



# 遠東發展有限公司

Far East Consortium International Limited

Incorporated in the Cayman Islands with limited liability  
於開曼群島註冊成立之有限公司

Stock Code 股份代號 : 035

## INTERIM REPORT 2015-16 中期報告







## UNITED KINGDOM

### UNITED KINGDOM

- 3 owned hotels under development
- 1 owned and operational hotel
- Property development



## MALAYSIA

- Property development
- 5 owned and operational hotels
- Car park operations and facilities management
- 1 owned hotel under development



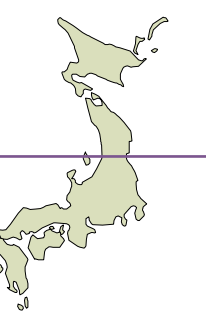
## SINGAPORE

- Property development
- Investment properties
- 1 owned and operational hotel

Perth

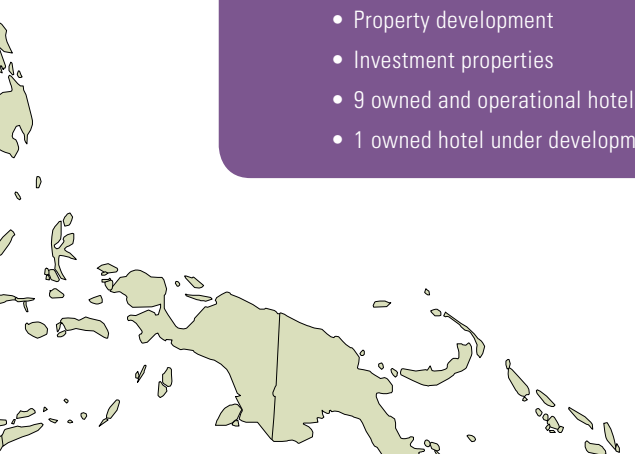
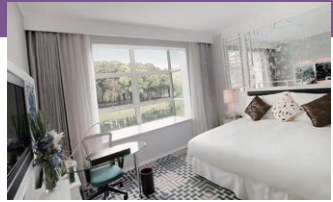
# DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

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



## CHINA

- Property development
- Investment properties
- 4 owned and operational hotels
- 1 owned hotel under development



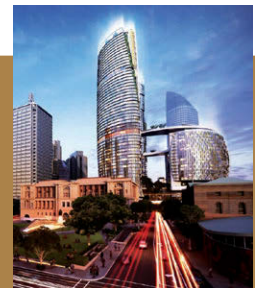
## HONG KONG

- Property development
- Investment properties
- 9 owned and operational hotels
- 1 owned hotel under development



## AUSTRALIA & NEW ZEALAND

- Property development
- Investment properties
- 6 hotels under development
- Car park operations and facilities management
- Gaming and Entertainment







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# CORPORATE INFORMATION

## BOARD OF DIRECTORS EXECUTIVE DIRECTORS

David CHIU, Tan Sri Dato', B.Sc.

(Chairman and Chief Executive Officer)

Chris Cheong Thard HOONG, B. ENG., ACA

Denny Chi Hing CHAN, EMBA

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

Chris Cheong Thard HOONG

Denny Chi Hing CHAN

Dennis CHIU

Craig Grenfell WILLIAMS

Boswell Wai Hung CHEUNG

## MANAGING DIRECTOR

Chris Cheong Thard HOONG

## CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

## AUTHORISED REPRESENTATIVES

David CHIU

Boswell Wai Hung CHEUNG

## 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

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 Bank of East Asia, Limited

The Hongkong and Shanghai Banking  
Corporation Limited

United Overseas Bank Limited

## MALAYSIA

Public Bank Berhad

## SINGAPORE

The Hongkong and Shanghai

Banking Corporation Limited

CIMB Bank Berhad

## AUSTRALIA

Australia and New Zealand Banking Group  
Limited

Bank of Western Australia

Commonwealth Bank of Australia Limited

Westpac Banking Corporation

## MAINLAND CHINA

Agricultural Bank of China Limited

Bank of China Limited

China Construction Bank Corporation

China Merchants Bank

Dah Sing Bank (China) Limited

DBS Bank (China) Limited

HSBC Bank (China) Company Limited

Industrial and Commercial Bank of China Limited

Wing Hang Bank (China) Limited

## UNITED KINGDOM

Oversea-Chinese Banking Corporation Limited

## PLACE OF INCORPORATION

Cayman Islands

## REGISTERED OFFICE

P.O. Box 1043, Ground Floor,

Caledonian House, Mary Street,

George Town,

Grand Cayman, Cayman Islands,

British West Indies

## 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)

5.875% CNY Bonds 2016

(Code: 85915)

6.0% CNY Bonds 2018 of Dorsett

(Code: 85917)

The Stock Exchange of Hong Kong Limited

## WEBSITE

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

## WECHAT QR CODE







# INTERIM RESULTS 2015–16

## 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 2015 (“1H FY2016”). The Company’s Audit Committee has reviewed the results of the financial statements of the Group for the period ended 30 September 2015 prior to recommending them to the Board for approval.

## INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2015 of HK3 cents (30 September 2014: HK3 cents) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 30 December 2015. 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 (“Scrip Dividend Scheme”).

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 30 December 2015. 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 8 January 2016. Dividend warrants and/or new share certificates will be posted on or around 15 February 2016.







# MANAGEMENT DISCUSSION AND ANALYSIS







# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL AND BUSINESS REVIEWS

### FINANCIAL REVIEW

#### 1. Revenue analysis

The Company's consolidated revenue for 1H FY2016 was approximately HK\$1.9 billion, a decrease of 35.9% as compared with the six months ended 30 September 2014 ("1H FY2015"). A breakdown of revenue is shown below:

Major business	1H FY2016 HK\$ million	1H FY2015 HK\$ million	Decrease
Sales of properties	889	1,817	51.1%
Hotel operations and management	634	715	11.3%
Car park operations and facilities management	299	321	6.9%
Leasing of properties	26	30	13.3%
Others	9	12	–
<b>Total revenue</b>	<b>1,857</b>	<b>2,895</b>	<b>35.9%</b>

Revenue from sales of properties amounted to approximately HK\$889 million in 1H FY2016, a decrease of 51.1% as compared with the last financial period. During 1H FY2016, 2 projects were completed, namely Upper West Side, Midtown (Stage 3) in Melbourne and View Pavilion in Shanghai. This decrease in revenue was mainly due to lower booking of residential development completion during 1H FY2016. In 2H FY2016, it is expected that Eivissa Crest, Hong Kong and certain number of units of Kings Manor, Shanghai will be completed. The remaining presold units at View Pavilion will also be handed over to customers in 2H FY2016.

Revenue from hotel operations and management amounted to approximately HK\$634 million in 1H FY2016, a decrease of 11.3% as compared to 1H FY2015. The decrease was attributable mainly to decrease in average room rate and occupancy in the Hong Kong market and reduction in average room rate (measure in Hong Kong dollar terms) in Malaysia.

Revenue from car park operations and facilities management amounted to approximately HK\$299 million in 1H FY2016, a decrease of 6.9%. During 1H FY2016, approximately 4,300 car park bays were added to the car park management portfolio. However, the results was offset by the impact of the depreciation of the Australian and Malaysian dollars against Hong Kong dollar. Assuming constant exchange rate, revenue from this division increased by 14.3%.

Revenue relating to leasing of properties decreased by approximately HK\$4 million, mainly due to Pearl Centre, Singapore which was sold in the previous financial year.

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

	Impact of Currency Exchange Rate					
	30.9.2015 HK\$	31.3.2015 HK\$	% change	30.9.2014 HK\$	31.3.2014 HK\$	% change
HK\$/AUD	5.41	5.92	-8.6%	5.41	6.75	-19.9%
HK\$/RMB	1.22	1.25	-2.4%	1.22	1.26	-3.2%
HK\$/MYR	1.74	2.09	-16.7%	1.74	2.37	-26.6%
HK\$/GBP	11.72	11.46	2.3%	11.72	12.58	-6.8%
HK\$/SGD	5.42	5.63	-3.7%	5.42	6.09	-11.0%



## 2. Gross profit analysis

	Property Development HK\$'000	Hotel operations and management HK\$'000	Car park operations and facilities management HK\$'000	Others and unallocated items HK\$'000	Total HK\$'000
<b>For 1H FY2016</b>					
Revenue	889,203	634,058	299,018	34,785	1,857,064
Gross profit	298,625	251,928	57,222	20,793	628,568
Depreciation and amortization	–	141,387	9,091	–	150,478
Adjusted gross profit	298,625	393,315	66,313	20,793	779,046
Gross profit margin	33.6%	62.0%	22.2%	59.8%	42.0%
<b>For 1H FY2015</b>					
Revenue	1,816,697	714,615	321,126	42,585	2,895,023
Gross profit	433,013	342,466	63,743	26,256	865,478
Depreciation and amortization	–	120,852	11,618	–	132,470
Adjusted gross profit	433,013	463,318	75,361	26,256	997,948
Gross profit margin	23.8%	64.8%	23.5%	61.7%	34.5%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 30 September 2015.

	As at 30.9.2015 HK\$ million	As at 31.3.2015 HK\$ million
Bank loans and bonds		
Due within 1 year	2,124	3,821
Due 1 – 2 years	2,230	530
Due 2 – 5 years	4,036	5,167
Due more than 5 years	1,016	301
<b>Total bank loans and bonds</b>	<b>9,406</b>	<b>9,819</b>
Investment securities	1,416	1,151
Bank and cash balances	2,384	2,336
<b>Liquidity position</b>	<b>3,800</b>	<b>3,487</b>
<b>Net debts<sup>(i)</sup></b>	<b>5,606</b>	<b>6,332</b>
Carrying amount of the total equity	9,928	10,261
Add: hotel revaluation surplus	11,042	10,976
<b>Total equity adjusting for hotel revaluation surplus</b>	<b>20,970</b>	<b>21,237</b>
<b>Net gearing ratio (net debts to total adjusted equity)</b>	<b>26.7%</b>	<b>29.8%</b>

Note:

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

To better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities and investments in fixed income funds.

The liquidity position of the Group as at 30 September 2015 was HK\$3.8 billion. During the six months ended 30 September 2015, debts reduced by approximately HK\$726 million to HK\$5.6 billion.

Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$11,042 million as at 31 May 2015 (HK\$10,976 million as at 31 March 2015), the Group's total consolidated equity as at 30 September 2015 was approximately HK\$20,970 million. Compared with the net debts as at 30 September 2015, the net gearing ratio of the Group was at 26.7%, an improvement from 29.8% as at 31 March 2015.



The carrying amounts of the total bank loans and bonds in the Company's consolidated statement of financial position include an amount of approximately HK\$950 million (as at 31 March 2015: HK\$521 million) which were not repayable within one year based on scheduled repayment dates. However, it has been shown as current liabilities as the counter parties have discretionary rights to demand immediate repayment.

As at 30 September 2015, the undrawn banking facilities were approximately HK\$4.1 billion which are all committed banking facilities, of which approximately HK\$2.0 billion is in relation to construction development while the remaining balance of approximately HK\$2.1 billion is for the Group's corporate use. The banking facilities together with sale proceeds generated from the Group's upcoming property development projects places the Group in a good financial position to fund not only its existing business and operations but also further expansion of its business.

#### 4. Capital expenditure

The Group's capital expenditures consist of expenditures for acquisition, development and refurbishment of hotel properties. During 1H FY2016, the Group's capital expenditures amounted to approximately HK\$104 million primarily attributable to construction works on Dorsett City London and Silka Tsuen Wan Hong Kong, and the renovation works on Cosmopolitan Hotel Hong Kong. The capital expenditures were funded through a combination of bank borrowings and internal resources.

#### 5. Capital commitments

	As at 30.9.2015 HK\$ million	As at 31.3.2015 HK\$ million
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	423,799	259,477
Others	66,877	83,761
	<b>490,676</b>	<b>343,238</b>
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	–	210,346
Others	11,069	11,069
	<b>11,069</b>	<b>221,415</b>
	<b>501,745</b>	<b>564,653</b>

#### 6. Post balance sheet event – Privatisation of Dorsett Hospitality International Limited (“Dorsett”)

The scheme of arrangement for the privatisation of Dorsett was approved at the Court Meeting and the Extraordinary General Meeting by Dorsett's independent shareholders on 29 September 2015, sanctioned by the Grand Court of the Cayman Islands and became effective on 14 October 2015. In order to acquire Dorsett's minority shares of approximately 26.03% of Dorsett's issued share capital, a total of 153,772,358 shares of the Company (approximately 7.42% of the enlarged share capital) were allotted and issued on 14 October 2015 and a total cash consideration of approximately HK\$394 million was paid on 26 October 2015 to the Scheme Shareholders. The withdrawal of the listing of Dorsett Shares on the Stock Exchange took effect from 4:00 p.m. on 16 October 2015. The Dorsett Bonds continue to be listed on the Stock Exchange. Unless otherwise defined in this section or the context otherwise requires, terms defined in the composite scheme document dated 31 August 2015 as amended by the announcement dated 8 September 2015 jointly issued by the Company, Dorsett and Willow Bliss Limited shall have the same meanings when used in this section.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company is expected to benefit from the successful privatisation of Dorsett in the following manner:

(1) *Enhancement of the Company's net asset value ("NAV")*

	Before Privatisation HK\$ million	After Privatisation HK\$ million
Equity attributable to shareholders as at 30.9.2015	8,855	8,855
Hotel revaluation surplus as at 31.5.2015 (HK\$11,042 million x 73.97%)	8,168	8,168
Other assets revaluation surplus as at 31.5.2015 (primarily land and car parks)	3,027	3,027
Add Dorsett minority interest	–	967
Add hotel revaluation surplus from minority shareholders as at 31.5.2015 (HK\$11,042 million x 26.03%)	–	2,874
Less cash distributed to Dorsett minority shareholders	–	(394)
<b>Total net asset value</b>	<b>20,050</b>	<b>23,497</b>
<b>Total shares in issue (million)</b>	<b>1,918</b>	<b>2,071</b>
<b>Adjusted NAV per share (HK\$) as at 30.9.2015</b>	<b>10.45</b>	<b>11.35</b>
<b>NAV enhancement per share (HK\$)</b>		<b>0.90</b>

(2) *Better flexibility in financing capability*

Dorsett has 7 hotel assets which are unencumbered and able to provide an additional lending facility of approximately HK\$1.3 billion. Its liquidity position (bank and cash, and investment securities) was approximately HK\$1.4 billion as at 30 September 2015. Undrawn banking facilities as at 30 September 2015 was approximately HK\$1.1 billion. This additional financing/funding capability enables the Group to stature itself in a better position to explore greater potential business opportunities and deploy capital to projects with higher internal rate of returns.

(3) *Increase in trading liquidity*

153,772,358 shares of the Company (approximately 7.42% of the enlarged share capital) were issued pursuant to the privatisation exercise. It is expected that these additional shares were added to trading liquidity.

(4) *Elimination of holding company discount*

It is expected that the privatisation would eliminate the holding company discount, resulting in improvement of the Company's value.

(5) *Savings in certain overlapped corporate functions*

The combined entities will simplify the group structure and give rise to cost savings achievable through the elimination of certain overlapped corporate functions.



7. **Post balance sheet event – Entering into Integrated Resort Development Agreement and Residential Development Agreement in relation to the development of Queen’s Wharf project in Brisbane, Australia**

On 16 November 2015, the Consortium, a joint venture between the Group, Echo Entertainment Group Limited (“Echo”) and Chow Tai Fook Enterprises Limited (“CTF”), entered into Development Agreements with the Queensland State for the delivery of the Queen’s Wharf Project in Brisbane, Australia. This follows the Queensland State’s selection of the Consortium as the preferred proponent on 20 July 2015.

*Integrated Resort Component*

The integrated resort component (“Integrated Resort Component”) is owned in the proportion of 25% by the Group, 25% by CTF and 50% by Echo, of which equity contributions to this component will be provided in accordance with their respective interests.

The total investment amount for the Integrated Resort Component is expected to be approximately AU\$1.93 billion. The equity portion of the total investment is expected to be approximately 40% (i.e. AU\$773 million) with the balance of approximately 60% to be funded by bank financing. As the Group has a 25% interest in the Integrated Resort Component, the equity portion of the total investment required from the Group is expected to be approximately AU\$193.25 million. Payments will be made progressively commencing from signing of the project documents up to completion of the project.

*Residential Component*

The residential component (“Residential Component”) is owned in the proportion of 50% by the Group and 50% by CTF, of which equity contributions to this component will be provided in accordance with their respective interests.

Together with the Group’s portion of land premium for the Residential Component, the total capital commitment of the Group is expected to be approximately AU\$225.75 million. The Group intends to fund its portion of capital commitment from the Group’s internal resources.

*Information on the project*

The project comprises the Integrated Resort Component and the Residential Component encompassing a total area of approximately 9.4 hectares at Queen’s Wharf, Brisbane, Queensland, Australia, consisting of 3 residential towers comprising approximately 2,000 apartments, 5 world class hotels (including Ritz-Carlton Hotel owned by Echo), high end food and commercial outlets and a casino in Brisbane’s prime waterfront district. Subject to the final approval of the master plan, the total core development gross floor area (“GFA”) of the project is expected to be 544,600 square meters (“sq. m.”) of which approximately 167,000 sq. m. relates to the residential component.

It is anticipated that the Queensland State will hand over the land in the precinct of the project to the Consortium by 2017. Construction on the site is anticipated to commence in 2017 and the Integrated Resort Component is expected to open by 2022.

Echo will operate the casino in the Integrated Resort Component in return for a fee based on the revenue and earnings generated by the Integrated Resort Component. The Group and CTF will generate referral fees for VIP business directly referred to the facility.

It is anticipated that the casino license and integrated resort precinct term and lease term will be 99 years, of which it will include a 25-year casino exclusivity period within 60 kilometers from the Brisbane CBD, from commencement of operations of the integrated resort. Gaming tax rates are consistent with current levels. Maximum approved electronic gaming machines are 2,500. It will have unlimited gaming tables (including electronic derivations) and contractual arrangements that provide certainty on key license conditions for a 10-year period from the opening of the integrated resort.

The project brings together the Group’s experience in international hospitality operation and mixed-use development and, CTF’s extensive VIP customer base in Mainland China and Asian markets, as well as Echo’s operational experience in integrated resorts. The project will allow the Group to develop an integrated resort and residential project in Brisbane, Australia and it is a significant step for the Group to expand into a new strategic location in Australia. It is expected that the project will contribute significantly to the recurring cashflow stream of the Group as well as add to the residential development pipeline.

For more details, please refer to the announcement of the Company dated 16 November 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 8. Post balance sheet event – Acquisition of a residential site in Singapore

On 17 November 2015, the Group won a tender in Singapore for a residential development site at Alexandra View at the tender price of approximately S\$377 million (exclusive of Goods and Services Tax). The property development comprises a 99-year leasehold land parcel. The permissible GFA of the site is 41,153 sq. m. comprising residential development together with commercial development at 1st storey which includes a supermarket. The site is located next to Redhill MRT station in Singapore, within an established residential estate and near commercial amenities such as Tiong Bahru Plaza, Queensway Shopping Centre and IKEA Alexandra in Singapore.

This development will be undertaken by a joint venture, in which the Group has 70% interests. The acquisition of the property development in Singapore will provide an opportunity for the Group to expand and diversify its property development portfolio as well as add to the residential development pipeline.

## BUSINESS REVIEW

### 1. Property division

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

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. In 1H FY2016, a fair valuation gain of investment properties of approximately HK\$127 million was recognized. The increase in valuation of investment properties was mainly due to an increase in fair value of the investment properties in Mainland China, Hong Kong and Australia. During 1H FY2016, some offices with a value of approximately HK\$83 million were transferred and reclassified from investment properties to property, plant and equipment because of self-use requirement. As at 30 September 2015, valuation of investment properties reached approximately HK\$3.2 billion (31 March 2015: HK\$3.2 billion).

The Group has a diversified portfolio in residential property development in Australia, Shanghai, Guangzhou, Hong Kong, London and Kuala Lumpur. To carry out property development in the various markets, the Group has established strong local teams in each of these markets. The regionalization approach to this business allows the Group to take advantage of the different property cycles in the different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. Most of the Group's property developments are focused on mass residential market where the Group can benefit from the growing affluence of the middle class.

Total cumulative presales value of residential properties under development amounted to approximately HK\$7.5 billion as at 30 September 2015, of which contracted presales value was approximately HK\$5.6 billion and registered presales value (see note below) was approximately HK\$1.8 billion. As revenue will only be recognized when the sales of the property developments are completed, proceeds of the presales were not reflected in the consolidated income statement. The Group expects a significant cash flow when the projects are completed.

The following shows a breakdown of the total cumulative presales value of residential properties under development as at 30 September 2015.

Developments	Location	HK\$ million	Financial year of expected competition
Manhattan at Upper West Side (Stage 4)	Melbourne	1,588	FY2017
The FIFTH	Melbourne	1,103	FY2018
Eivissa Crest	Hong Kong	629	FY2016
Aspen Crest	Hong Kong	756	FY2019
King's Manor	Shanghai	1,095	FY2016/17
View Pavilion (remaining)	Shanghai	178	FY2016
Dorsett Bukit Bintang	Kuala Lumpur	279	FY2017
Cumulative contracted presales value		5,628	
The Towers at Elizabeth Quay	Perth	1,835 <sup>(i)</sup>	FY2020
Total presales value		7,463	

Note:

- (i) The amount represents registered presales. A registered presale is an expression of interest for an apartment where a booking fee has been paid to reserve an apartment. No sale and purchase agreement has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for the reserved apartment.

During 1H FY2016, the Group launched presales of Aspen Crest in Hong Kong and King's Manor (second phase) in Shanghai. In 2H FY2016, subject to market conditions and presale permit approvals, the Group intends to launch 3 more projects, namely Royal Riverside in Guangzhou, Royal Crest II, Shanghai and West Side Place (Tower 1) in Melbourne. Total expected gross development value ("GDV") and saleable floor area of these projects are approximately HK\$9.5 billion and approximately 2.3 million square feet ("sq. ft.") respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

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

Developments	Attributable Saleable Floor Area <sup>(i)</sup> Sq. ft.	Gross Development Value <sup>(ii)</sup> HK\$ million	Status/ Expected launch	Financial year of expected completion
<b>Melbourne</b>				
Manhattan at Upper West Side (Stage 4)	388,000	1,588	Launched	FY2017
The FIFTH	284,000	1,117	Launched	FY2018
West Side Place				
– Tower 1	524,000	2,766	FY2016	Planning
– Tower 2	500,000	2,890	Planning	Planning
– Tower 3	400,000	2,312	Planning	Planning
– Tower 4	576,000	3,328	Planning	Planning
<b>Perth – The Towers at Elizabeth Quay</b>	320,000	2,591	Launched	FY2020
<b>Brisbane – Queen’s Wharf Brisbane<sup>(iii)</sup></b>	706,000	3,756	Planning	Planning
<b>Shanghai</b>				
King’s Manor	712,000	2,675	Launched	FY2016/17
The Royal Crest II	259,000	915	FY2016	FY2017/18
View Pavilion (remaining)	61,000	189	Launched	FY2016
<b>Guangzhou – Royal Riverside</b>	688,000	2,098	FY2016	FY2017/18
<b>Hong Kong</b>				
Tan Kwai Tsuen	48,000	800	FY2017	FY2017/18
Eivissa Crest	36,000	765	Launched	FY2016
Tai Wai	33,000	407	Planning	Planning
Sha Tau Kok	99,000	795	FY2017	FY2018/19
Aspen Crest	64,000	1,060	FY2016	FY2019
Sham Shui Po	28,000	497	Planning	Planning
<b>Kuala Lumpur – Dorsett Bukit Bintang</b>	215,000	731	Launched	FY2017
<b>London – Alpha Square</b>	387,000	4,535	Planning	Planning
<b>Singapore – Alexandra View<sup>(iv)</sup></b>	290,000	2,682	Planning	Planning
<b>Total</b>	<b>6,618,000</b>	<b>38,497</b>		

Notes:

- (i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.
- (ii) The amounts shown represent expected gross development value which may change subject to market conditions.
- (iii) This residential development consists of a total floor area of approximately 1,400,000 sq. ft.. The Group has 50% interest in the development.
- (iv) This development was acquired post 30.9.2015. Total saleable floor area is approximately 410,000 sq. ft.. The Group has 70% interests in the development.

In addition to the development pipeline of approximately 6.6 million sq. ft. in saleable floor area, the Group has a land bank of approximately 4.8 million sq. ft. of floor area. This land bank comprises inter alia residential land in Shanghai and Guangzhou, and a joint venture project in Fung Lok Wai, Yuen Long, Hong Kong. With a total property development pipeline of approximately 11 million sq. ft., the Group's development is poised for continued growth in the coming years.

#### *Australia*

Manhattan at Upper West Side (Stage 4) consists of 641 apartments which were completely presold as at 30 September 2015. Its presales value was approximately HK\$1,588 million. It is expected to be completed in the financial year ending 31 March 2017.

The FIFTH site is located adjacent to the current Upper West Side development and provides 402 apartments. As at 30 September 2015, its presales value reached approximately HK\$1.1 billion, representing 98.8% of the total expected GDV. It is expected to be completed in the financial year ending 31 March 2018.

West Side Place is a mixed-use residential development located next to the Upper West Side development. It consists of saleable floor area in relation to residential apartments of approximately 2 million sq. ft., a hotel with approximately 240 hotel rooms, retail components and other facility components. This development is currently under master planning stage and expected to be developed in phases. Subject to the market conditions, the Group plans to launch presale of tower 1 (consisting of 660 apartments) close to end of this financial year.

The Towers at Elizabeth Quay, Perth is a mixed-use development comprising residential apartments of approximately 320,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 20,000 sq. ft. of commercial or retail area as well as other ancillary facilities. Soft launched in the beginning of 2015, the registered presales value for the project reached approximately HK\$1.8 billion as at 30 September 2015, representing 70.9% of the expected GDV. This development is expected to be completed in the financial year ending 31 March 2020.

In November 2015, an Integrated Resort Development Agreement and a Residential Development Agreement were signed with the Queensland State for the delivery of the Queen's Wharf Project in Brisbane. The project encompasses a total area of approximately 9.4 hectares at Queens Wharf, Brisbane, Queensland, Australia and comprises an integrated resort component and a residential development component. It is expected to house 3 residential towers comprising a floor area of approximately 130,000 sq. m. consisting approximately 2,000 apartments. The Group has a 50% interest in the residential development component. This residential component is now under the master planning stage. It is expected that this development will provide the Group with a considerable amount of revenue and cashflow upon completion.

#### *Mainland China*

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low rise apartments, high rise apartments and town houses. Currently, 2 residential phases are under construction, namely King's Manor and The Royal Crest II. Both phases will produce approximately 800 residential apartments and town houses with a total saleable floor area of approximately 1 million sq. ft..

King's Manor consists of 479 apartments and 90 town houses. As at 30 September 2015, presales value reached approximately HK\$ 1.1 billion, representing approximately 40.9% of the expected GDV. It is expected that King's Manor will be completed by stages in the financial years ending 31 March 2016 and 2017.

The Royal Crest II consists of 180 apartments and 42 town houses. Its presale launch is expected in the second half of this current financial year. The Royal Crest II is expected to be completed by stages in the financial years ending 31 March 2017 and 2018.

View Pavilion (remaining) consists of approximately 61,000 sq. ft. in saleable floor area with expected GDV of approximately HK\$189 million. This development is expected to be handed over in 2H FY2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

In Guangzhou, Royal Riverside is a 5 residential towers development producing approximately 600 high rise apartments. Total saleable area is approximately 700,000 sq. ft.. Subject to receiving the necessary sales consent, the project will be launched for presale in the second half of this current financial year. The development is expected to be completed in stages in the financial years ending 31 March 2017 and 2018.

### *Hong Kong*

The Group has been actively building its development pipeline in Hong Kong. The Group continues to increase its land bank through acquisition of redevelopment sites, by participating in government tender and bidding for projects with Urban Renewal Authority ("URA").

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

Eivissa Crest consists of 106 residential apartments with approximately 36,000 sq. ft. in saleable floor area. The presales value reached approximately HK\$629 million as at 30 September 2015, representing 82.1% of the total expected GDV. Completion is expected to take place in the financial year ending 31 March 2016.

Aspen Crest is a redevelopment project and consists of 234 apartments with approximately 64,000 sq. ft. in saleable floor area. Presale was launched in 1H FY2016. As at 30 September 2015, its presales value reached approximately HK\$756 million, representing 71.3% of the total expected GDV. Its completion is expected in the financial year ending 31 March 2019.

A residential development site at Tan Kwai Tsuen consists of 24 town houses with approximately 48,000 sq. ft. in saleable floor area. It is expected to launch its presale in the financial year ending 31 March 2017. Completion is expected to be in the financial years ending 31 March 2017 and 2018.

A residential development site at Sha Tau Kok was acquired through government tender. This development comprises 263 low rise apartments with approximately 99,000 sq. ft. in saleable floor area. Its presale launch is expected in the second half of financial year ending 31 March 2017 and completion is expected in the financial years ending 31 March 2018 and 2019.

Another residential development site which was also acquired through government tender was at Tai Wai. This development site comprises a residential component of approximately 33,000 sq. ft. in saleable floor area and a commercial component of approximately 5,800 sq. ft. in gross floor area. This project is under planning stage.

A residential development site at Sham Shui Po was acquired through URA. This residential development will comprise 72 apartments (mainly 1-bedroom apartment) with approximately 28,000 sq. ft. in saleable floor area. This project is under planning stage.

### *Malaysia*

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high rise apartments with approximately 215,000 sq. ft. in saleable floor area. As at 30 September 2015, presales value reached approximately HK\$279 million, representing 38.1% of the total expected GDV. Completion is expected to take place in the financial year ending 31 March 2017.

### *London, United Kingdom*

A residential development site in Marsh Wall, Canary Wharf was acquired in January 2014. In June 2014, the Group acquired another site at Manilla Street adjacent to the Marsh Wall site. The Group intends to combine the 2 sites and, subject to planning approval, develop a mixed-use complex including residences of approximately 387,000 sq. ft. in saleable floor area and a hotel of approximately 300 rooms on the combined site. The Group intends to continue to acquire and increase its land bank in the United Kingdom.

### *Singapore*

The Group recently won a tender for residential site at Alexandra View near Redhill MRT station in Singapore. Subject to finalising the development plan, the development is expected to consist approximately 410,000 sq. ft. in saleable floor area. This development is owned by a joint venture, in which the Group has 70% interests.

## 2. Hotel operations and management

Dorsett was privatised with effect on 14 October 2015. An extract of Dorsett consolidated unaudited income statement for 1H FY2016 is shown below.

For the 6 months ended	30.9.2015 HK\$'000	30.9.2014 HK\$'000
<b>Revenue</b>		
Hotel operation	622,080	704,891
Investment	11,978	9,724
	<b>634,058</b>	<b>714,615</b>
Depreciation and amortisation	(141,387)	(120,852)
Operating costs	(240,743)	(251,297)
<b>GROSS PROFIT</b>	<b>251,928</b>	<b>342,466</b>
<b>GROSS PROFIT MARGIN</b>	<b>39.7%</b>	<b>47.9%</b>
Other income	3,772	3,674
Administrative expenses	(171,646)	(197,017)
Pre-opening expenses	–	(8,578)
Other gains and losses	51,404	27,279
Finance costs	(90,703)	(79,408)
Profit before taxation	44,755	88,416
Income tax expenses	(17,431)	(23,439)
<b>PROFIT FOR THE PERIOD</b>	<b>27,324</b>	<b>64,977</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the reconciliation of reported EBITDA against the recurring EBITDA.

For the 6 months ended	30.9.2015 HK\$'000	30.9.2014 HK\$'000
Profit before taxation	44,755	88,416
Adjusted for:		
Interest income	(1,431)	(1,040)
Finance costs	90,703	79,408
Depreciation and amortisation	141,387	120,852
Reported EBITDA	275,414	287,636
Pre-opening expenses	–	8,578
Fair value gain of investment properties	(48,466)	(47,177)
Dividend/interest from securities and financial products investment net of treasury management expenses	(11,942)	(2,072)
Change in fair value of derivative financial instruments	(1,348)	–
Change in fair value of investment securities	22,923	4,512
Recurring EBITDA	236,581	251,477
Hotel revenue	622,080	704,891
Hotel EBITDA margin	38.0%	35.7%



The key revenue indicators of hotel operations under Dorsett for 1H FY2016 are as follows:

	1H FY2016	1H FY2015
<b>Hong Kong</b>		
Occupancy rate	85.7%	93.6%
Average room rate (HK\$)	679	831
RevPAR (HK\$)	582	778
Revenue (HK\$ million)	300	385
<b>Malaysia</b>		
Occupancy rate	66.2%	63.4%
Average room rate (HK\$)	364	542
RevPAR (HK\$)	241	344
Revenue (HK\$ million)	102	142
<b>Mainland China</b>		
Occupancy rate	51.1%	51.4%
Average room rate (HK\$)	528	541
RevPAR (HK\$)	270	278
Revenue (HK\$ million)	103	103
<b>Singapore</b>		
Occupancy rate	80.9%	77.2%
Average room rate (HK\$)	1,057	1,218
RevPAR (HK\$)	855	940
Revenue (HK\$ million)	48	53
<b>United Kingdom</b>		
Occupancy rate	90.0%	56.0%
Average room rate (HK\$)	1,136	1,173
RevPAR (HK\$)	1,022	657
Revenue (HK\$ million)	69	22
<b>Total</b>		
Occupancy rate	73.2%	74.8%
Average room rate (HK\$)	641	753
RevPAR (HK\$)	469	563
Revenue (HK\$ million)	622	705

For 1H FY2016, total revenue of the Group's hotel operations decreased by approximately 11.7% to HK\$622 million, of which the revenue generated in Hong Kong was approximately HK\$300 million, representing 48.2% of total revenue of the Group's hotel operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong remains the main contributor to the Group's hotel performance. The occupancy rate ("OCC") and average room rate ("ARR") in Hong Kong decreased from 93.6% to 85.7% and from HK\$831 to HK\$679 respectively, resulting in the decrease in room revenue per available room ("RevPAR") in Hong Kong from HK\$778 to HK\$582. The decreases were mainly attributable to the decline in number of overnight visitors' arrivals in Hong Kong during 1H FY2016 and appreciation of Hong Kong dollar compared to the currency of major Asian countries which eroded the competitiveness of the Hong Kong tourism market. Facing challenging hotel business environment in Hong Kong, the Group has adjusted its distribution strategy and launched a number of sales and marketing campaigns to minimize such adverse impacts.

In Malaysia and Singapore, the OCCs for 1H FY2016 increased by 2.8% and 3.7% respectively while the ARRs of both countries decreased, primarily due to the decrease in Malaysia Ringgit and Singapore dollar against to Hong Kong dollar. Assuming constant exchange rate, the RevPAR in home currency in Malaysia decreased by 13.1% while that in Singapore recorded a growth of 0.7%.

In Mainland China, OCC in 1H FY2016 maintained at a similar level, compared with that in 1H FY2015. Both ARR and RevPAR recorded a decrease of 2.4% and 2.9% respectively, primarily due to Lushan Resort which was still in a ramping up period which dragged down the overall hotel performance in Mainland China.

In United Kingdom, Dorsett Shepherds Bush opened in June 2014. Its operating performance recorded a significant improvement during 1H FY2016. OCC increased significantly from 56.0% to 90.0%. Assuming constant exchange rate, ARR in home currency increased by 6.4% and RevPAR increased by 70.8%.

Going forward, the key growth of the hotel division is expected to be from hotel room additions. As at 30 September 2015, the Group operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London) with approximately 6,000 rooms and had 12 owned hotels in the development pipeline. These 12 hotels are:

Number of hotels	Location	Number of rooms <sup>(i)</sup>	Hotel operators <sup>(ii)</sup>
1	Hong Kong	410	to be managed by Dorsett
1	Mainland China	416	to be managed by Dorsett
3	London	624	to be managed by Dorsett
1	Kuala Lumpur	150	to be managed by Dorsett
1	Melbourne	240	to be managed by Ritz Carlton
1	Perth	200	to be managed by Ritz Carlton
4	Brisbane <sup>(iii)</sup>	1,004	to be managed by Dorsett and other brand operators
12		3,044	

When all the hotels in the pipeline become operational, the Group will have 32 owned hotels with more than 9,000 rooms. The Group seeks to continue to expand its hotel portfolio and its network coverage consistent with its "Chinese Wallet" strategy.

#### Notes:

- (i) Number of rooms may change, subject to planning approval and finalization of the master and building plan.
- (ii) Hotel operators may change, subject to finalization of the operating agreement and other terms.
- (iii) This is a part of Queen's Wharf Brisbane, in which the Group has 25% interest (the integrated resort component). Other than Ritz Carlton Hotel (owned by Echo) 4 hotels with 1,004 rooms will be built in this component.

### 3. Car park operations and facilities management

The Group's car park and facilities management business includes car park operations and property management services.

The car park business extends to both third party owned car parks and self-owned car parks. The car park operations achieved steady growth during 1H FY2016, with an acquisition of a car park with 473 car parking bays in New Zealand. As at 30 September 2015, the Group's carpark portfolio comprised 351 car parks with approximately 70,700 car parking bays. Of these, 24 were self-owned car parks (19 in Australia, 3 in New Zealand and 2 in Kuala Lumpur) comprising approximately 6,700 car parking bays. The remaining car park portfolio consists of approximately 64,000 car parking bays in Australia, New Zealand and Malaysia, which are under management contracts entered into with third party car park owners. Third party owners include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

This division expanded its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia. It is expected that the car park operations and facilities management business will grow steadily. As at 30 September 2015, the Group had 36 contracts in relation to facilities management services.

## OUTLOOK

Looking ahead, with a strong war chest, the Group believes it is well-positioned to deliver long-term growth. Dorsett is now wholly owned by the Group and will enable the Group to benefit more fully from the significant growth potential of the tourism industry in Asia. In addition, the Queen's Wharf Brisbane project will not only contribute to the diversification of the Group's activities but will also enhance significantly the recurring cash-flow stream.

The Group's liquidity position of HK\$3.8 billion is favourable. Together with the available undrawn credit facility of HK\$4.1 billion, there is a significant war chest to spur the growth of the Group. The net gearing ratio of 26.7 % reflects the strength of the Group's balance sheet.

Total cumulative presales value of HK\$7.5 billion and a development pipeline of HK\$38 billion indicate a clear visibility of future potential profitability.

The Company will continue with its regional diversification strategy to achieve sustainable growth. With the recent additions to the development pipeline of the Queen's Wharf Brisbane project in Australia and the residential site at Alexandra View in Singapore, the Company can expect a stable revenue stream creating long term value for its shareholders.



# OTHER INFORMATION

## EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2015 was approximately 3,400. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits and both internal and external trainings appropriate to each individual's requirements.

## DIRECTORS' INTERESTS

As at 30 September 2015, the interests of the directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

### A. THE COMPANY

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

Name of director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	15,103,101	0.79%
	Interest of spouse	582,830 <sup>(i)</sup>	0.03%
	Interest of controlled corporations	921,686,327 <sup>(i)</sup>	48.06%
Chris Cheong Thard HOONG	Beneficial owner	6,243,033	0.33%
	Joint interest	404,245 <sup>(ii)</sup>	0.02%
Denny Chi Hing CHAN	Beneficial owner	2,010,000	0.10%
Dennis CHIU	Beneficial owner	3,266	0.00%
	Interest of controlled corporations	5,537,593 <sup>(iii)</sup>	0.29%

Notes:

(i) 921,672,654 shares were held by Sumptuous Assets Limited and 13,673 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 582,830 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 404,245 shares jointly held with his wife.

(iii) 1,660,375 shares were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

\* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2015.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	5,000,000	0.26%
Denny Chi Hing CHAN	Beneficial owner	3,500,000	0.18%

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

\* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 30 September 2015.

## A.3 Debentures

As at 30 September 2015, Tan Sri Dato' David CHIU was deemed to have an interest in the 5.875% CNY Bonds 2016 issued by the Company in the principal amount of CNY37,700,000 of which CNY30,700,000 was held by his controlled corporation, Precious Stone Properties Limited and CNY7,000,000 was held by his spouse, Ms. Nancy NG.

## OTHER INFORMATION

### B. ASSOCIATED CORPORATIONS

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

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
David CHIU	Dorsett	Interest of spouse	8,861 <sup>(i)</sup>	0.00%
		Interest of controlled corporations	1,562,531,011 <sup>(i)</sup>	74.38%
Chris Cheong Thard HOONG	Dorsett	Joint Interest	4,242 <sup>(ii)</sup>	0.00%
Denny Chi Hing CHAN	Dorsett	Beneficial owner	3,000	0.00%
Dennis CHIU	Dorsett	Beneficial owner	32	0.00%
		Interest of controlled corporations	79,698 <sup>(iii)</sup>	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	825 <sup>(iv)</sup>	8.25%

Notes:

- (i) 8,651,361 shares in Dorsett were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,553,879,650 shares in Dorsett were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 48.9% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in Dorsett. 8,861 shares in Dorsett were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 4,242 shares of Dorsett jointly held with his wife.
- (iii) 21,540 shares in Dorsett were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 58,158 shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
- (iv) These shares in Care Park Group Pty. Ltd. 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 respective associated corporations' issued shares as at 30 September 2015.



**B.2 Long position in the underlying shares of Dorsett – physically settled unlisted equity derivatives**

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of Dorsett's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	2,269,091	0.11%
Denny Chi Hing CHAN	Beneficial owner	2,836,364	0.14%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in the below section headed "Share Option Scheme".

\* The percentage represents the number of underlying shares interested divided by Dorsett's issued shares as at 30 September 2015.

**B.3 Debentures of Dorsett**

As at 30 September 2015, Tan Sri Dato' David CHIU was deemed to have an interest in the 6.0% CNY Bonds 2018 issued by Dorsett in the principal amount of CNY18,780,000 of which CNY11,780,000 was held by Singford Holdings Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 48.9% interest in the issued share capital of the Company and CNY7,000,000 was held by his spouse, Ms. Nancy NG.

Save as disclosed above, none of the directors 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 2015.

## 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 of the Company on 31 August 2012.

The following table discloses movements in the Company's share options during the six months ended 30 September 2015:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2015	Exercise period*
			Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	Outstanding at 30.09.2015		
<b>Directors</b>									
Chris Cheong Thard HOONG	08.05.2009	1.500	1,550,000	–	(1,550,000)	–	–	16.09.2011–15.09.2019	
			1,850,000	–	(1,850,000)	–	–	16.09.2012–15.09.2019	
	27.03.2013	2.550	750,000	–	–	–	750,000	01.03.2014–28.02.2020	
			1,000,000	–	–	–	1,000,000	01.03.2015–28.02.2020	
			1,250,000	–	–	–	1,250,000	01.03.2016–28.02.2020	
		2,000,000	–	–	–	2,000,000	01.03.2017–28.02.2020		
			8,400,000	–	(3,400,000)	–	5,000,000		
<b>Denny Chi Hing CHAN</b>									
27.03.2013	2.550	525,000	–	–	–	525,000	01.03.2014–28.02.2020		
		700,000	–	–	–	700,000	01.03.2015–28.02.2020		
		875,000	–	–	–	875,000	01.03.2016–28.02.2020		
		1,400,000	–	–	–	1,400,000	01.03.2017–28.02.2020		
			3,500,000	–	–	–	3,500,000		
<b>Other employees in aggregate</b>									
25.08.2006	3.290	450,000	–	–	–	450,000	01.01.2009–24.08.2016		
		500,000	–	–	–	500,000	01.01.2010–24.08.2016		
27.03.2013	2.550	1,125,000	–	(450,000)	–	675,000	01.03.2014–28.02.2020		
		1,500,000	–	–	–	1,500,000	01.03.2015–28.02.2020		
		1,875,000	–	–	–	1,875,000	01.03.2016–28.02.2020		
		3,000,000	–	–	–	3,000,000	01.03.2017–28.02.2020		
			8,450,000	–	(450,000)	–	8,000,000		
<b>Total</b>			20,350,000	–	(3,850,000)	–	16,500,000		

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

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK\$3.62 (six months ended 30 September 2014: HK\$2.97).

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

Details of the movement of share options under Dorsett Share Option Scheme during the six months ended 30 September 2015 were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 30.09.2015	Exercise period*
			Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed/cancelled during the period		
<b>Directors of Dorsett</b>								
Winnie Wing Kwan CHIU	11.10.2010	2.20	454,545	–	–	–	454,545	11.10.2012–10.10.2015
			454,545	–	–	–	454,545	11.10.2013–10.10.2016
			454,545	–	–	–	454,545	11.10.2014–10.10.2017
			454,547	–	–	–	454,547	11.10.2015–10.10.2018
			1,818,182	–	–	–	1,818,182	
<b>Wai Keung LAI</b>								
Wai Keung LAI	11.10.2010	2.20	318,181	–	–	–	318,181	11.10.2012–10.10.2015
			318,181	–	–	–	318,181	11.10.2013–10.10.2016
			318,181	–	–	–	318,181	11.10.2014–10.10.2017
			318,185	–	–	–	318,185	11.10.2015–10.10.2018
			1,272,728	–	–	–	1,272,728	
<b>Chris Cheong Thard HOONG</b>								
Chris Cheong Thard HOONG	11.10.2010	2.20	567,272	–	–	–	567,272	11.10.2012–10.10.2015
			567,272	–	–	–	567,272	11.10.2013–10.10.2016
			567,272	–	–	–	567,272	11.10.2014–10.10.2017
			567,275	–	–	–	567,275	11.10.2015–10.10.2018
			2,269,091	–	–	–	2,269,091	
<b>Denny Chi Hing CHAN</b>								
Denny Chi Hing CHAN	11.10.2010	2.20	709,090	–	–	–	709,090	11.10.2012–10.10.2015
			709,090	–	–	–	709,090	11.10.2013–10.10.2016
			709,090	–	–	–	709,090	11.10.2014–10.10.2017
			709,094	–	–	–	709,094	11.10.2015–10.10.2018
			2,836,364	–	–	–	2,836,364	
<b>Other employees in aggregate</b>								
Other employees in aggregate	11.10.2010	2.20	1,554,541	–	–	(109,090)	1,445,451	11.10.2012–10.10.2015
			1,554,541	–	–	(109,090)	1,445,451	11.10.2013–10.10.2016
			1,554,541	–	–	(109,090)	1,445,451	11.10.2014–10.10.2017
			1,554,557	–	–	(109,094)	1,445,463	11.10.2015–10.10.2018
			6,218,180	–	–	(436,364)	5,781,816	
<b>Total</b>			<b>14,414,545</b>	<b>–</b>	<b>–</b>	<b>(436,364)</b>	<b>13,978,181</b>	

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

Further information on Dorsett Share Option Scheme and the options granted by Dorsett is set out in note 23 to the condensed consolidated financial statements.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2015, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of directors of the Company as set out above) and as far as the directors of the Company are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	921,672,654 <sup>(i)</sup> (long position)	48.06%
Deacon Te Ken CHIU <sup>(ii)</sup>	Beneficial owner	13,022,647 (long position)	0.68%
	Interest of controlled corporations	140,942,693 <sup>(iii)</sup> (long position)	7.35%
	Interest of spouse	1,624,301 <sup>(iii)</sup> (long position)	0.08%

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' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.
- \* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2015.

Save as disclosed above, as at 30 September 2015, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 throughout the six months ended 30 September 2015, except for a deviation from Code Provision A.2.1 of the CG Code 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. Having made specific enquiry to all directors 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 2015.

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.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2015.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 23 December 2015 to Wednesday, 30 December 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Interim Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 22 December 2015.

## CHANGES IN INFORMATION OF DIRECTORS

The Company has been informed of the following changes in directors' information pursuant to Rule 13.51B(1) of the Listing Rules:

- (1) withdrawal of the listing of the shares of Dorsett (former stock code: 2266) on the Stock Exchange with effect from 4:00 p.m. on 16 October 2015. Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG and Mr. Chi Hing CHAN (executive directors of the Company) were the non-executive directors of Dorsett.
- (2) resignation of Mr. Chi Hing CHAN (an executive director of the Company) as an independent non-executive director of Hidili Industry International Development Limited (a company listed on the Stock Exchange, stock code: 1393) with effect from 7 November 2015.
- (3) re-designation of Mr. Chi Hing CHAN from an executive director to a non-executive director of the Company and his resignation as the Chief Operating Officer of the Company with effect from 1 January 2016.

By order of the Board of  
**Far East Consortium International Limited**  
**Boswell Wai Hung CHEUNG**  
*Chief Financial Officer and Company Secretary*

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF  
FAR EAST CONSORTIUM INTERNATIONAL LIMITED

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 60, which comprise the condensed consolidated statement of financial position as of 30 September 2015 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 Main Board Listing 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 these condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
25 November 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2015

	NOTES	Six months ended	
		30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Revenue	5	1,857,064	2,895,023
Cost of sales and services		(1,078,018)	(1,897,075)
Depreciation and amortisation of hotel and car park assets		(150,478)	(132,470)
Gross profit		628,568	865,478
Other income		12,051	23,402
Other gains and losses	6	130,889	147,658
Administrative expenses			
– Hotel operations and management		(171,646)	(197,017)
– Others		(118,583)	(140,575)
Pre-opening expenses			
– Hotel operations and management		–	(8,578)
Selling and marketing expenses		(54,218)	(51,908)
Share of results of associates		7,532	3,540
Share of results of joint ventures		2,904	(1,453)
Finance costs	7	(114,798)	(102,396)
Profit before tax		322,699	538,151
Income tax expense	8	(48,325)	(116,811)
Profit for the period	9	274,374	421,340
Attributable to:			
Shareholders of the Company		263,242	400,592
Non-controlling interests		11,132	20,748
		274,374	421,340
Earnings per share	10		
– Basic (HK cents)		13.7	21.6
– Diluted (HK cents)		13.7	21.4

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

For the six months ended 30 September 2015

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Profit for the period	274,374	421,340
Other comprehensive expense for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(323,973)	(95,096)
Revaluation increase on available-for-sale investments	–	18
Fair value adjustments on cross currency swap contracts designated as cash flows hedge (note 21)	(21,417)	(49,118)
Reclassification to profit or loss on disposal of available-for-sale investments	–	224
Reclassification from hedge reserve to profit or loss (note 21)	–	(10,000)
	(345,390)	(153,972)
Total comprehensive (expense) income for the period	(71,016)	267,368
Total comprehensive (expense) income attributable to:		
Shareholders of the Company	(46,895)	262,733
Non-controlling interests	(24,121)	4,635
	(71,016)	267,368



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
<b>Non-current Assets</b>			
Investment properties	12	3,196,449	3,154,315
Property, plant and equipment	12	7,481,386	7,491,993
Prepaid lease payments		516,153	541,476
Goodwill		68,400	68,400
Interests in associates	13	334,025	326,510
Interests in joint ventures		43,627	40,708
Investment securities	14	692	692
Deposits for acquisition of property, plant and equipment		134,104	130,385
Amounts due from associates		70,724	70,734
Amount due from a joint venture		26,779	27,248
Amount due from an investee company		119,995	119,995
Other receivables	16	30,699	25,319
Pledged deposits		2,287	2,564
Deferred tax assets		26,594	30,537
		<b>12,051,914</b>	<b>12,030,876</b>
<b>Current Assets</b>			
Properties for sale			
Completed properties		147,827	200,730
Properties for/under development		5,188,452	5,251,611
Other inventories		8,420	8,936
Prepaid lease payments		15,075	15,519
Debtors, deposits and prepayments	15	958,592	809,999
Other receivables	16	111,568	121,985
Tax recoverable		11,377	14,461
Investment securities	14	1,415,132	1,150,244
Derivative financial instruments	17	77	2,058
Pledged deposits		145,499	272,982
Restricted bank deposits		198,250	51,158
Deposit in a financial institution		11,331	11,303
Bank balances and cash		2,173,939	2,273,734
		<b>10,385,539</b>	<b>10,184,720</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
<b>Current Liabilities</b>			
Creditors and accruals	18	740,637	737,344
Customers' deposits received		1,374,644	575,482
Obligations under finance leases		2,120	4,038
Amounts due to related companies		18,155	45,785
Amounts due to associates		12,813	10,009
Amounts due to non-controlling shareholders of subsidiaries		26,867	28,286
Bonds	20	1,220,000	1,250,000
Derivative financial instruments	17	45,858	31,542
Dividend payable		249,286	–
Tax payable		259,636	333,053
Secured bank borrowings	19	1,852,490	3,087,051
		<b>5,802,506</b>	<b>6,102,590</b>
<b>Net Current Assets</b>		<b>4,583,033</b>	<b>4,082,130</b>
<b>Total Assets less Current Liabilities</b>		<b>16,634,947</b>	<b>16,113,006</b>
<b>Non-current Liabilities</b>			
Secured bank borrowings	19	5,343,731	4,467,939
Obligations under finance leases		5,759	4,622
Bonds	20	982,296	1,005,274
Derivative financial instruments	17	65,509	58,939
Deferred tax liabilities		309,233	315,303
		<b>6,706,528</b>	<b>5,852,077</b>
<b>Net Assets</b>		<b>9,928,419</b>	<b>10,260,929</b>
<b>Capital and Reserves</b>			
Share capital	22	191,759	191,374
Share premium		2,988,226	2,982,364
Reserves		5,675,081	5,969,912
Equity attributable to shareholders of the Company		<b>8,855,066</b>	<b>9,143,650</b>
Non-controlling interests		<b>1,073,353</b>	<b>1,117,279</b>
<b>Total Equity</b>		<b>9,928,419</b>	<b>10,260,929</b>

The condensed consolidated financial statements on pages 33 to 60 were approved and authorised for issue by the Board of Directors on 25 November 2015 and are signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedge reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2014 (audited)	184,951	2,802,276	25,500	13,808	(242)	285,469	20,708	10,221	1,482,219	3,924,993	8,749,903	1,200,927	9,950,830
Profit for the period	-	-	-	-	-	-	-	-	-	400,592	400,592	20,748	421,340
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(86,913)	-	-	-	-	(86,913)	(8,183)	(95,096)
Revaluation increase on available-for-sale investments	-	-	-	-	18	-	-	-	-	-	18	-	18
Fair value adjustments on cross currency swap contracts designated as cash flows hedge (note 21)	-	-	-	-	-	-	-	(41,188)	-	-	(41,188)	(7,930)	(49,118)
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	224	-	-	-	-	-	224	-	224
Reclassification from hedge reserve to profit or loss (note 21)	-	-	-	-	-	-	-	(10,000)	-	-	(10,000)	-	(10,000)
Other comprehensive income (expense) for the period	-	-	-	-	242	(86,913)	-	(51,188)	-	-	(137,859)	(16,113)	(153,972)
Total comprehensive income for the period	-	-	-	-	242	(86,913)	-	(51,188)	-	400,592	262,733	4,635	267,368
Shares issued upon exercise of share option	675	12,182	-	-	-	-	-	-	-	-	12,857	-	12,857
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	1,480	-	-	-	1,480	599	2,079
Dividends recognised as distribution	-	-	-	-	-	-	-	-	-	(222,716)	(222,716)	-	(222,716)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(27,200)	(27,200)
At 30 September 2014 (unaudited)	185,626	2,814,458	25,500	13,808	-	198,556	22,188	(40,967)	1,482,219	4,102,869	8,804,257	1,178,961	9,983,218
Profit for the period	-	-	-	-	-	-	-	-	-	555,947	555,947	20,661	576,608
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(291,677)	-	-	-	-	(291,677)	(59,316)	(350,993)
Revaluation decrease on available-for-sale investments	-	-	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Fair value adjustments on cross currency swap contracts designated as cash flows hedge (note 21)	-	-	-	-	-	-	-	(55,279)	-	-	(55,279)	(12,632)	(67,911)
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	11	-	-	-	-	-	11	-	11
Reclassification from hedge reserve to profit or loss (note 21)	-	-	-	-	-	-	-	10,000	-	-	10,000	-	10,000
Other comprehensive expense for the period	-	-	-	-	-	(291,677)	-	(45,279)	-	-	(336,956)	(71,948)	(408,904)
Total comprehensive income for the period	-	-	-	-	-	(291,677)	-	(45,279)	-	555,947	218,991	(51,287)	167,704
Shares issued in lieu of cash dividend	5,692	166,625	-	-	-	-	-	-	-	-	172,317	-	172,317
Shares issued upon exercise of share option	35	691	-	-	-	-	-	-	-	-	726	-	726
Share issued upon conversion of convertible bond	21	590	-	-	-	-	-	-	-	-	611	-	611
Recognition of equity-settled of share-based payment expenses	-	-	-	-	-	-	2,534	-	-	-	2,534	297	2,831
Lapse of share option transferred to retained profits	-	-	-	-	-	-	-	-	-	1,978	1,978	(1,978)	-
Dividends recognised as distribution	-	-	-	-	-	-	-	-	-	(57,018)	(57,018)	-	(57,018)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(13,224)	(13,224)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,764	3,764
Deemed disposal of interest in a subsidiary without losing of control	-	-	-	-	-	-	-	-	(746)	-	(746)	746	-
At 31 March 2015 (audited)	191,374	2,982,364	25,500	13,808	-	(93,121)	24,722	(86,246)	1,481,473	4,603,776	9,143,650	1,117,279	10,260,929

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedge reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000			Total HK\$'000
Profit for the period	-	-	-	-	-	-	-	-	-	263,242	263,242	11,132	274,374
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(290,430)	-	-	-	-	(290,430)	(33,543)	(323,973)
Fair value adjustments on cross currency swap contracts designated as cash flows hedge (note 21)	-	-	-	-	-	-	-	(19,707)	-	-	(19,707)	(1,710)	(21,417)
Other comprehensive expense for the period	-	-	-	-	-	(290,430)	-	(19,707)	-	-	(310,137)	(35,253)	(345,390)
Total comprehensive expense for the period	-	-	-	-	-	(290,430)	-	(19,707)	-	263,242	(46,895)	(24,121)	(71,016)
Shares issued upon exercise of share option	385	5,862	-	-	-	-	-	-	-	-	6,247	-	6,247
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	1,350	-	-	-	1,350	(8,871)	(7,521)
Dividends recognised as distribution	-	-	-	-	-	-	-	-	-	(249,286)	(249,286)	-	(249,286)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,934)	(10,934)
30 September 2015 (unaudited)	191,759	2,988,226	25,500	13,808	-	(383,551)	26,072	(105,953)	1,481,473	4,617,732	8,855,066	1,073,353	9,928,419

Other reserve mainly arises from (a) 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) gain on decrease in interest in a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; and (d) excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
<b>Net cash from operating activities</b>	<b>568,029</b>	<b>813,882</b>
<b>Investing activities</b>		
Acquisition and development expenditure of property, plant and equipment	(123,412)	(161,044)
Proceeds from disposal of available-for-sale investments	–	3,053
Placement of pledged bank deposits	(62,572)	(171,293)
Release of pledged bank deposits	190,332	135,233
Placement of restricted bank deposits	(147,092)	(8,839)
Other investing activities	(25,453)	(40,665)
<b>Net cash used in investing activities</b>	<b>(168,197)</b>	<b>(243,555)</b>
<b>Financing activities</b>		
New bank borrowings raised	2,197,743	1,728,009
Repayment of bank borrowings	(2,410,341)	(1,720,339)
Interest paid	(188,734)	(217,342)
Other financing activities	(30,294)	(20,090)
<b>Net cash used in financing activities</b>	<b>(431,626)</b>	<b>(229,762)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(31,794)</b>	<b>340,565</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,285,037</b>	<b>1,907,921</b>
Effect of foreign exchange rate changes	(67,973)	(2,271)
<b>Cash and cash equivalents at end of the period</b>	<b>2,185,270</b>	<b>2,246,215</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	2,173,939	2,235,040
Deposit in a financial institution	11,331	11,175
	<b>2,185,270</b>	<b>2,246,215</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 1. GENERAL

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

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

### APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution

The application of the 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 maker. Information reported to the Group's chief operating decision maker, 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, and car park operations and facilities management in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 4. SEGMENT INFORMATION (Continued) SEGMENT REVENUE AND PROFIT (Continued)

	Segment revenue Six months ended		Segment profit Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Property development				
– Australia	683,924	1,300,924	184,886	245,450
– Hong Kong (“HK”)	33,677	507,872	(29,650)	149,721
– Malaysia	–	–	(246)	(11,495)
– Other regions in the People’s Republic of China excluding HK (“PRC”)	170,849	7,901	101,453	(9,690)
– United Kingdom (“UK”)	753	–	(4,667)	–
	889,203	1,816,697	251,776	373,986
Property investment				
– HK	18,222	18,509	56,765	136,225
– PRC	7,074	6,849	(15,755)	(15,628)
– Singapore	445	4,658	(2,768)	(9,652)
	25,741	30,016	38,242	110,945
Operations of Dorsett and its subsidiaries including hotel operations and management, property development and investments and securities and financial product investments				
– HK	312,360	394,737	5,289	59,245
– Malaysia	102,184	142,066	7,920	19,935
– PRC	102,516	102,865	11,474	9,712
– Singapore	48,413	52,963	11,498	13,082
– UK	68,585	21,984	8,574	(13,558)
	634,058	714,615	44,755	88,416
Car park operations and facilities management				
– Australia	292,491	312,758	24,059	25,285
– Malaysia	6,527	8,368	3,173	3,297
	299,018	321,126	27,232	28,582
Securities and financial product investments	8,496	11,440	(16,728)	(5,820)
Other operations	548	1,129	35,939	13,596
Segment revenue/segment profit	1,857,064	2,895,023	381,216	609,705
Unallocated corporate expenses			(32,964)	(48,565)
Finance costs			(25,553)	(22,989)
Profit before tax			322,699	538,151
Income tax expense			(48,325)	(116,811)
Profit for the period			274,374	421,340

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 4. SEGMENT INFORMATION (Continued) SEGMENT REVENUE AND PROFIT (Continued)

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

#### SEGMENT ASSETS

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

	As at 30.9.2015 HK\$'000 (unaudited)	As at 31.3.2015 HK\$'000 (audited)
Property development		
– Australia	1,647,929	1,845,047
– HK	1,540,025	1,405,863
– Malaysia	351,873	394,732
– PRC	2,828,812	2,626,878
– UK	355,706	300,056
	6,724,345	6,572,576
Property investment		
– HK	2,915,667	2,751,823
– PRC	3,050	4,578
– Singapore	85,246	86,638
	3,003,963	2,843,039
Operations of Dorsett and its subsidiaries, including hotel operations and management, property development and investments and securities and financial product investments		
– HK	4,706,755	4,868,673
– Malaysia	833,693	968,052
– PRC	2,280,148	2,223,323
– Singapore	809,618	827,573
– UK	995,796	942,576
	9,626,010	9,830,197



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 4. SEGMENT INFORMATION (Continued) SEGMENT ASSETS (Continued)

	As at 30.9.2015 HK\$'000 (unaudited)	As at 31.3.2015 HK\$'000 (audited)
Car park operations and facilities management		
– Australia	572,170	559,266
– Malaysia	137,599	143,847
	709,769	703,113
Securities and financial product investments	670,034	468,957
Other operations	212,405	179,811
Segment assets	20,946,526	20,597,693
Unallocated corporate assets	1,490,927	1,617,903
Total assets	22,437,453	22,215,596

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

### 5. REVENUE

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Sale of properties	874,840	1,801,646
Leasing of properties	62,494	39,645
Hotel operations and management	592,113	704,891
Car park operations and facilities management	299,667	320,817
Provision of property management services	6,502	6,421
Interest income and dividend income from financial instruments	20,476	21,164
Other operations	972	439
	1,857,064	2,895,023

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Change in fair value of investment properties	127,122	191,105
Loss on disposal of available-for-sale investments	–	(224)
Change in fair value of financial assets at fair value through profit or loss	(51,705)	2,426
Change in fair value of derivative financial instruments	2,391	2,152
Net foreign exchange gains (losses)	56,337	(47,801)
Allowance for doubtful debts	(3,256)	–
	130,889	147,658

### 7. FINANCE COSTS

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	125,854	156,250
Convertible bonds	–	612
Finance leases	5	5
Interest on bonds	66,023	68,715
Less: net interest income from cross currency swap contracts	(10,626)	(13,547)
Amortisation of front-end fee	2,766	2,481
Others	1,045	5,311
Total interest costs	185,067	219,827
Less: amounts capitalised to properties under development:		
– investment properties	(1,684)	(1,679)
– properties for owners' occupation	(8,640)	(24,790)
– properties for sale	(59,945)	(90,962)
	114,798	102,396

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate ranging from 5.875% to 6% per annum (six months ended 30.9.2014: 5.875% to 6%) to expenditure on the qualifying assets.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	8,860	34,556
PRC Enterprise Income Tax ("EIT")	22,173	26
PRC Land Appreciation Tax ("LAT")	8,408	–
Australia Income Tax	59,761	85,723
Malaysia Income Tax	2,875	3,163
Singapore Income Tax	117	–
	102,194	123,468
Overprovision in prior years		
– PRC LAT	–	(69)
– Hong Kong Profits Tax	(61,586)	–
	(61,586)	(69)
Deferred taxation	7,717	(6,588)
	48,325	116,811

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

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

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

The domestic statutory tax rate of Australia, Malaysia and Singapore is 30%, 25% and 17% of the estimated assessable profit for the period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	5,528	5,636
Depreciation of property, plant and equipment	158,393	135,293
Share of taxation of associates (included in share of results of associates)	786	699
and after crediting:		
Dividend income from:		
Investments held for trading	–	3,635
Available-for-sale investments	–	87
	–	3,722
Bank interest income	3,326	3,195

### 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\$263,242,000 (six months ended 30.9.2014: HK\$400,592,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2015 '000 (unaudited)	30.9.2014 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,915,651	1,851,968
Effect of dilutive potential ordinary shares – Company's share options	5,079	19,200
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,920,730	1,871,168

The computations for both periods did not assume the exercise of its indirect subsidiary Dorsett's share options as the exercise prices of those options are higher than the average market prices of the Dorsett's shares for both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 11. DIVIDENDS

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2015 of HK13 cents (six months ended 30.9.2014: final dividend for the year ended 31 March 2014 of HK12 cents) per share	249,286	222,716

The 2015 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK\$2.828 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 declared an interim dividend of HK3 cents (six months ended 30.9.2014: HK3 cents) per share to the shareholders of the Company whose names appear in the register of member on 30 December 2015. Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the period.

### 12. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2015, the Group acquired certain property, plant and equipment amounting to HK\$79,880,000 (six months ended 30.9.2014: HK\$68,065,000). In addition, the Group incurred development expenditure on development of certain hotel properties amounting to HK\$130,129,000 (six months ended 30.9.2014: HK\$120,586,000) and transferred a deposit for acquisition of property, plant and equipment of HK\$233,591,000 to hotel properties for the six months ended 30 September 2014.

At the end of the reporting period, the fair value of the completed investment properties and investment properties under development are arrived at on the basis of valuations carried out on those date by the following independent firms of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited DTZ Australia (VIC) Pty Limited	Member of the Australian Property Institute
Hong Kong/PRC	DTZ Debenham Tie Leung Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Ltd.	Member of the Singapore Institute of Surveyors and Valuers

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 12. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT (Continued)

The valuations of the investment properties under development, which falls under level 3 of fair value hierarchy, has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs, and indirect costs that will be expended to complete the development as well as developer's risks associated with the development of the property at the valuation date and the return that the developer would require for bringing them to the completion status, which is determined by the valuers, based on its analyses of recent land transactions and market value of similar completed properties in the relevant locations.

### 13. INTERESTS IN ASSOCIATES

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Unlisted investments, at cost less impairment	86,539	86,539
Share of post-acquisition results, net of dividends received	247,486	239,971
	334,025	326,510

### 14. INVESTMENT SECURITIES

#### (A) AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Unlisted:		
Equity securities	4	4
Club membership	688	688
	692	692

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 14. INVESTMENT SECURITIES (Continued) (B) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Investments held for trading (note 28)		
Equity securities listed in Hong Kong	7,227	–
Listed debt securities	675,149	576,837
Unlisted debt securities	33,489	64,468
Investment funds	667,127	456,199
	<b>1,382,992</b>	<b>1,097,504</b>
Financial assets designated at fair value through profit or loss (note 28)		
Structured deposits	32,140	52,740
	<b>1,415,132</b>	<b>1,150,244</b>
<b>Total</b>	<b>1,415,824</b>	<b>1,150,936</b>
Analysed for reporting purposes as:		
Non-current assets	692	692
Current assets	1,415,132	1,150,244
	<b>1,415,824</b>	<b>1,150,936</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Trade debtors	173,602	154,654
Advance to contractors	10,275	9,139
Utility and other deposits	13,146	35,153
Receivable from stakeholders	573,785	417,096
Prepayment and other receivables	187,784	193,957
	<b>958,592</b>	<b>809,999</b>

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

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements. Included in trade debtors is an amount of Singapore Dollars ("S\$") 12,040,000 (equivalent to HK\$65,257,000) (31.3.2015: S\$12,040,000, equivalent to HK\$67,906,000) which represents the portion of the proceeds that have been settled by the buyers and are being held in escrow account. The funds would be remitted to the Group upon the issuance of relevant certificate by the government authority in Singapore, which is expected to take place within one year after the end of the reporting period.

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

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
0 – 60 days	94,387	76,427
61 – 90 days	1,371	4,388
Over 90 days	77,844	73,839
	<b>173,602</b>	<b>154,654</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 16. OTHER RECEIVABLES

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Compensation receivable	81,604	84,791
Loans receivables	60,663	62,513
	<b>142,267</b>	<b>147,304</b>
Less: Amount due within one year and classified under current assets	<b>(111,568)</b>	<b>(121,985)</b>
Amount due after one year	<b>30,699</b>	<b>25,319</b>

On 24 April 2013, the Group accepted compensation totalling S\$88,900,000 (equivalent to HK\$554,736,000) offered by the relevant government authority of Singapore (the "Singapore Government") in connection with compulsory acquisition of certain properties of the Group located in Singapore. Up to 30 September 2015, the Group received compensation of S\$73,844,000 (equivalent to HK\$473,124,000) (31.3.2015: S\$73,844,000 (equivalent to HK\$454,776,000)) from the Singapore Government and the remaining balance of S\$15,056,000 (equivalent to HK\$81,604,000) (31.3.2015: S\$15,056,000 (equivalent to HK\$84,791,000)) to be received by the Group is included in other receivables.

### 17. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
<b>Designated under hedge accounting (note 21)</b>				
Cross currency swap contracts	–	–	(103,242)	(81,832)
<b>Designated not under hedge accounting</b>				
Interest rate swap contracts	–	–	(4,944)	(4,518)
Call/put options in listed equity securities and foreign currencies	77	790	(2,692)	(3,737)
Forward foreign exchange contracts	–	1,268	(489)	(394)
	<b>77</b>	<b>2,058</b>	<b>(111,367)</b>	<b>(90,481)</b>
Analysed for reporting purpose as:				
Current	77	2,058	(45,858)	(31,542)
Non-current	–	–	(65,509)	(58,939)
	<b>77</b>	<b>2,058</b>	<b>(111,367)</b>	<b>(90,481)</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 18. CREDITORS AND ACCRUALS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	132,246	205,746
– Others	74,930	70,857
	207,176	276,603
Construction cost and retention payable for capital assets	222,564	104,937
Rental and reservation deposits and receipts in advance	25,135	49,389
Payable to brokers for the purchase of securities	–	10,540
Other payable and accrued charges	285,762	295,875
	740,637	737,344

The following is an aged analysis of the trade creditors:

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
0 – 60 days	126,827	198,730
61 – 90 days	3,953	1,590
Over 90 days	76,396	76,283
	207,176	276,603

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 19. SECURED BANK BORROWINGS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Bank loans	7,211,712	7,572,750
Less: front-end fee	(15,491)	(17,760)
	<b>7,196,221</b>	<b>7,554,990</b>
Analysed for reporting purpose as:		
Current liabilities	1,852,490	3,087,051
Non-current liabilities	5,343,731	4,467,939
	<b>7,196,221</b>	<b>7,554,990</b>
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	903,825	2,566,620
More than one year, but not exceeding two years	2,224,609	525,747
More than two years, but not exceeding five years	3,067,185	4,179,277
More than five years	1,016,093	301,106
	<b>7,211,712</b>	<b>7,572,750</b>

The carrying amount of borrowings include an amount of HK\$950,278,000 (31.3.2015: HK\$521,021,000) which is not repayable within one year based on scheduled repayment dates, however, has been shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

All the bank borrowings bear interest at floating rates ranging from 1.43% to 8.19% (31.3.2015: 1.36% to 8.65%) per annum.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 20. BONDS 2016 BONDS

The bonds were issued by the Company on 4 March 2013 to independent third parties at issue price equal to the principal amount of Renminbi ("RMB") 1,000,000,000 (equivalent to HK\$1,250,000,000) with maturity date on 4 March 2016 (the "2016 Bonds"). The 2016 Bonds bear interest at rate of 5.875% per annum payable semi-annually.

### 2018 BONDS

The bonds were issued by Dorsett on 3 April 2013 to independent third parties at issue price equal to principal amount of RMB850,000,000 (equivalent to HK\$1,062,500,000) with maturity date on 3 April 2018 (the "2018 Bonds"). The 2018 Bonds bear interest at 6% per annum payable semi-annually.

As at 30 September 2015 and 31 March 2015, the aggregate principal amount of the 2016 Bonds and 2018 Bonds outstanding was RMB1,810,340,000 (equivalent to HK\$2,202,296,000 and HK\$2,255,274,000 as at 30 September 2015 and 31 March 2015 respectively).

### 21. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

The Group has entered into cross currency swap contracts to reduce its exposure to the currency exchange rate fluctuation in relation RMB bonds issued by the Group as set out in note 20. Upon issuance of the 2016 Bonds and the 2018 Bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flow arising from the 2016 Bonds and the 2018 Bonds.

The 2016 Bonds are denominated and settled in RMB, and bear coupon interest at the rate of 5.875% per annum payable semi-annually in arrears. Under the cross currency swap contracts outstanding as at 30 September 2015 and 31 March 2015, the Group would receive interest at a fixed rate of 5.875% per annum based on the notional amount of RMB1,000,000,000 and pay interest semi-annually at fixed rates ranging from 4.65% to 4.675% per annum based on the notional amounts of United States dollar ("US\$") 160,543,987 in aggregate, with a maturity date of 4 March 2016. The cross currency swap contracts have been negotiated to match the settlement periods of the 2016 Bonds.

The 2018 Bonds are denominated and settled in RMB, and bear coupon interest at the rate of 6% per annum payable semi-annually in arrears. Under the cross currency swap contracts outstanding as at 30 September 2015 and 31 March 2015, the Group would receive interest at a fixed rate of 6% per annum based on the notional amount of RMB810,340,000 and pay interest semi-annually at fixed rates ranging from 4.952% to 4.97% per annum based on the notional amounts of US\$130,555,987 in aggregate, with a maturity date of 3 April 2018. The cross currency swap contracts have been negotiated to match the settlement periods of the 2018 Bonds.

During the six months ended 30 September 2015, the fair value losses arising from the cross currency swap contracts of HK\$21,417,000 (six months ended 30.9.2014: HK\$49,118,000) were recognised in other comprehensive income. During the six month ended 30 September 2014, an amount of gain of HK\$10,000,000 was reclassified from hedge reserve to profit or loss in the periods when the hedged item is recognised to profit or loss.

For the six months ended 30 September 2015

## 22. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised:	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2014 (audited)	1,849,514,438	184,951
Issue upon exercise of share option at HK\$2.075 per share	4,750,000	475
Issue upon exercise of share option at HK\$1.50 per share	2,000,000	200
At 30 September 2014 (unaudited)	1,856,264,438	185,626
Issue of shares in lieu of cash dividends	56,918,279	5,692
Issue upon exercise of share option of HK\$2.075 per share	350,000	35
Issue of share in lieu of convertible bond at HK\$2.94 per share	204,081	21
At 31 March 2015 (audited)	1,913,736,798	191,374
Issue upon exercise of share option at HK\$2.55 per share	450,000	45
Issue upon exercise of share option at HK\$1.50 per share	3,400,000	340
At 30 September 2015	1,917,586,798	191,759

## 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 2015 annual report of the Company.

	1.4.2015 to 30.9.2015 '000 (unaudited)	1.4.2014 to 31.3.2015 '000 (audited)
At the beginning of the period/year	20,350	27,450
Exercised during the period/year	(3,850)	(7,100)
At the end of the period/year	16,500	20,350

No share options were granted by the Company and no share options issued by the Company were lapsed during the period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 24. CHARGE ON ASSETS

Bank borrowings with aggregate amount of HK\$7,211,712,000 (31.3.2015: HK\$7,572,750,000) 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:

	30.9.2015 HK\$'000	31.3.2015 HK\$'000
Investment properties	2,756,627	2,619,115
Property, plant and equipment	5,592,934	5,336,021
Prepaid lease payments	526,117	551,288
Properties for sale	2,740,013	3,132,363
Bank deposits	147,786	275,546
Total	11,763,477	11,914,333

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

### 25. CONTINGENT LIABILITIES

- (a) During the year ended 31 March 2014, Management Corporation Strata Title No. 512 ("MCST 512") filed the notice of appeal to High Court in Singapore against Tang City Holdings Pte. Ltd. ("TCH"), a subsidiary of the Company in Singapore, claiming for the benefit and/or revenue relating to the unauthorised additions to the floor area in the Singapore Properties under Compulsory Acquisition amounted to S\$23,492,000 (equivalent to HK\$127,327,000). Subsequent to the end of the reporting period, the High Court issued a judgment in favour of TCH and dismissed MCST 512's claims against TCH. As such, no provision for potential liability has been made in the condensed consolidated financial statements.
- (b) During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited ("HKSAR Hotel") initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposal of during the year ended 31 March 2013 but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 and further adjourned to the period between 8 August 2013 and 19 August 2013. Both the HKSAR Hotel and the contractor have filed the closing submissions and the reply submissions in September 2013 and October 2013. There is no final judgement up to the date of this report. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 26. CAPITAL COMMITMENTS

	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	423,799	259,477
Others	66,877	83,761
	490,676	343,238
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	–	210,346
Others	11,069	11,069
	11,069	221,415
	501,745	564,653

### 27. RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Provision of building management service by associates	1,913	1,776

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 27. RELATED PARTIES TRANSACTIONS (Continued)

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

	Six months ended	
	30.9.2015 HK\$'000 (unaudited)	30.9.2014 HK\$'000 (unaudited)
Short-term benefits	16,555	14,883
Post-employment benefits	192	199
Share-based payment expenses	736	1,775
	17,483	16,857

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

### 28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)		
1) Listed equity securities classified as financial assets at fair value through profit or loss	7,227	–	Level 1	Quoted bid prices in an active market
2a) Listed debt securities classified as financial assets at fair value through profit or loss	675,149	576,837	Level 1	Quoted bid prices in an active market

For the six months ended 30 September 2015

## 28. FAIR VALUE OF FINANCIAL INSTRUMENTS (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
	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)		
2b) Unlisted debt securities classified as financial assets at fair value through profit or loss	33,489	64,468	Level 2	Discounted cash flows  Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
3) Investment funds classified as financial assets at fair value through profit or loss	667,127	456,199	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at fair value through profit or loss	32,140	52,740	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 listed equity securities and foreign currencies classified as derivative financial instruments	Assets – 77 Liabilities – (2,692)	Assets – 790 Liabilities – (3,737)	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 bank
6) Foreign currency forward contracts classified as derivative financial instruments	– Liabilities – (489)	Assets – 1,268 Liabilities – (394)	Level 2	Discounted cash flows  Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
7) Interest rate swap contracts classified as derivative financial instruments	(4,944)	(4,518)	Level 2	Discounted cash flows  Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rate, discounted at a rate that reflects the credit risk of various counterparties



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 28. FAIR VALUE OF FINANCIAL INSTRUMENTS (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
	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)		
8) Cross currency swaps classified as derivative financial instruments designated as hedging instruments	(103,242)	(81,832)	Level 2	Discounted cash flows  Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 September 2015.

### RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

Financial assets at fair value through profit or loss

	1.4.2015 to 30.9.2015 HK\$'000 (unaudited)	1.4.2014 to 31.3.2015 HK\$'000 (audited)
At the beginning of the period/year	52,740	7,750
Purchase	–	171,000
Transfer out	(20,600)	(126,010)
At the end of the period/year	32,140	52,740

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.

### 29. EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 September 2015,

- the privatisation of Dorsett by the Group was completed. The listing of the shares of Dorsett on the Stock Exchange has been withdrawn on 16 October 2015;
- the Group formed a joint venture for the property development project in Australia; and
- the Group acquired a residential site in Singapore through its joint venture formed in Singapore.



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