by 15% and 11% year-on-year respectively, owing to the strategy to emphasize more on transient travelers from corporate segment and international guests.

In Malaysia, total revenue from owned hotel operations for 1H FY2019 achieved a slight growth of 3.2% as compared to 1H FY2018 to approximately MYR64 million. Despite the challenging economic condition in Malaysia, our Dorsett branded hotels in Malaysia managed to record better performance. OCC in 1H FY2019 increased by 4.2 percentage points to 76.6% and ARR decreased by 3.1% to MYR188 per night. As a result, RevPAR recorded a stable growth of 2.9% to MYR144.

In Singapore, Dorsett Singapore recorded a 1.7% growth in ARR to SGD176 per night while OCC was at 81.9% for 1H FY2019, resulting in a RevPAR of SGD144.

In the UK, the total revenue was GBP13 million, with a year-on-year growth of 85.7% from 1H FY2018, due to the addition of hotel rooms from the newly-opened Dorsett City in London which had its full opening in February 2018. ARR improved by 10.5% to GBP116 per night while OCC was 86.9%, resulting in a RevPAR increase of 9.8% to GBP101.

Having completed the acquisition of TWC Hotel Group in April 2018, its results started to feature in the Group's for 1H FY2019 with a 5-month contribution. Revenue from TWC Hotel Group was HK$63 million with OCC of 64.0% and a RevPAR of HK$384 for 1H FY2019.

As at 30 September 2018, the Group owns 28 hotels (9 in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London, 1 in Gold Coast, 3 in Germany, 1 in Austria and 1 in Czech Republic) with approximately 7,500 rooms, having added a combined 572 rooms to the Group's portfolio through the acquisition of TWC in April 2018.

The Group has 14 hotels in the development pipeline, of which two are Ritz Carlton hotels, one each in Melbourne and Perth, and four world-class hotels in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, with the remaining expected to be operated by Dorsett. When all the hotels in the pipeline become operational, the Group will own 42 hotels operating approximately 10,800 rooms. The Group also manages 4 other hotels (2 in Hong Kong and 2 in Malaysia) with approximately 880 rooms.

3. Car park operations and facilities management

The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. This division has been achieving steady growth over the years, with the Group's portfolio under management growing into 461 car parks with approximately 92,740 car parking bays as at 30 September 2018, having added approximately 3,872 car parking bays during 1H FY2019. Of the Group's 461 car parks, 35 were self-owned car parks (23 in Australia, 3 in New Zealand, 1 in the United Kingdom, 6 in Hungary and 2 in Malaysia) comprising 10,649 car parking bays. The remaining 82,091 car parking bays in Australia, New Zealand, the United Kingdom, Hungary and Malaysia are under management contracts entered into with third party car park owners, which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

During 1H FY2019, the Group's car park business continued to deliver profit contribution to the Group despite start up expenditures made in the UK and Hungary. With a management team rich in experience in car parking operations and the scalability offered by Care Assist, the Group will continue to allocate more resources to the car parking division.

The Group was awarded the tender to acquire the Surfers Paradise Transit Centre and Bruce Bishop Car Park in Gold Coast at AUD48 million in July 2018. This fully automated car park has 1,545 car parking bays and is situated at a major transport infrastructure hub, with a freehold site area of approximately 1.8 hectares. This adds further to the Group's recurring cash flow stream, and with upside from its redevelopment potential. The acquisition is subject to the outcome of action by the Supreme Court of Queensland.

This division further expanded its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 89 contracts in relation to facilities management services as at 30 September 2018. It is expected that the car park operations and facilities management business will continue to be a steadily growing source of recurring cash flow stream.

4. Gaming operations and management

Czech Republic

Following on from the Group's investment in the QWB Project, the Group completed the acquisition of TWC on 30 April 2018. Revenue from TWC's gaming operations during the period of HK$114 million represented five months' contribution since the acquisition.

TWC owns and operates a portfolio of 3 casinos in Czech Republic. All the casinos of TWC operate under the registered brand "American Chance Casinos" featuring 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 Asian customers to TWC's properties to supplement the Group's hospitality offerings geographically.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following sets forth certain operating data of TWC's casinos for the 5 months ended 30 September 2018:

	As at 30.9.2018
Number of slot machines	508
Number of tables	59

	5 months ended 30.9.2018 HK$ million
Table game revenue	25
Slots revenue	89
Average table game win %[1]	16.4%
Average slot win per machine per day (HK$)	1,161

(1) Table game win % 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 (also known as "drop").

With TWC's gaming operations gradually recovering from the impact of the change in gaming regulations in the Czech Republic which became fully effective on 1 January 2018, and with the synergies created between the Group and TWC, including, for instance, cross-selling opportunities, it is expected TWC's gaming operations will be delivering decent returns to the Group.

Australia

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

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

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

(ii) forging partnership with The Star for potential mixed use property projects, adding to the Group's development pipeline in Australia;

(iii) allowing the Group to increase its exposure to QWB Project and benefit from The Star's future growth;

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

(v) benefit from cash flow from The Star's future dividend distribution based on a dividend payout of at least 70% of normalised net profit after tax.

During 1H FY2019, revenue from the Group's investment in The Star was HK$35 million which represented dividend receivable from The Star declared for the period.

OUTLOOK

The Group continues to be well positioned to deliver sustainable and long-term growth with its regionalization strategy which has resulted in a steady performance during 1H FY2019. Cumulative presales value of the Group as at 30 September 2018 was at a record high of approximately HK$15.5 billion and a current development pipeline of approximately HK$48.3 billion provides clear visibility of the Group's future profitability. The Group will continue to add to the development pipeline by allocating resources to regions where the Group sees long-term fundamental growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

Since Dorsett became wholly-owned by the Group in 2015, the Group has been reaping benefits from the increased flexibility in capital allocation which has helped partly fuel the Group's accelerated growth in recent years. The Group will continue to benefit from a more flexible capital allocation as it continues to grow. The Group's hotel business is expected to continue its growth track, especially those in Hong Kong, whereas new hotels in the pipelines and the addition of TWC Hotel Group will further add to the future recurring cash flow base. The Group's direction of allocating more capital to the car park operations and facilities management business ensures that this part of the Group's business will not only grow organically as it has been for years, but also through acquisitions of car park assets that yield good returns and offer longer-term potential land-banking opportunities.

The recent expansion of the Group's footprint into the gaming business through the acquisition of TWC, and the investment in QWB Project and The Star, will be another major growth driver of the Group's business. The Group is now in a unique position to extract value out of its various investments in this business through hotel and residential development in various locations.

The Group has a favorable liquidity position at approximately HK$7.3 billion and a net gearing ratio of 40.9%, reflecting the strength of the Group's balance sheet. Together with the available undrawn credit facility of HK$8.6 billion and with abundant asset base which remains unencumbered, there is a significant war chest to support the growth of the Group.

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

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had approximately 4,200 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external trainings appropriate for various level of staff roles and functions.

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

As at 30 September 2018, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

A. THE COMPANY

A.1 Long position in the ordinary shares

Name of directors	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	17,284,236	0.75%
	Interest of spouse	585,322(i)	0.03%
	Interest of controlled corporations	1,057,776,338(i)	46.17%
Cheong Thard HOONG	Beneficial owner	12,669,315	0.55%
	Joint interest	464,754(ii)	0.02%
Dennis CHIU	Beneficial owner	3,822	0.00%
	Interest of controlled corporation	5,754,094(iii)	0.25%

Notes:

(i) 1,057,760,371 shares were held by Sumptuous Assets Limited and 15,967 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 585,322 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) 464,754 shares were held by Mr. Cheong Thard HOONG jointly with his spouse.

(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.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2018.

A.2 Debentures

As at 30 September 2018, Tan Sri Dato' David CHIU was deemed to have an interest in the 3.75% USD Medium Term Notes 2021 issued by the Company in the principal amount of USD12,000,000 of which USD10,000,000 was held by Tan Sri Dato' David CHIU and USD2,000,000 was held by his spouse, Ms. Nancy NG.

As at 30 September 2018, 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.

B. ASSOCIATED CORPORATIONS

B.1 Long position in the ordinary shares

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

Note:

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

* The percentage represents the number of ordinary shares interested divided by the Care Park's issued shares as at 30 September 2018.

Save as disclosed above, none of the directors and chief executive of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2018.

OTHER INFORMATION

SHARE OPTION SCHEME

(A) FECIL Share Option Schemes

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

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

The following table discloses movements in the Company's share options during the six months ended 30 September 2018:

			Number of share options					
Category of grantee	Date of grant	Exercise price per share HK$	Outstanding at 01.04.2018	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2018	Exercise period*
Other employees in aggregate	27.03.2013	2.550	225,000	–	–	–	225,000	01.03.2014–28.02.2020
			300,000	–	–	–	300,000	01.03.2015–28.02.2020
			375,000	–	–	–	375,000	01.03.2016–28.02.2020
			600,000	–	–	–	600,000	01.03.2017–28.02.2020
Total			1,500,000	–	–	–	1,500,000	

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

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

(B) Dorsett Share Option Scheme

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

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

As at 30 September 2018, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2018, according to the register of interests in shares or short positions in the shares or underlying shares of the Company as recorded in the register, required to be kept by the Company pursuant to Section 336 of the SFO (other than the interests of directors of the Company as set out above) and as far as the directors of the Company are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholders	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	1,057,760,371[i] (long position)	46.17%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.57%
	Interest of controlled corporations	140,942,693[ii] (long position)	6.15%
	Interest of spouse	1,624,301[ii] (long position)	0.07%
Value Partners Group Limited	Interest of controlled corporations	138,180,167[iii] (long position)	6.03%
Value Partners High-Dividend Stocks Fund	Beneficial owner	112,842,788 (long position)	4.93%

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) 140,942,963 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.

(iii) These shares were held by various companies controlled by Value Partners Group Limited.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, the Company has not been notified of any persons (other than directors or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and 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 2018, 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 2018, the Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the deviation from Code Provision A.2.1 described below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiry made by the Company, all directors have confirmed they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2018.

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 2018, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 9,950,000 shares on the Stock Exchange and details of which are as follows:

Month of repurchase	Number of shares repurchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
April 2018	4,100,000	4.56	4.29	18,419,459.60
July 2018	2,600,000	4.41	4.32	11,362,540.00
August 2018	1,100,000	4.40	4.32	4,801,300.00
September 2018	2,150,000	3.99	3.85	8,422,470.00

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2018.

The purchase 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. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the accounting principles, standard and practices adopted by the Company, and discussed matters relating to auditing, risk management and internal control and financial reporting, including the review of the unaudited consolidated interim results of the Group for the six months ended 30 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 December 2018 to 28 December 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Interim Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 19 December 2018.

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

Hong Kong, 27 November 2018

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 37 to 76, which comprise the condensed consolidated statement of financial position as of 30 September 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 November 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

	NOTES	Six months ended 30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Revenue	5	2,965,366	2,775,986
Cost of sales and services		(1,533,072)	(1,209,680)
Depreciation and amortisation of hotel and car park assets		(192,196)	(161,002)
Gross profit		1,240,098	1,405,304
Other income		70,517	12,417
Other gains and losses	6	142,886	486,374
Administrative expenses			
– Hotel operations and management		(229,774)	(186,121)
– Others		(181,132)	(123,902)
Pre-opening expenses			
– Hotel operations and management		(827)	(6,452)
Selling and marketing expenses		(71,326)	(86,034)
Share of results of associates		22,333	(1,262)
Share of results of joint ventures		2,281	(791)
Finance costs	7	(123,823)	(146,821)
Profit before tax		871,233	1,352,712
Income tax expense	8	(235,713)	(306,234)
Profit for the period	9	635,520	1,046,478
Attributable to:			
Shareholders of the Company		616,113	1,032,795
Non-controlling interests		19,407	13,683
		635,520	1,046,478
Earnings per share	10		
– Basic (HK cents)		26.8	46.0
– Diluted (HK cents)		26.8	46.0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Six months ended	
	30.9.2018	30.9.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**635,520**	1,046,478
Other comprehensive (expense) income for the period		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(860,072)**	336,556
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	**18,054**	43,522
Item that will not be reclassified to profit or loss:		
Fair value change of equity instruments at fair value through other comprehensive income ("FVTOCI")	**(40,081)**	–
Other comprehensive (expense) income for the period	**(882,099)**	380,078
Total comprehensive (expense) income for the period	**(246,579)**	1,426,556
Total comprehensive (expense) income attributable to:		
Shareholders of the Company	**(250,699)**	1,404,791
Non-controlling interests	**4,120**	21,765
	(246,579)	1,426,556

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	NOTES	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Non-current Assets			
Investment properties	12	3,217,009	3,229,437
Property, plant and equipment	12	8,327,630	8,175,004
Prepaid lease payments		479,269	518,752
Goodwill		68,400	68,400
Interests in associates	13	982,729	943,884
Interests in joint ventures		451,730	410,417
Investment securities	14	1,354,923	13,564
Deposits for acquisition of property, plant and equipment		91,748	100,576
Amount due from an associate		66,831	66,831
Amount due from a joint venture		25,528	27,248
Amount due from an investee company		119,995	119,995
Other receivables		98,304	80,489
Pledged deposits		11,250	4,419
Deferred tax assets		50,265	48,410
		15,345,611	13,807,426
Current Assets			
Properties for sale			
Completed properties		2,510,085	1,148,197
Properties for/under development		10,055,674	10,094,565
Other inventories		10,220	8,547
Prepaid lease payments		13,497	14,569
Debtors, deposits and prepayments	15	821,122	522,674
Deposits receivable from stakeholders		563,116	512,548
Other receivables		11,237	11,827
Contract costs		349,633	–
Amounts due from joint ventures		110,639	39,085
Amounts due from associates		26,129	27,750
Tax recoverable		356,472	185,745
Investment securities	14	4,022,555	3,506,479
Derivative financial instruments	16	376	518
Pledged deposits		16,202	17,604
Restricted bank deposits		32,615	1,547,853
Deposit in a financial institution		120	11,633
Bank balances and cash		1,891,074	3,031,929
		20,790,766	20,681,523

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	NOTES	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Current Liabilities			
Creditors and accruals	17	1,600,054	1,725,479
Customers' deposits received		–	1,936,950
Contract liabilities		1,211,975	–
Obligations under finance leases		3,109	5,629
Amounts due to related companies		560	19,095
Amounts due to associates		24,137	27,149
Amount due to a joint venture		–	3,177
Amount due to a shareholder of a non-wholly owned subsidiary		7,664	8,232
Derivative financial instruments	16	2,660	2,211
Dividend payable		410,768	–
Notes and bonds	18	–	907,995
Tax payable		464,093	361,136
Bank borrowings	19	4,743,604	5,285,719
		8,468,624	10,282,772
Net Current Assets		12,322,142	10,398,751
Total Assets less Current Liabilities		27,667,753	24,206,177
Non-current Liabilities			
Obligations under finance leases		14,950	11,518
Amounts due to shareholders of non-wholly owned subsidiaries		325,628	269,491
Derivative financial instruments	16	6,548	37,439
Notes and bonds	18	3,497,526	3,498,958
Bank borrowings	19	10,554,128	6,661,703
Deferred tax liabilities		671,227	583,186
Other liabilities		38,611	–
		15,108,618	11,062,295
Net Assets		12,559,135	13,143,882
Capital and Reserves			
Share capital	20	229,094	230,179
Share premium		4,252,258	4,297,682
Reserves		7,900,593	8,442,951
Equity attributable to shareholders of the Company		12,381,945	12,970,812
Non-controlling interests		177,190	173,070
Total Equity		12,559,135	13,143,882

The condensed consolidated financial statements on pages 37 to 76 were approved and authorised for issue by the Board of Directors on 27 November 2018 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 2018

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	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	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Profit for the period	–	–	–	–	–	–	–	–	–	533,927	533,927	4,993	538,920
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	–	–	–	29,831	–	–	–	–	–	–	29,831	–	29,831
Exchange differences arising on translation of foreign operations	–	–	–	–	–	321,286	–	–	–	–	321,286	(5,601)	315,685
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	–	72,115	–	–	72,115	–	72,115
Other comprehensive income (expense) for the period	–	–	–	29,831	–	321,286	–	72,115	–	–	423,232	(5,601)	417,631
Total comprehensive income (expense) for the period	–	–	–	29,831	–	321,286	–	72,115	–	533,927	957,159	(608)	956,551
Shares issued in lieu of cash dividend	5,197	211,637	–	–	–	–	–	–	–	–	216,834	–	216,834
Shares issued upon exercise of share options	50	1,677	–	–	–	–	(452)	–	–	–	1,275	–	1,275
Dividends recognised as distribution	–	–	–	–	–	–	–	–	–	(91,574)	(91,574)	–	(91,574)
At 31 March 2018 (audited)	230,179	4,297,682	28,458	54,727	–	(28,339)	1,241	(22,170)	1,057,764	7,351,270	12,970,812	173,070	13,143,882
Adjustments (Note 3.1.2)	–	–	–	–	–	–	–	–	–	118,024	118,024	–	118,024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	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	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2018 (restated)	230,179	4,297,682	28,458	54,727	-	(28,339)	1,241	(22,170)	1,057,764	7,469,294	13,088,836	173,070	13,261,906
Profit for the period	-	-	-	-	-	-	-	-	-	616,113	616,113	19,407	635,520
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(844,785)	-	-	-	-	(844,785)	(15,287)	(860,072)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	-	18,054	-	-	18,054	-	18,054
Fair value change of equity instruments at fair value through other comprehensive income	-	-	-	-	(40,081)	-	-	-	-	-	(40,081)	-	(40,081)
Other comprehensive (expense) income for the period	-	-	-	-	(40,081)	(844,785)	-	18,054	-	-	(866,812)	(15,287)	(882,099)
Total comprehensive (expense) income for the period	-	-	-	-	(40,081)	(844,785)	-	18,054	-	616,113	(250,699)	4,120	(246,579)
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	-	(410,768)	(410,768)	-	(410,768)
Shares repurchased and cancelled	(1,085)	(45,424)	1,085	-	-	-	-	-	-	-	(45,424)	-	(45,424)
At 30 September 2018 (unaudited)	229,094	4,252,258	29,543	54,727	(40,081)	(873,124)	1,241	(4,116)	1,057,764	7,674,639	12,381,945	177,190	12,559,135

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the Group's interest in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	NOTES	Six months ended 30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Net cash used in operating activities		(1,810,692)	(524,683)
Investing activities			
Acquisition and development expenditure of property, plant and equipment		(67,687)	(121,486)
Purchase of equity securities		(1,382,723)	–
Purchase of debt securities		(289,876)	–
Purchase of structured deposits		(166,205)	–
Investment in an associate		(56,895)	(92,632)
Investment in joint ventures		(63,011)	–
Placement of pledged bank deposits		(11,250)	–
Release of pledged bank deposits		5,821	14,921
Release of restricted bank deposits		1,515,238	263,429
Advance to a joint venture		(73,838)	–
Acquisition of subsidiaries, net of bank balances and cash acquired	21	(277,327)	–
Proceeds from disposal of a subsidiary	22	–	400,605
Other investing activities		10,615	(19,082)
Net cash (used in) from investing activities		(857,138)	445,755
Financing activities			
New bank borrowings raised		7,797,579	1,234,679
Repayment of bank borrowings		(4,833,427)	(1,026,866)
Interest paid		(306,517)	(265,074)
Repayment of bonds		(1,012,905)	–
Payment of repurchase of shares		(45,424)	–
Advance from shareholders of non-wholly owned subsidiaries		65,201	–
Other financing activities		(24,877)	28,270
Net cash from (used in) financing activities		1,639,630	(28,991)
Net decrease in cash and cash equivalents		(1,028,200)	(107,919)
Cash and cash equivalents at beginning of the period		3,043,562	3,893,225
Effect of foreign exchange rate changes		(124,168)	46,377
Cash and cash equivalents at end of the period		1,891,194	3,831,683
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		1,891,074	3,819,915
Deposit in a financial institution		120	11,768
		1,891,194	3,831,683

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. GENERAL

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group's major revenue streams are mainly sales of properties, leasing of properties, hotel operation and management, car park operations and facilities management, property management services, gaming and related operations, interest and dividend income from financial instruments. Income from leasing of properties and interest and dividend income continued to be accounted under HKAS 17 "Leases" and HKFRS 9 "Financial instruments", respectively.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are the advance proceeds received from customers relating to properties sales.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such sales commissions as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3.1.2 Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1 April 2018.

	Notes	**Impact of adopting HKFRS 15 at 1 April 2018 HK$'000**
Retained profits		
Sales of properties recognised over time, less related cost of sales	(a)	73,451
Recognition of contract costs	(b)	60,599
Tax effects	(a), (b)	(16,026)
Impact at 1 April 2018		118,024

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.2 Summary of effects arising from initial application of HKFRS 15 (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31.3.2018 HK$'000	Reclassification HK$'000	Remeasurement HK$'000	Carrying amounts under HKFRS 15 at 1.4.2018 HK$'000
Current Assets					
Properties for sales					
– Properties for/under development	(a)	10,094,565	(221,208)	(343,403)	9,529,954
Contract costs	(a), (b)	–	221,208	60,599	281,807
Capital and Reserves					
Retained profits	(a), (b)	7,351,270	–	118,024	7,469,294
Current Liabilities					
Customers' deposits received	(a), (c)	1,936,950	(1,520,096)	(416,854)	–
Contract liabilities	(c)	–	1,520,096	–	1,520,096
Non-current liabilities					
Deferred tax liabilities	(a), (b)	583,186	–	16,026	599,212

Notes:

(a) Taking into account the contract terms, business practice and the legal and regulatory environment in Singapore, the sales contracts in respect to the sales of properties provide the Group enforceable right to payment for performance completed to date and hence should be recognised over time upon application of HKFRS 15. At the date of initial application of HKFRS 15, the amount of additional revenue that would have been recognised in prior years in accordance with HKFRS 15 amounted to HK$416,854,000, and this has been adjusted to customers' deposit received. The related cost of sales amounted to HK$343,403,000, and this has been adjusted to properties for/under development. The related deferred tax impact of HK$11,582,000 was recognised to deferred tax liabilities. The net impact of the above adjustments of HK$61,869,000 was recognised to retained profits.

(b) The Group incurred incremental commission paid/payable to intermediaries in connection with obtaining sales of properties contracts with customers which were previously expensed to the profit or loss. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of HK$60,599,000 related to contracts that are not completed as at 1 April 2018. This amount and the related deferred tax impact of HK$4,444,000 were recognised in retained profits and they are reclassified to contract costs and deferred tax liabilities respectively upon adoption of HKFRS 15. The remaining amount of HK$221,208,000 which was previously capitalised into properties for/under development was reclassified to contract costs upon adoption of HKFRS 15.

(c) Advance proceeds received from customers relating to properties sales included as customer deposits received of HK$1,520,096,000 were reclassified to contract liabilities.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" (continued)

3.1.3 Summary of effects arising from initial application of HKFRS 15

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position as at 30 September 2018

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current Assets			
Properties for sales			
– Properties for/under development	10,055,674	597,153	10,652,827
Contract costs	349,633	(349,633)	–
Capital and Reserves			
Retained profits	7,674,639	127,863	7,802,502
Current Liabilities			
Customers' deposits received	–	1,603,384	1,603,384
Contract liabilities	1,211,975	(1,211,975)	–
Non-current liabilities			
Deferred tax liabilities	671,227	16,026	655,201

Impact on the condensed consolidated statement of profit or loss for the six months ended 30 September 2018

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Revenue	2,965,366	(391,409)	2,573,957
Cost of sales and services	(1,533,072)	322,442	(1,210,630)
Selling and marketing expenses	(71,326)	(74,922)	(146,248)
Income tax expense	(235,713)	16,026	(219,687)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to financial instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to financial instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the Group are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The accumulated impairment loss previously recognised will be transferred from retained profits to the FVTOCI reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets of the Group that do not meet the criteria for being measured at amortised cost or are not designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.2.2.

Impairment under ECL model

The Group assesses ECL on financial assets which are subject to impairment under HKFRS 9 (including amounts due from associates, joint ventures, an investee company, other receivables, trade debtors, pledged deposits, restricted bank deposits, deposit in a financial institution and bank balances). The assessment is updated at each reporting date to reflect changes in credit risk since initial recognition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.2 *Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"* (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Impairment under ECL model (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For other financial assets, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.2 *Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"* (continued)

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the a foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the financial instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No material impact on impairment was noted at the date of initial application, 1 April 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.2 *Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"* (continued)

3.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	Available-for-sale investments HK$'000	Debtors, deposits and prepayment HK$'000	Investments held for trading HK$'000	Equity securities HK$'000	Investment funds HK$'000	Debt instruments at FVTPL HK$'000	Financial assets designated at FVTPL HK$'000	Structured deposits HK$'000	Equity instruments at FVOCI HK$'000
Closing balance at 31 March 2018 – HKAS 39		159,987	522,674	3,319,556	–	–	–	40,500	–	–
Effect arising from initial application of HKFRS 9:										
Reclassification										
From available-for-sale investments	(a)	(159,987)	688	–	–	–	146,423	–	–	12,876
From held for trading	(b)	–	–	(3,319,556)	62,218	588,929	2,668,409	–	–	–
From financial assets designated at FVTPL	(c)	–	–	–	–	–	–	(40,500)	40,500	–
Opening balance at 1 April 2018		–	523,362	–	62,218	588,929	2,814,832	–	40,500	12,876

Notes:

(a) Available-for-sale investments

From Available-for-sale equity investments to FVTOCI

At the date of initial application of HKFRS 9, the Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale in relation to its to unquoted equity investments amounting to HK$12,876,000 previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future.

From Available-for-sale debt instruments to FVTPL

Debt securities at fair value amounting to HK$146,423,000 were reclassified from available-for-sale investments to debt instruments at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at FVTPL

Investments held for trading

As at date of initial application, the listed and unlisted bonds with a fair value of HK$2,668,409,000 were reclassified from held for trading and classified as financial assets at FVTPL because these investments are held for the purpose of short term sale or repurchase and do not meet the criteria for being measured at amortised cost or FVTOCI.

Based on the fact and circumstances as at date of initial application, the remaining investments in listed equity securities and investment funds continued to be held for trading and measured at FVTPL.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade and other receivables. To measure the ECL, trade and other receivables have been assessed individually for debtors with significant balances and the remaining receivables collectively using a provision matrix with appropriate groupings. Assessment of loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances and amounts due from associates, joint ventures, an investee company are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition. The directors of the Company considered that the measurement of ECL has no material impact to the Group's retained profits as at 1 April 2018.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

3.3 *Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards*

As a result of the changes in the equity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. Line items that were not affected by the changes have not been included.

	31 March 2018 HK$'000 (Audited)	HKFRS 15 HK$'000	HKFRS 9 HK$'000	1 April 2018 HK$'000 (Restated)
Non-current Assets				
Investment securities				
– Available-for-sale investments	13,564	–	(13,564)	–
– Equity investments at FVTOCI	–	–	12,876	12,876
Current Assets				
Properties for sale				
– Properties for/under development	10,094,565	(564,611)	–	9,529,954
Debtors, deposits and prepayments	522,674	–	688	523,362
Contract costs	–	281,807	–	281,807
Investment securities				
– Available-for-sale investments	146,423	–	(146,423)	–
– Investments held for trading	3,319,556	–	(3,319,556)	–
– Debt instruments at FVTPL	–	–	2,814,832	2,814,832
– Financial assets designated at FVTPL	40,500	–	(40,500)	–
– Structured deposits	–	–	40,500	40,500
– Equity securities	–	–	62,218	62,218
– Investment funds	–	–	588,929	588,929
Current Liabilities				
Customers' deposits received	1,936,950	(1,936,950)	–	–
Contract liabilities	–	1,520,096	–	1,520,096
Capital and Reserves				
Reserves	8,442,951	118,024	–	8,560,975
Non-current liabilities				
Deferred tax liabilities	583,186	16,026	–	599,212

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

4. SEGMENT INFORMATION

Segment revenue and profit

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operations and management, car park operations and facilities management and gaming operations, in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and mortgage loans. After the completion of the acquisition of Trans World Corporation ("TWC") and investment in The Star Entertainment Group Limited ("The Star") which is engaged in the gaming business in Australia and classified as equity instruments at FVTOCI during the period, gaming operations became a new reportable segment.

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and profit (continued)

	Segment revenue		Segment profit (loss)	
	Six months ended 30.9.2018 HK$'000 (unaudited)	Six months ended 30.9.2017 HK$'000 (unaudited)	Six months ended 30.9.2018 HK$'000 (unaudited)	Six months ended 30.9.2017 HK$'000 (unaudited)
Property development				
– Australia	102,222	378,578	12,525	118,409
– Hong Kong ("HK")	440,321	–	128,483	(17,484)
– Malaysia	19,522	361,063	9,595	178,103
– Other regions in the People's Republic of China excluding HK ("PRC")	512,344	914,893	327,319	627,774
– Singapore	391,508	–	52,825	(21,201)
– United Kingdom ("UK")	555	992	(4,102)	(1,208)
	1,466,472	1,655,526	526,645	884,393
Property investment				
– Australia	4,242	2,579	2,241	1,412
– HK	21,257	21,297	88,113	151,343
– PRC	8,303	6,766	(12,189)	(13,423)
	33,802	30,642	78,165	139,332
Hotel operations and management				
– HK	382,072	340,689	77,711	334,285
– Malaysia	119,060	111,729	13,914	15,646
– PRC	134,498	123,469	11,228	2,686
– Singapore	47,228	46,628	14,919	8,951
– UK	133,539	72,800	29,642	8,912
– Europe (other than UK)	62,399	–	(4,672)	–
	878,796	695,315	142,742	370,480
Car park operations and facilities management				
– Australia	330,626	322,627	23,592	41,962
– Europe	22,895	6,422	2,310	6,410
– Malaysia	4,252	4,105	3,612	3,475
	357,773	333,154	29,514	51,847
Gaming operations				
– Australia	34,642	–	34,637	–
– Czech Republic	114,210	–	50,359	–
	148,852	–	84,996	–
Securities and financial product investments	77,343	60,665	(15,085)	72,983
Other operations	2,328	684	14,747	2,380
Segment revenue/segment profit	2,965,366	2,775,986	861,724	1,521,415
Bargain purchase gain			116,890	–
Unallocated corporate income and expenses			16,442	(21,882)
Finance costs			(123,823)	(146,821)
Profit before tax			871,233	1,352,712
Income tax expense			(235,713)	(306,234)
Profit for the period			635,520	1,046,478

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

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4. SEGMENT INFORMATION (CONTINUED)

Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	As at 30.9.2018 HK$'000 (unaudited)	As at 31.3.2018 HK$'000 (audited)
Property development		
– Australia	5,766,789	4,335,197
– HK	3,368,348	3,195,592
– Malaysia	501,863	533,121
– PRC	2,269,078	2,434,798
– Singapore	3,658,986	3,289,337
– UK	971,265	827,832
	16,536,329	14,615,877
Property investment		
– Australia	178,165	180,808
– HK	2,414,942	2,349,987
– PRC	3,463	5,949
	2,596,570	2,536,744
Hotel operations and management		
– HK	3,290,580	4,401,624
– Malaysia	863,342	912,235
– PRC	1,771,208	1,963,512
– Singapore	586,710	618,394
– UK	1,215,921	1,327,038
– Europe (other than UK)	265,544	–
	7,993,305	9,222,803
Car park operations and facilities management		
– Australia	859,462	927,723
– Europe	402,287	394,673
– Malaysia	137,685	140,375
	1,399,434	1,462,771
Gaming operations		
– Australia	1,374,969	–
– Czech Republic	345,991	–
	1,720,960	–
Securities and financial product investments	3,896,825	3,518,357
Other operations	101,760	88,835
Segment assets	34,245,183	31,445,387
Unallocated corporate assets	1,891,194	3,043,562
Total assets	36,136,377	34,488,949

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

5. REVENUE

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Sale of properties	1,448,650	1,641,373
Leasing of properties	72,741	64,158
Hotel operations and management	846,077	666,720
Car park operations and facilities management	357,219	332,926
Provision of property management services	8,492	6,419
Interest and dividend income from financial instruments	111,985	60,672
Gaming operations	114,210	–
Other operations	5,992	3,718
	2,965,366	2,775,986
Timing of revenue recognition		
– At a point in time	1,209,838	N/A
– Over time	1,570,802	N/A
	2,780,640	
Leasing of properties	72,741	N/A
Interest and dividend income from financial instruments	111,985	N/A
	2,965,366	N/A

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Change in fair value of investment properties	110,573	116,906
Gain arising on transfer of completed properties for sales to investment properties	–	8,982
Change in fair value of financial assets at FVTPL	(117,059)	4,379
Change in fair value of derivative financial instruments	6,539	13,586
Gain on disposal of a subsidiary (note 22)	–	320,130
Gain on disposal of property, plant and equipment	255	11,575
Net foreign exchange gains	30,543	13,748
Impairment loss recognised on trade debtors	(4,855)	(2,932)
Bargain purchase gain (note 21(a))	116,890	–
	142,886	486,374

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7. FINANCE COSTS

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Interest on bank borrowings	**231,703**	131,434
Interest on notes and bonds	**71,542**	72,979
Less: net interest income from cross currency swap contracts	**(1,223)**	(1,773)
Amortisation of front-end fee	**3,480**	4,918
Others	**1,015**	952
Total interest costs	**306,517**	208,510
Less: amounts capitalised to properties under development:		
– properties for owners' occupation	**–**	(4,972)
– properties for sale	**(182,694)**	(56,717)
	123,823	146,821

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.54% to 6.17% (six months ended 30.9.2017: 1.79% to 6.17%) per annum to expenditure on the qualifying assets.

8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**17,375**	9,945
PRC Enterprise Income Tax ("PRC EIT")	**58,071**	176,111
PRC Land Appreciation Tax ("PRC LAT")	**82,006**	45,619
Australia Income Tax	**11,464**	9,866
Malaysia Income Tax	**4,759**	35,001
Singapore Income Tax	**1,183**	3,063
UK Income Tax	**3,234**	3,382
Czech Republic Gaming tax	**38,884**	–
	216,976	282,987
Deferred taxation	**18,737**	23,247
	235,713	306,234

8. INCOME TAX EXPENSE (CONTINUED)

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.

Gaming tax rates in Czech Republic are 23% for live table games and 35% for electronic table games and slots.

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

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**4,841**	5,857
Depreciation of property, plant and equipment	**192,251**	166,068
Share of taxation of associates (included in share of results of associates)	**640**	630
and after crediting:		
Bank interest income	**10,360**	10,300

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$616,113,000 (six months ended 30.9.2017: HK$1,032,795,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2018 '000 (unaudited)	30.9.2017 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,296,952**	2,243,437
Effect of dilutive potential ordinary shares – Company's share options	**626**	2,960
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,297,578**	2,246,397

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For the six months ended 30 September 2018

11. DIVIDENDS

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2018 of HK18 cents (six months ended 30.9.2017: final dividend for the year ended 31 March 2017 of HK15 cents) per share	**410,768**	337,398

The 2018 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$4.04 per share. These new shares rank pari passu to the existing shares of the Company.

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK4.0 cents (six months ended 30.9.2017: HK4.0 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Member on 28 December 2018.

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

During the period ended 30 September 2018, the Group acquired certain property, plant and equipment amounting to HK$76,144,000 (six months ended 30.9.2017: HK$130,438,000) and incurred development expenditure on development of certain hotel properties amounting to HK$30,594,000 (six months ended 30.9.2017: HK$106,538,000). In addition, the Group acquired property, plant and equipment through business combination amounting to HK$538,788,000.

The fair value of the investment properties at 30 September 2018 and 31 March 2018 have been arrived at on the basis of valuations carried out by the following independent firms of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited Cushman & Wakefield (Valuations) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers

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

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

13. INTERESTS IN ASSOCIATES

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Unlisted investments, at cost less impairment	774,971	718,076
Share of post-acquisition results, net of dividends received	207,758	225,808
	982,729	943,884

14. INVESTMENT SECURITIES

(i) Available-for-sale investments

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Unlisted:		
Equity securities	–	12,876
Club membership	–	688
Debt securities, at fair value	–	146,423
	–	159,987

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14. INVESTMENT SECURITIES (CONTINUED)

(ii) Financial assets at FVTPL

		30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
(a)	Investments held for trading		
	Equity securities listed in Hong Kong	–	3,852
	Equity securities listed overseas	–	58,366
	Investment funds	–	588,929
	Listed debt securities	–	2,625,529
	Unlisted debt securities	–	42,880
		–	3,319,556
(b)	Financial assets designated at FVTPL		
	Structured deposits	–	40,500
(c)	Debt instruments at FVTPL		
	Listed debt securities	2,618,742	–
	Unlisted debt securities	486,660	–
		3,105,402	–
(d)	Structured deposits	207,936	–
(e)	Equity securities at FVTPL	72,861	–
(f)	Investment funds	636,356	–

(iii) Equity instruments at FVTOCI

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Unlisted equity securities	13,552	–
Equity securities listed overseas	1,341,371	–
	1,354,923	–
Total	5,377,478	3,520,043
Analysed for reporting purposes as:		
Non-current assets	1,354,923	13,564
Current assets	4,022,555	3,506,479
	5,377,478	3,520,043

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Trade debtors, net of allowance of doubtful debt	151,102	123,034
Advance to contractors	6,678	11,310
Utility and other deposits	33,316	25,888
Prepayment and other receivables	232,751	204,722
Other tax recoverable	70,693	56,892
Deposit and stamp duty paid for the acquisition of property	326,582	100,828
	821,122	522,674

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 doubtful debt, based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition date:

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
0–60 days	118,955	94,203
61–90 days	10,999	6,745
Over 90 days	21,148	22,086
	151,102	123,034

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Designated under hedge accounting				
Cash flow hedges – cross currency swap contracts	–	–	(4,116)	(22,170)
Designated not under hedge accounting				
Call/put options in unlisted equity securities and foreign currencies	–	468	–	–
Forward foreign exchange contracts	376	50	–	–
Cross currency swap contracts	–	–	(245)	(11,604)
Liabilities from profit guarantee arrangement	–	–	(4,847)	(5,876)
	376	518	(9,208)	(39,650)
Analysed for reporting purpose as:				
Current	376	518	(2,660)	(2,211)
Non-current	–	–	(6,548)	(37,439)
	376	518	(9,208)	(39,650)

17. CREDITORS AND ACCRUALS

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Trade creditors		
– Construction cost and retention payable	774,111	883,501
– Others	93,028	100,306
	867,139	983,807
Construction cost and retention payable for capital assets	43,895	69,453
Rental and reservation deposits and receipts in advance	78,954	85,104
Other payable and accrued charges	610,066	587,115
	1,600,054	1,725,479

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

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
0–60 days	807,816	894,855
61–90 days	6,110	16,541
Over 90 days	53,213	72,411
	867,139	983,807

18. NOTES AND BONDS

2023 NOTES

On 6 November 2017, the Company issued notes with aggregate principal amount of US$150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 30 September 2018, the aggregate principal amount of the 2023 Notes outstanding was US$150,000,000 (equivalent to HK$1,173,000,000).

2021 NOTES

On 8 September 2016, the Company issued notes with aggregate principal amount of United States dollar ("US$") 300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 30 September 2018, the aggregate principal amount of the 2021 Notes outstanding was US$300,000,000 (equivalent to HK$2,346,000,000).

2018 BONDS

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK$1,062,500,000) at the issue price of 100% of the principal amount with maturity date on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds bear interest at 6.17% per annum payable semi-annually. The 2018 Bonds matured and were fully repaid on 2 April 2018.

Details of the issue of the 2023 Notes and 2021 Notes were disclosed in Company's circular dated 7 November 2017 and 25 August 2016 respectively.

19. BANK BORROWINGS

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Bank loans	15,333,942	11,971,398
Less: front-end fee	(36,210)	(23,976)
	15,297,732	11,947,422
Analysed for reporting purpose as:		
Non-current liabilities	10,554,128	6,661,703
Current liabilities	4,743,604	5,285,719
	15,297,732	11,947,422
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	3,806,954	4,103,156
More than one year, but not exceeding two years	1,937,183	1,845,979
More than two years, but not exceeding five years	9,329,727	5,365,854
More than five years	260,078	656,409
	15,333,942	11,971,398

The carrying amount of borrowings include an amount of HK$948,224,000 (31.3.2018: HK$1,193,830,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

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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 2017 (audited)	2,238,370,717	223,837
Issue upon exercise of share option at HK$2.55 per share	10,950,000	1,095
At 30 September 2017 (unaudited)	2,249,320,717	224,932
Issue of shares in lieu of cash dividends	51,965,423	5,197
Issue upon exercise of share option at HK$2.55 per share	500,000	50
At 31 March 2018 (audited)	2,301,786,140	230,179
Shares repurchased and cancelled	(10,850,000)	(1,085)
At 30 September 2018 (unaudited)	2,290,936,140	229,094

21. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of business

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

	Carrying amount in the acquiree's financial records HK$'000	Fair value adjustment HK$'000	Provisional fair value of net assets HK$'000
Net assets acquired:			
Property, plant and equipment	445,986	92,802	538,788
Debtors, deposits and prepayments	64,486	–	64,486
Bank balances and cash	55,339	–	55,339
Creditors and accruals	(38,733)	–	(38,733)
Bank and other borrowings	(153,825)	–	(153,825)
Deferred tax liabilities	(3,278)	(16,607)	(19,885)
	369,975	76,195	446,170
Bargain purchase gain			(116,890)
Consideration satisfied by cash			329,280
Net cash outflow arising on acquisition:			
Cash consideration			329,280
Cost incurred in connection with the acquisition			3,386
Bank balances and cash acquired			(55,339)
			277,327

21. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of business (continued)

The bargain purchase gain represents the excess of the acquirer's interest in the net provisional fair value of assets attributable to the sale by the shareholders of the acquiree in anticipation of the change in the gaming regulatory and operating environment in Czech Republic.

The fair value of assets and liabilities are determined at the date of acquisition on a provisional basis as fair value had not been finalised.

Had the acquisition been completed on 1 April 2018, the directors of the Company would not have expected a material impact to the group revenue and profit for the period as the revenue and losses contributed by TWC from 1 April up to 30 April 2018 (date of acquisition) was insignificant to the Group. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved has the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

(b) Acquisition of assets

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

The asset acquired and liabilities assumed in the transaction are as follows:

	HK$'000
Completed properties for sale	1,132,950
Debtors, deposits and prepayments	419
Bank balance and cash	42,650
Creditors and accruals	(4,405)
Bank borrowings	(595,471)
Net assets of the subsidiaries acquired	576,143
Total consideration satisfied by:	
Cash consideration paid	576,143
Net cash outflow arising on acquisition:	
Cash consideration paid	576,143
Cash and cash equivalents acquired	(42,650)
	533,493

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22. DISPOSAL OF A SUBSIDIARY

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

	HK$'000
Property, plant and equipment	107,855
Debtors, deposits and prepayments	1,561
Other inventories	79
Bank balances and cash	1,616
Trade and other payables	(621)
Deferred tax liabilities	(3,399)
Net assets disposed of	107,091
Consideration	452,614
Net assets disposed of	(107,091)
Transaction costs incurred in connection with the disposal	(5,393)
Liabilities arising from profit guarantee arrangement	(20,000)
Gain on disposal	320,130
Net cash inflow arising on disposal:	
Cash consideration received in prior period	407,614
Transaction costs paid	(5,393)
Bank balances and cash disposed of	(1,616)
	400,605

23. SHARE OPTION SCHEMES

The Company has a share option scheme under which the directors and full-time employees may be granted options to subscribe for shares in the Company. Particulars of the share option schemes are set out in the 2018 annual report of the Company.

	1.4.2018 to 30.9.2018 '000 (unaudited)	1.4.2017 to 31.3.2018 '000 (audited)
At the beginning of the period/year	1,500	12,950
Exercised during the period	–	(11,450)
At the end of the period/year	1,500	1,500

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

24. CHARGE ON ASSETS

Bank borrowings with aggregate amount of HK$12,977,787,000 (31.3.2018: HK$10,531,930,000) and obligations under finance leases of HK$18,059,000 (31.3.2018: HK$17,147,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Investment properties	2,254,620	2,058,974
Property, plant and equipment	5,653,953	6,429,653
Prepaid lease payments	492,766	533,321
Properties for sale	8,522,721	6,985,792
Bank deposits	27,452	22,023
Investment securities	1,107,829	432,340
Total	18,059,341	16,462,103

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

25. CAPITAL COMMITMENTS

	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	742,028	1,596,141
Others	30,216	30,714
	772,244	1,626,855

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26. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Provision of building management service by associates	1,039	1,560

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

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

(b) The Group has entered into four 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 2018, hotel management services income of HK$1,196,000 (six months ended 30.9.2017: HK$779,000) was received under these contracts.

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

	Six months ended	
	30.9.2018 HK$'000 (unaudited)	30.9.2017 HK$'000 (unaudited)
Short-term benefits	8,648	12,474
Post-employment benefits	96	153
	8,744	12,627

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

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30.9.2018 HK$'000 (unaudited)	Fair value as at 31.3.2018 HK$'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
1a)	Listed equity securities classified as financial assets at FVTPL	**Asset – 72,861**	Asset – 62,218	Level 1	Quoted bid prices in an active market
1b)	Listed equity securities classified as equity instruments at FVTOCI	**Asset – 1,341,371**	–	Level 1	Quoted bid prices in an active market
1c)	Unlisted equity securities classified as equity instruments at FVTOCI	**Asset – 13,552**	–	Level 3	Income Approach Discounting future debt free cash flows available for distribution to the owners to their present worth at market-derived rates of return appropriate for the risks and hazards of investing in similar business.
2a)	Listed debt securities classified as financial assets at FVTPL	**Asset – 2,618,742**	Asset – 2,625,529	Level 1	Quoted bid prices in an active market

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27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2018 HK$'000 (unaudited)	31.3.2018 HK$'000 (audited)		
2b) Unlisted debt securities classified as financial assets at FVTPL	**Asset – 50,361**	Asset – 42,880	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.
	Asset – 436,299	–	Level 3	Discounted cash flow Future cash flows are estimated based on applying the interest yield curves of different types of mortgage loans as the key parameter.
3) Investment funds classified as financial assets at FVTPL	**Asset – 636,356**	Asset – 588,929	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds.
4) Structured deposits classified as financial assets at FVTPL	**Asset – 207,936**	Asset – 40,500	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks.
5) Call/put options in unlisted equity securities and foreign currencies classified as derivative financial instruments	**–**	Assets – 468	Level 2	Discounted cash flows Future cash flows are estimated based on applying the expected yields of foreign currency and equity security by banks and a discount rate that reflects the credit risk of the banks.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30.9.2018 HK$'000 (unaudited)	Fair value as at 31.3.2018 HK$'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
6) Forward foreign exchange contracts classified as derivative financial instruments	Asset – 376	Asset – 50	Level 2	Discounted cash flows Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
7) Cross currency swaps classified as derivative financial instruments designated as hedging instruments	Liabilities – (4,116)	Liabilities – (22,170)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties.
8) Cross currency swaps classified as derivative financial instruments	Liabilities – (245)	Liabilities – (11,604)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties.

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27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30.9.2018 HK$'000 (unaudited)	Fair value as at 31.3.2018 HK$'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
9) Liabilities arising from profit guarantee arrangement	**Liabilities – (4,847)**	Liabilities – (5,876)	Level 3	Income Approach Discounting future debt free cash flows available for distribution to the owners to their present worth at market-derived rates of return appropriate for the risks and hazards of investing in similar business.
10) Unlisted debt securities classified as available-for-sale investments	**–**	Asset – 146,423	Level 3	Discounted cash flow Future cash flows are estimated based on applying the interest yield curves of different types of mortgage loans as the key parameter.

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK$'000	Structured deposits HK$'000	Liabilities arising from profit guarantee arrangement HK$'000	Unlisted debt securities classified as available-for-sale investments HK$'000	Unlisted debt securities classified as financial assets at FVTPL HK$'000
At 1 April 2017	–	33,900	–	–	–
Addition	–	6,600	20,000	146,423	–
Fair value movement	–	–	(14,124)	–	–
At 31 March 2018	–	40,500	5,876	146,423	–
Effect of HKFRS 9 – reclassification	12,876	–	–	(146,423)	146,423
Addition	–	166,205	–	–	289,876
Fair value movement	676	1,231	(1,029)	–	–
At 30 September 2018	13,552	207,936	4,847	–	436,299

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

Concept, design and printing: iOne Financial Press Limited.   Website: www.ione.com.hk
設計與製作: 卓智財經印刷有限公司   網址: www.ione.com.hk

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