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FEC
遠東發展

FAR EAST CONSORTIUM INTERNATIONAL LIMITED
遠 東 發 展 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock Code: 35)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM RESULTS HIGHLIGHTS

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

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

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

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

* *For identification purposes only*

- Constructions on a number of significant projects were underway.

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

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

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

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

Notes:

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

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

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

INTERIM RESULTS

The board of directors (the "Board") of Far East Consortium International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2018 ("1H FY2019"). These unaudited consolidated financial statements have been reviewed by the Company's audit committee (the "Audit Committee") prior to recommending them to the Board for approval.

Financial year ended/ending 31 March is referred to as "FY" throughout this announcement.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2018 of HK4.0 cents (six months ended 30 September 2017: HK4.0 cents) per ordinary share (the "Interim Dividend"). The Interim Dividend will be paid to the shareholders of the Company (the "Shareholders") whose names appear on the Company's Register of Members on 28 December 2018. The Interim Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

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

CLOSURE OF REGISTER OF MEMBERS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. GENERAL

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

4. SEGMENT INFORMATION

Segment revenue and profit

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

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

	Segment revenue Six months ended		**Segment profit (loss) Six months ended**	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Property development				
– Australia	**102,222**	378,578	**12,525**	118,409
– Hong Kong ("HK")	**440,321**	–	**128,483**	(17,484)
– Malaysia	**19,522**	361,063	**9,595**	178,103
– Other regions in the People's Republic of China excluding HK ("PRC")	**512,344**	914,893	**327,319**	627,774
– Singapore	**391,508**	–	**52,825**	(21,201)
– United Kingdom ("UK")	**555**	992	**(4,102)**	(1,208)
	1,466,472	1,655,526	**526,645**	884,393
Property investment				
– Australia	**4,242**	2,579	**2,241**	1,412
– HK	**21,257**	21,297	**88,113**	151,343
– PRC	**8,303**	6,766	**(12,189)**	(13,423)
	33,802	30,642	**78,165**	139,332
Hotel operations and management				
– HK	**382,072**	340,689	**77,711**	334,285
– Malaysia	**119,060**	111,729	**13,914**	15,646
– PRC	**134,498**	123,469	**11,228**	2,686
– Singapore	**47,228**	46,628	**14,919**	8,951
– UK	**133,539**	72,800	**29,642**	8,912
– Europe (other than UK)	**62,399**	–	**(4,672)**	–
	878,796	695,315	**142,742**	370,480

	Segment revenue		Segment profit (loss)	
	Six months ended		**Six months ended**	
	30.9.2018	30.9.2017	**30.9.2018**	30.9.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Car park operations and facilities management				
– Australia	**330,626**	322,627	**23,592**	41,962
– Europe	**22,895**	6,422	**2,310**	6,410
– Malaysia	**4,252**	4,105	**3,612**	3,475
	357,773	333,154	**29,514**	51,847
Gaming operations				
– Australia	**34,642**	–	**34,637**	–
– Czech Republic	**114,210**	–	**50,359**	–
	148,852	–	**84,996**	–
Securities and financial product investments	**77,343**	60,665	**(15,085)**	72,983
Other operations	**2,328**	684	**14,747**	2,380
Segment revenue/segment profit	**2,965,366**	2,775,986	**861,724**	1,521,415
Bargain purchase gain			**116,890**	–
Unallocated corporate income and expenses			**16,442**	(21,882)
Finance costs			**(123,823)**	(146,821)
Profit before tax			**871,233**	1,352,712
Income tax expense			**(235,713)**	(306,234)
Profit for the period			**635,520**	1,046,478

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

Segment assets

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

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

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

5. OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

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

7. INCOME TAX EXPENSE

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

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

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

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

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

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

8. PROFIT FOR THE PERIOD

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

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the period attributable to the shareholders of the Company of HK$616,113,000 (six months ended 30.9.2017: HK$1,032,795,000) and the number of shares calculated as follows:

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

10. DIVIDENDS

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

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

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

11. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

12. CREDITORS AND ACCRUALS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Reviews

Financial review

1. *Profit and loss analysis*

The Company's consolidated revenue for 1H FY2019 was approximately HK$3.0 billion, an increase of 6.8% as compared with the six months ended 30 September 2017 ("1H FY2018"), driven primarily by (i) organic growth in hotel revenue; (ii) additional contribution from TWC; and (iii) growth in car park operations, which was offset by lower revenue from residential development due to less completion. As the higher-than-usual gross margin from our Shanghai project was not repeated during 1H FY2019, gross profit (before depreciation of hotel and car park assets) came in at HK$1.4 billion, as compared to HK$1.6 billion for 1H FY2018. A breakdown of the Group's revenue and gross profit is shown below:

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

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

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

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

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

Profit attributable to Shareholders and adjusted cash profit[i] were at HK$616 million and HK$582 million respectively for 1H FY2019, which showed a drop of 40.3% and 45.6% from HK$1,033 million and HK$1,071 million for 1H FY2018 respectively, as the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in 1H FY2018 were not repeated in 1H 2019. Unfavorable market movements also resulted in mark-to-market loss of the Group's investment securities of HK$117 million during 1H FY2019. This was partly offset by a one-off gain of similar amount arising from a bargain purchase of TWC. Excluding the mark-to-market loss and the gain on disposal of hotels, adjusted cash profit would have been approximately HK$699 million for 1H FY2019 (1H FY2018: HK$747 million), with approximately HK$333 million contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment) (1H FY2018: HK$242 million).

Note:

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

2. *Liquidity, financial resources and net gearing*

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

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

Notes:

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

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

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

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

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

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

The table below shows the Group's debts profile.

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

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

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

3. *Foreign exchange management*

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

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

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

[1] As at 30 April 2018

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

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

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

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

4. *Net asset value per share*

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

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

5. *Capital expenditure*

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

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

6. *Capital commitments*

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

Business review

1. *Property division*

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

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

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

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

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

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

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

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

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

Developments	Attributable saleable floor area[i] *Sq. ft.*	Expected attributable GDV[ii] *HK$ million*	Status/ expected launch	Expected financial year of completion
<u>Pipeline development</u>				
Melbourne				
West Side Place				
– Towers 1 & 2	1,078,000	5,349	Launched	FY2021
– Towers 3 & 4	1,161,000	5,552	Launched	FY2023
Perth				
The Towers at Elizabeth Quay	371,000	2,708	Launched	FY2019/20
Perth Hub	221,000	899	FY2019	FY2022
Brisbane				
Queen's Wharf Brisbane[iii]				
– Tower 4	259,000	1,050	FY2019	FY2023
– Tower 5	224,000	1,065	Planning	Planning
– Tower 6	224,000	1,065	Planning	Planning
Gold Coast				
The Star Residences [iv]	100,000	508	Launched	FY2022
Guangzhou				
Royal Riverside				
(Towers 1 to 5) [v]	325,000	1,175	Launched	FY2019/20
Hong Kong				
Aspen Crest [v]	39,000	645	Launched	FY2019
Manor Parc	50,000	601	FY2019	FY2019
Marin Point	103,000	1,078	Launched	FY2019
Astoria Crest	20,000	422	Launched	FY2019
The Garrison	29,000	678	Launched	FY2020
Shatin Heights	84,000	1,671	FY2020	FY2021
London				
Alpha Square	390,000	4,349	FY2020	FY2024/25
Hornsey Town Hall	107,000	959	Launched	FY2021/22
Manchester				
MeadowSide				
– Plots 2 and 3	221,000	942	Launched	FY2021
– Plot 5	99,000	414	FY2019	FY2021
– Plot 4	238,000	1,130	Planning	Planning
Northern Gateway [vi]	2,165,000	8,341	Planning	Planning

Developments	Attributable saleable floor area[i] *Sq. ft.*	Expected attributable GDV[ii] *HK$ million*	Status/ expected launch	Expected financial year of completion
Singapore				
Artra [vii]	230,000	2,147	Launched	FY2021
Holland Road [viii]	192,000	3,138	FY2020	FY2024
Cuscaden Road [ix]	19,000	391	FY2020	FY2023
Total development pipeline as at 30 September 2018	7,949,000	46,277		
Completed development available for sale				
Shanghai				
King's Manor	51,000	313		
The Royal Crest II	64,000	353		
Kuala Lumpur				
Dorsett Bukit Bintang	31,000	125		
Melbourne				
The FIFTH	1,000	3		
Singapore				
21 Anderson Road	86,000	1,223		
Hong Kong	1,000	36		
Total completed development available for sale as at 30 September 2018	234,000	2,053		
Total pipeline and completed development available for sale as at 30 September 2018	8,183,000	48,330		

Notes:

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

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

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

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

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

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

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

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

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

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

Australia

Melbourne

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

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

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

Perth

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

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

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

Brisbane

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

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

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

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

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

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. Pre-sale for the first tower with a saleable floor area of 301,000 sq. ft. and a GDV of HK$1.5 billion was launched in September 2017, with pre-sale contracted for 80% of the GDV of the first tower as at 30 September 2018. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest. The completion of the first tower of the development is expected to take place in FY2022. An additional four towers at the site are currently under planning stage and will be added to the Group's development pipeline when the plan is finalised.

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

Sydney

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

Mainland China

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

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

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

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

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

Hong Kong

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

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

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

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

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

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

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

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

Malaysia

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

United Kingdom

London

Hornsey Town Hall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 135 apartments with a saleable floor area of approximately 107,000 sq. ft.. Pre-sale for the residential component of this development was launched during 1H FY2019 with 8% of the units pre-sold as at 30 September 2018. Completion of the development is expected in FY2021/22.

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

Manchester

Northern Gateway is a mega-sized development project in Manchester the Group will deliver, which spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city centre to expand and providing the optimal mix of high quality housing. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

The Group is currently developing a masterplan of the Northern Gateway development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy enabling the Group to acquire land plots within the area progressively as the implementation of the overall masterplan is rolled out. Since the entering into of the development agreement with the Manchester City Council in April 2017, the Group has acquired various land plots within the Northern Gateway area which will be developed into individual projects as the overall masterplan pans out.

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

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city, and is sitting on the doorstep of the Group's Northern Gateway development. The development will feature 4 towers comprising more than 750 apartments with approximately 558,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs of the city. Presale was launched for the first 2 plots of the development featuring more than 280 apartments in FY2018, with 36% of the overall GDV pre-sold as at 30 September 2018. Pre-sale of plot 5 of the development is expected to be launched in FY2019 followed by plot 4. Completion of plots 2, 3 and 5 of the development is expected to be in FY2021 while that of plot 4 is in planning stage.

Singapore

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

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

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

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

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

International mortgage finance

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

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

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

2. *Hotel operations and management*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. *Car park operations and facilities management*

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

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

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

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

4. *Gaming operations and management*

Czech Republic

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

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

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

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

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

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

[1] Table game win % is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table (also known as "drop").

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

Australia

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

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

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

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

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

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

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

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

OUTLOOK

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

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 September 2018, the Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except for the deviation from Code Provision A.2.1 described below.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2018, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 9,950,000 shares on the Stock Exchange and details of which are as follows:

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

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

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

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the accounting principles, standard and practices adopted by the Company, and discussed matters relating to auditing, risk management and internal control and financial reporting, including the review of the unaudited consolidated interim results of the Group for the six months ended 30 September 2018.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at *http://www.hkex.com.hk* and on the website of the Company at *http://www.fecil.com.hk*. The Interim Report of the Company for the six months ended 30 September 2018 will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 November 2018

As at the date of this announcement, the Board comprises four executive directors, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU and Mr. Craig Grenfell WILLIAMS; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM.