



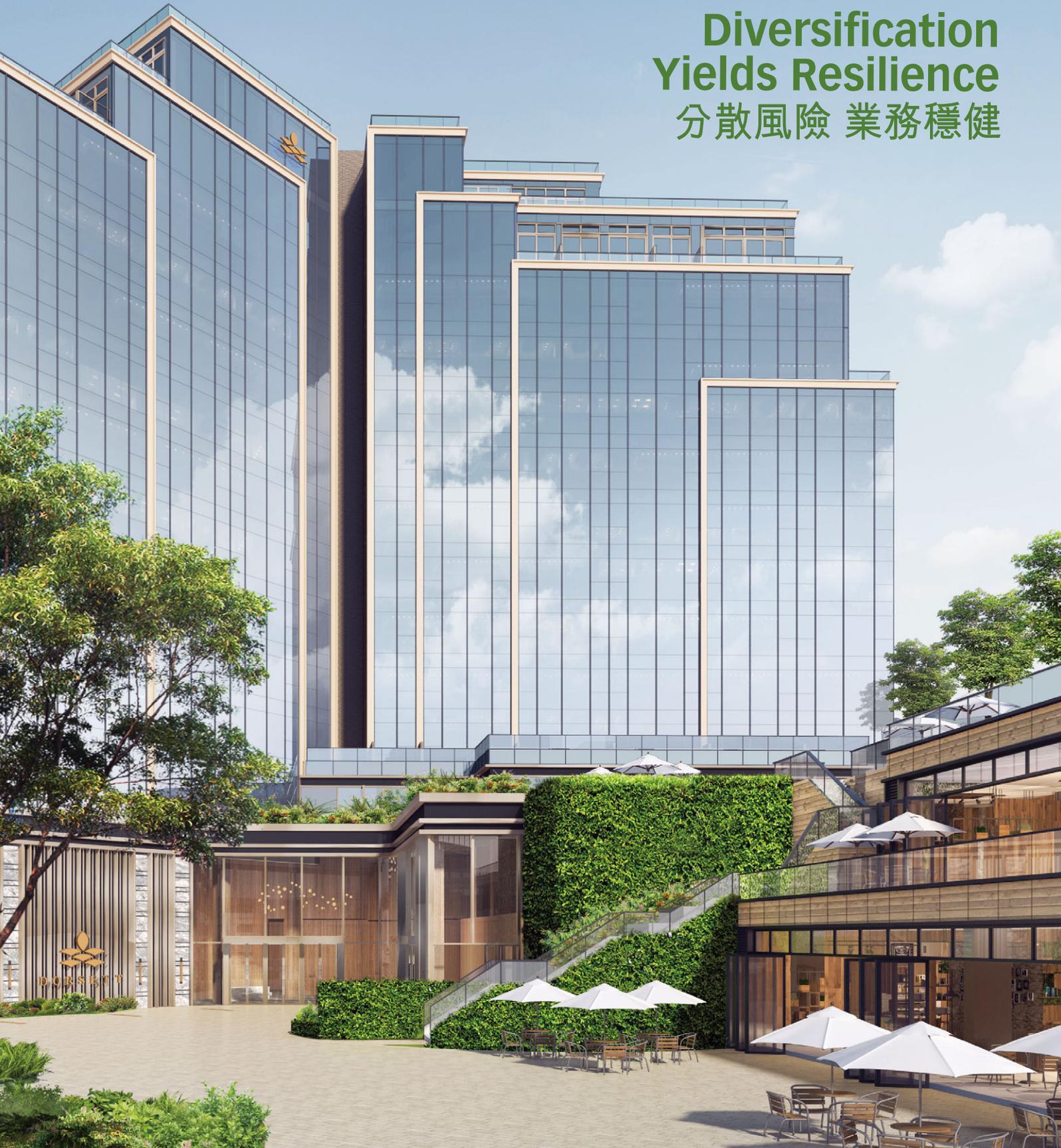
遠東發展有限公司
Far East Consortium International Limited
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號 : 035



INTERIM REPORT 2022-23中期報告

Diversification Yields Resilience

分散風險 業務穩健







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Corporate Information

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)

Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.

Craig Grenfell WILLIAMS, B.ENG.
(CIVIL)

Wing Kwan Winnie CHIU, B.Sc.

Independent Non-Executive Directors

Kwong Siu LAM

Wai Hon Ambrose LAM

Lai Him Abraham SHEK

AUDIT COMMITTEE

Wai Hon Ambrose LAM (Chairman)

Kwong Siu LAM

Lai Him Abraham SHEK

NOMINATION COMMITTEE

David CHIU (Chairman)

Kwong Siu LAM

Wai Hon Ambrose LAM

Lai Him Abraham SHEK

REMUNERATION COMMITTEE

Wai Hon Ambrose LAM (Chairman)

David CHIU

Lai Him Abraham SHEK

EXECUTIVE COMMITTEE

David CHIU

Cheong Thard HOONG

Dennis CHIU

Craig Grenfell WILLIAMS

Wing Kwan Winnie CHIU

Wai Hung Boswell CHEUNG

ESG STEERING COMMITTEE

Wing Kwan Winnie CHIU (Chairman)

Cheong Thard HOONG

Wai Hung Boswell CHEUNG

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Wai Hung Boswell CHEUNG

COMPANY SECRETARY

Wai Hung Boswell CHEUNG

AUTHORISED REPRESENTATIVES

David CHIU

Wai Hung Boswell CHEUNG

LEGAL ADVISORS

Ashurst

Deacons

Kao, Lee & Yip

MinterEllison LLP

Reed Smith Richards Butler

Woo Kwan Lee & Lo

AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity

Auditors

PRINCIPAL BANKERS

Hong Kong

Australia and New Zealand Banking Group Limited

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

China Citic Bank International Limited

China Construction Bank (Asia) Corporation Limited

China Everbright Bank Co., Ltd., Hong Kong Branch

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

CMB Wing Lung Bank Limited

Dah Sing Bank, Limited

DBS Bank (Hong Kong) Limited

East West Bank Hong Kong Branch

First Commercial Bank Limited, Hong Kong Branch

Fubon Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited
Malayan Banking Berhad, Hong Kong Branch
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited

Malaysia

Public Bank Berhad

Singapore

DBS Bank Ltd.

Oversea-Chinese Banking Corporation Limited

The Hongkong and Shanghai

Banking Corporation Limited

Australia

Australia and New Zealand Banking Group Limited

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

DBS Bank Limited, Australia Branch

Fubon Bank (Hong Kong) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

Ping An Bank Co., Ltd., Hong Kong Branch

Taipei Fubon Commercial Bank Co., Ltd.

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch

United Overseas Bank Limited, Sydney Branch

Mainland China

China Construction Bank Corporation

Dah Sing Bank (China) Limited

Industrial and Commercial Bank of China Limited

Nanyang Commercial Bank (China) Limited

Shanghai Pudong Development Bank

Corporate Information

United Kingdom

DBS Bank Ltd., London Branch
Oversea-Chinese Banking
Corporation Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai
Banking Corporation Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

JTC (Cayman) Limited
P.O. Box 30745,
94 Solaris Avenue,
2nd Floor, Camana Bay,
Grand Cayman KY1-1203,
Cayman Islands

PRINCIPAL OFFICE

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

SHARE REGISTRAR

Tricor Standard Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
4.5% USD Medium Term Notes 2023
(Code: 5011)
7.375% USD Senior Guaranteed
Perpetual Capital Notes issued by
FEC Finance Limited (Code: 5781)
5.1% USD Medium Term Notes 2024
issued by FEC Finance Limited
(Code: 40556)
The Stock Exchange of Hong Kong
Limited

WEBSITE

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



UNITED KINGDOM

Manchester

CONTINENTAL EUROPE

London

Germany

Czech Republic

Austria

Hungary

UNITED KINGDOM

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



CONTINENTAL EUROPE

- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment



SINGAPORE

- Property development
- Property investment
- Hotel operations



CHINA

Chengdu

Wuhan

Shanghai

Lushan

Guangzhou

Hong Kong

SINGAPORE MALAYSIA

Kuala Lumpur

Subang Jaya

Johor Bahru

Labuan

MALAYSIA

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



Perth

Diversified and Balanced Portfolio of Businesses

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

◎ MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



◎ HONG KONG

- Property development
- Property investment
- Hotel operations



◎ AUSTRALIA & NEW ZEALAND

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



AUSTRALIA

◎ Brisbane

◎ Gold Coast

◎ Sydney

Melbourne

NEW ZEALAND

Major Events in First Half of Financial Year 2022/23

- BC Invest, a diversified financial services group, c.53% owned by the Group successfully issued AUD416 million Australian dollar-denominated Ruby Bond Trust 2022-1, a residential mortgage-backed securities (RMBS) bond

- The Group completed the acquisition of Vauxhall Square, a large-scale mixed-use development in the UK from R&F Properties (HK) Company Limited ("R&F") and provided a repurchase option

- The Group won two awards in "FinanceAsia's 2022 Asia's Best Companies" Poll including "Best CEO in Hong Kong" and "Best Small-cap Company in Hong Kong"



- The Group kicked off the launch of Dao by Dorsett, its new aparthotel brand, with the opening of Dao by Dorsett West London



2022
APR

2022
JUN

2022
MAY

2022
JUL

- The Group started the handover process of The Star Residences (Tower 1) in Gold Coast, Australia



- The Group successfully completed the rebranding of its Oakwood Premier AMTD Singapore hotel, in which the Group holds a 49% stake, as Dao by Dorsett AMTD Singapore, marking it the first "Dao by Dorsett" hotel in Asia



Major Events in First Half of Financial Year 2022/23

POST PERIOD END EVENTS

● The Group won an Urban Renewal Authority (“URA”) tender for the acquisition of the development right of a site at Sai Ying Pun, Hong Kong

● BC Invest successfully issued AUD408 million Australian dollar-denominated Crimson Bond Trust 2022-1, a RMBS bond

● The Group won Bronze Award in “Traditional Annual Report – Property Development: Various & Multi-Use” at the “2022 International ARC Awards”

● The Group disposed the Vauxhall Square development in the UK upon R&F exercising the repurchase option

● The Group successfully launched a residential project – Collyhurst Village in Manchester



2022
AUG

2022
OCT

2022
SEP

2022
NOV

● The Group won three awards in the “HKIRA 8th Investor Relations Awards 2022”



● The Group issued bonus shares on the basis of one bonus share for every ten existing ordinary shares

● The Group successfully launched a residential project – Victoria Riverside (Tower A) in Manchester



● The Group won three awards in the “12th Asian Excellence Award 2022” including “Asia’s Best CEO”, “Best CFO” and “Best Investor Relations Company”



● The Group started the handover process of Hornsey Town Hall in London



CAPTURE THE UPSWING



Interim Results 2022/23



MeadowSide, Manchester

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 2022 (“1H FY2023”). These unaudited consolidated financial statements have been reviewed by the Company’s audit committee (the “Audit Committee”) prior to recommending them to the Board for approval.

Financial year ended or ending 31 March is referred to as “FY” throughout this report.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2022 of HK4.0 cents (six months ended 30 September 2021: 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 4 January 2023. The Interim Dividend will be paid in the form of a scrip dividend with the Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the “Scrip Dividend Scheme”).

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the 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 4 January 2023. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election (if applicable) on or around 11 January 2023. Dividend warrants and/or new share certificates will be posted on or around 17 February 2023.



ALWAYS READY TO
AIM HIGH



Dorsett Gold Coast



Management Discussion and Analysis

BUSINESS UPDATE

- The 1H FY2023 reassured that although the global economy faced many challenges, many countries are on track to recover from the worse effects of the COVID-19 pandemic. Whilst Mainland China continues to battle sporadic outbreaks with its dynamic zero-COVID policy, most other countries and cities have decided to re-open their borders, reduced the requirements for entry and dropped the quarantine and mask mandates.
- Despite relaxation of COVID-19 restrictions, the global economy has encountered a new set of challenges. The combination of loose monetary policies and fiscal stimulus during COVID-19, together with supply chain issues, has fostered rising inflation globally. The advent of the conflict in Ukraine pushed energy prices up and exacerbated the situation further. In order to address this predicament, most central banks started raising interest rates and tightening their monetary policies. The effect has been particularly felt on the USD, which has appreciated considerably against most other currencies. The rising inflation, the higher cost of debt and the strength of the USD are starting to reverberate into asset values, operating costs and free cash flows.
- Against and despite this difficult backdrop, the Group's diversification and vigilance have again played a key role in navigating through 1H FY2023 successfully.
- During 1H FY2023, revenue decreased slightly by 3.0% to approximately HK\$3.0 billion as compared with that of the six months ended 30 September 2021 ("1H FY2022"). The main reason was that less residential property development was completed and settled compared with the same period last year. Having said that, adjusting for the attributable revenue for The Star Residences (Tower 1) for approximately AUD91 million (equivalent to approximately HK\$500 million), which was accounted as a share of results of joint ventures, adjusted revenue⁽ⁱ⁾, a non-GAAP financial measure, was up 13.0% to approximately HK\$3.5 billion. Despite the lower recognition of revenue from property development, all our core businesses have reported an increase in revenue.



MeadowSide, Manchester



West Side Place, Melbourne



Hyll on Holland, Singapore

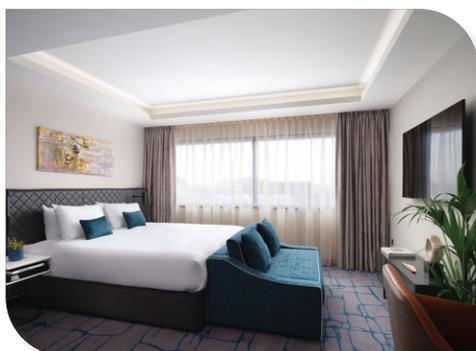
- The Group continued the handover of MeadowSide Plots 2, 3 and 5 in Manchester and West Side Place (Towers 1 and 2) in Melbourne and are expected to continue by phases in the second half of the financial year ended 31 March 2023 ("2H FY2023"). Our projects in Mainland China and Hong Kong and Hyll on Holland in Singapore have also made a contribution to revenues. The overall schedule of our projects remains intact, with three property developments expected to start handover in the 2H FY2023, namely West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London and New Cross Central in Manchester. These expected completions and settlements provide a predictable and significant cash flow to the Group.

Management Discussion and Analysis

- The Group continued to replenish its land bank in 1H FY2023, primarily in Hong Kong. In September 2022, the Group acquired the development right through an Urban Renewal Authority (“URA”) tender, for a land that covers a site area of about 1,077.3 sq. m. at Sai Ying Pun, Hong Kong. The Group intends to develop primarily residential apartments with a few retail outlets.
- Residential sales remained very robust, as cumulative attributable presales value of properties under development and unbooked contracted sales reached a new record standing at approximately HK\$18.0 billion as at 30 September 2022. The Group launched Victoria Riverside (Tower A) in Manchester in late September 2022 with a total gross development value (“GDV”) of HK\$899 million and launched Collyhurst Village in Manchester in October 2022 with a total expected GDV of HK\$656 million. The Group expects to launch Kai Tak Residential in Hong Kong with a total expected attributable GDV of approximately HK\$6.6 billion in the calendar period ending 31 December 2023.
- In early September 2022, the Group received a notice from a subsidiary of R&F Properties (HK) Company Limited to exercise the option to repurchase the entire issued share capital of R&F Properties VS (UK) Co., Ltd. which holds a development site at Vauxhall Square, London (“R&F Disposal”). The Group recorded a gain of approximately GBP10.9 million on the R&F Disposal and booked most of the gain on an accrual basis amounting to approximately HK\$101 million in 1H FY2023. The transaction was completed on 5 October 2022.
- COVID-19 restrictions have been lifted in several countries and cities around the world which has greatly helped our recurring income businesses.
- In the Group’s hotel operations, revenues increased by 36.2% year-on-year to approximately HK\$897 million. In Hong Kong, hotel properties continued to serve quarantine guests in 1H FY2023. In other countries and cities, except for Mainland China, as travelling restrictions were progressively lifted, the demand for hotel rooms increased steadily. The Group was extremely vigilant during 1H FY2023 to ensure that costs and expenditures are contained. And whilst the apex of the COVID-19 pandemic has passed, the Group remains cautious and continues to refine its operating business model to best serve its customers and ensure that operating profits remain healthy going forward.



Victoria Riverside (Tower A), Manchester



Dao by Dorsett West London

- A new aparthotel brand named “Dao by Dorsett” was launched in June 2022 with the opening of Dao by Dorsett West London. This property is the extension of Dorsett Shepherds Bush, an existing hotel property of the Group, and consists of 74 high-quality, fully-serviced apartment units. This newly-launched long-stay aparthotel brand aims to offer a collection of comfortable, upscale and practical aparthotels. In addition to this, the Group rebranded the Oakwood Premier AMTD Singapore, in which the Group holds a 49% stake, as Dao by Dorsett AMTD Singapore in July 2022. This is the first “Dao by Dorsett” hotel in Asia.

Management Discussion and Analysis

- Contribution from car park operations and facilities management also increased by 17.9% year-on-year as travel restrictions and lockdowns were progressively lifted. The improvement was felt particularly in the state of Victoria, in Australia, where a majority of the Group's car park operations are located and where the impact of COVID-19 restrictions was most severe. The car park business is expected to continue to gradually recover.



Car park operations and facilities management



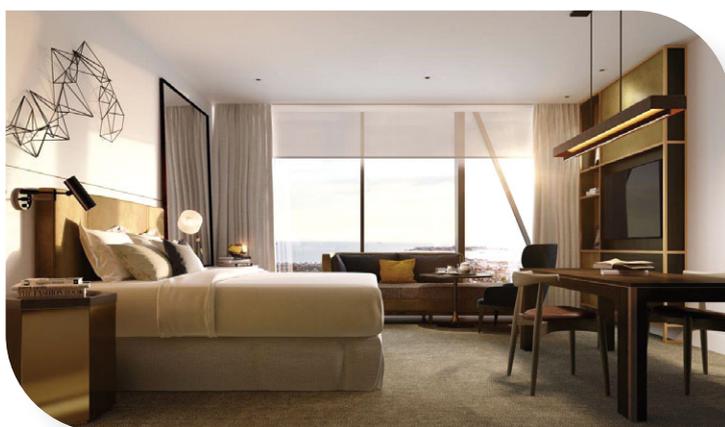
All casinos under TWC were rebranded as "PALASINO"

- The revenue from the Group's gaming business, recently rebranded as "PALASINO", rose by 70.5% in 1H FY2023 year-on-year to approximately HK\$147 million as all 3 casinos stayed open for business during the period, as opposed to being temporarily closed for approximately two months in 1H FY2022. The Group's gaming revenues have proven to be very resilient as the casinos have built a loyal customer base, returning enthusiastically each time COVID-19 restrictions were lifted. Equally important, the cost-cutting measures implemented during COVID-19 and still in place, have helped to improve the overall profitability. In an effort to attract more guests and to complement the existing offline experience, PALASINO has obtained an online gaming license in Malta in November 2022.
- BC Investment Group Holdings Limited ("BC Invest"), a company in which the Group has a stake of approximately 53%, continued to grow in 1H FY2023. BC Invest successfully issued two residential mortgage-backed security ("RMBS") bonds that raised AUD824 million in aggregate in 1H FY2023. As at 30 September 2022, loans and advances (included Mortgageport Management Pty. Ltd. ("Mortgageport")) reached over AUD3.5 billion (as at 31 March 2022: AUD2.6 billion). Due to a rise in interest rates and a time-lagged effect on the increase of customers' borrowing rates, the net interest margin dropped to 1.28% (1H FY2022: 1.54%). This is expected to improve as new customers' borrowing rates come into effect. Including third party assets under management ("AUM"), BC Invest has a total AUM of approximately AUD4.5 billion as at 30 September 2022.
- In 1H FY2023, the Group has withdrawn the legal proceedings surrounding a mandatory enforcement procedure regarding the land use rights which is part of its obligation as stipulated in the settlement agreement entered between the Group, Guangdong Trust Real Estate Development Co., Ltd. and a joint venture company. As a result, as part of an overall settlement, the Group recognised a gain of RMB408 million (equivalent to approximately HK\$475 million) in 1H FY2023.

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

- During this period, despite the net profit attributable to shareholders decreased by 46.7% to HK\$571 million, the adjusted cash profit⁽ⁱ⁾, a non-GAAP financial measure, increased by 7.3% to HK\$897 million.
- The decrease in net profit attributable to shareholders was primarily due to the revaluation gain on investment properties of HK\$628 million in 1H FY2022 turning to a HK\$12 million revaluation loss in 1H FY2023. Additionally, there was a gain of HK\$547 million recorded in 1H FY2022 relating to the disposal of Dorsett City London. The effects were offset by the stronger underlying profit in 1H FY2023.
- Earnings per share in 1H FY2023 decreased by 47.4% to HK21.4 cents. In September 2022, the Company has issued bonus shares on the basis of one bonus share for every ten existing ordinary shares held by the Shareholders whose names appear on the Company's Register of Members on 14 September 2022. After the bonus issue, the declared interim dividend for 1H FY2023 was maintained at HK4.0 cents per share (1H FY2022: HK4.0 cents per share).
- The value of the Group's adjusted total equity⁽ⁱⁱ⁾, a non-GAAP financial measure, decreased by 7.5% from the level as at 31 March 2022 to approximately HK\$33,955 million as at 30 September 2022. This was mainly driven by the significant drop in the foreign exchange rate against the Hong Kong dollar. It is worth noting that post 30 September 2022, foreign exchange rates have increased against the Hong Kong dollar.
- The Group has continued to closely manage its capital structure by refinancing some shorter-term debts via the bank market. Adjusted net gearing ratio⁽ⁱⁱⁱ⁾, a non-GAAP financial measure, increased to 67.8% and net debt to adjusted total assets^(iv), a non-GAAP financial measure, stood at a healthy level of 32.4% as at 30 September 2022. The Group will benefit from the net proceeds of a number of disposals, including the R&F Disposal, post period end (see below).
- The Group's net debt rose to approximately HK\$23.0 billion as at 30 September 2022 compared with HK\$21.3 billion as at 31 March 2022. The Group's liquidity position stood at approximately HK\$8.4 billion, with a comfortable level of cash and marketable securities available as at 30 September 2022. Furthermore, the Group had 5 hotel properties unencumbered which are valued at approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2022, as well as approximately HK\$5.7 billion in unsold residential inventory as at 30 September 2022. Following the completion of the Ritz-Carlton Melbourne and the Dorsett Melbourne in 2H FY2023, both hotels will be debt-free and can be used for bank financing if necessary.
- Adjusted net asset value per share^(v), a non-GAAP financial measure, decreased by 16.5% to HK\$11.53 as at 30 September 2022 compared to HK\$13.81 as at 31 March 2022. The Group did not repurchase any shares of the Company in 1H FY2023.

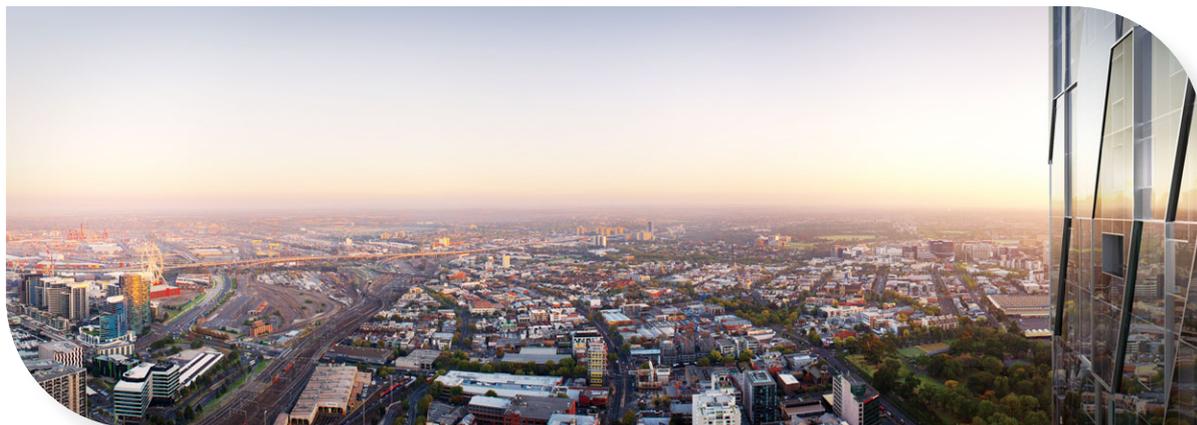


The Ritz-Carlton, Melbourne



Dorsett Melbourne

Management Discussion and Analysis



The view from West Side Place, Melbourne

POST PERIOD END EVENTS

- On 5 October 2022, the Group completed the R&F Disposal. A gain of approximately GBP10.9 million was recorded and the Group has recognised a gain of approximately HK\$101 million in 1H FY2023 on an accrual basis. A total of proceeds (net of loan) of GBP51 million was received.
- On 14 November 2022, PALASINO has been granted an online gaming license in Malta for a period of 10 years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

- In continuation with the Group's sustainability governance, the environmental, social and governance ("ESG") steering committee, which directly reports to the board of directors, continued to lead the Group with clear strategic goals.
- In 1H FY2023, the Group continued with its increased focus on ESG. In order to implement the Group's commitment to the "Managing Environmental Footprint", part of our ESG framework, the Group is currently calculating our overall carbon emissions. As soon as the baseline has been formed, we will develop our Net Zero Strategy roadmap in accordance with the latest research related to climate change. We will identify the key intervention points where carbon emissions can be mitigated.

OUTLOOK

- Just as the global economy finally started to recover from the harshest impact of COVID-19, it has now entered a new period of heightened volatility and uncertainty. As a result, the Group will remain vigilant and prudent. The emphasis will be to complete our existing projects, recycle capital where possible and control carefully all expenses and costs. The uncertain and unpredictable economic environment will also bring about new opportunities, which the Group will continue to assess with the same discipline.
- On top of new launches and completions planned for 2H FY2023, the next two years will bring the completion of many more milestone projects, which will increase the Group's revenues and profitability, particularly in the UK and Australia. As the residential property development pipeline progresses steadily, the Group will continue to explore the build-to-rent ("BTR") market in the UK and Australia, which offers interesting opportunities to partner with capital providers keen to invest in assets providing protection against inflation.
- Cumulative attributable presales and unbooked contracted sales of approximately HK\$18.0 billion as at 30 September 2022 provide a good visibility on sizeable revenue streams in the short to medium term.

Management Discussion and Analysis

- The re-opening of most borders across the world and the pent-up demand for both business and leisure travel bode well for a continued increase in the Group's hotel revenues. The two new landmark hotel properties opening in Melbourne in 2H FY2023, namely the Ritz-Carlton and the Dorsett Hotel, will also provide an added boost. A strong emphasis will be placed on managing costs as inflation in the hospitality sector is being felt across the board.
- Whilst our pipeline of hotels under construction currently stands at 8 hotels (excluding the two new hotels in Melbourne opening in 2H FY2023), the Group continues to review its existing portfolio of wholly owned and partially-owned hotels and will not exclude the possibility that certain hotels could be disposed of.
- Our car park operations have recovered steadily and are expected to continue to do so in 2H FY2023. Since mid-2021, the Group successfully embarked on a plan to monetise a number of non-core wholly owned car parks and will continue to do so where opportunities present themselves. It may use the proceeds to repay debt or to re-invest in more attractive car park acquisitions. In parallel, the Group will continue to seek new car park management contracts across Australia, the UK and New Zealand.
- BC Invest has continued to grow and has proven to be very resilient over the last few months, even as the interest rate environment and property prices have moved adversely. It has successfully tapped the RMBS market, won the support of new credit providers and increased the commitments of existing funders. BC Invest launched a number of new credit funds, allowing it to raise additional capital via new distribution channels. The foundations are in place to continue to capitalise on the growth opportunities available in the mortgage financing market in Australia and in the UK.

Note:

- (i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

Management Discussion and Analysis

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for 1H FY2023 was approximately HK\$3.0 billion, a slight decrease of 3.0% as compared with 1H FY2022, driven down primarily by the drop in revenue from property development but partially mitigated by the recovery of hotel, car park and gaming operations. Adjusted gross profit⁽ⁱ⁾, a non-GAAP financial measure, came in at approximately HK\$1.2 billion, as compared with HK\$1.2 billion for 1H FY2022. A breakdown of the Group's revenue and gross profit is set out below:

	Property development HK\$'000	Hotel operations and management HK\$'000	Car park operations and facilities management HK\$'000	Gaming operations HK\$'000	Others HK\$'000	Total HK\$'000
1H FY2023						
Revenue	1,496,929	897,004	375,439	146,608 ⁽ⁱⁱⁱ⁾	109,999	3,025,979
Gross profit	433,395	390,622	83,662	77,101	87,104	1,071,884
Depreciation	-	134,661 ⁽ⁱⁱⁱ⁾	18,452 ⁽ⁱⁱⁱ⁾	4,645	-	157,758
Adjusted gross profit ⁽ⁱ⁾	433,395	525,283	102,114	81,746	87,104	1,229,642
Adjusted gross profit margin ⁽ⁱ⁾	29.0%	58.6%	27.2%	55.8%	79.2%	40.6%
1H FY2022						
Revenue	1,931,845	658,560	318,434	85,969 ⁽ⁱⁱⁱ⁾	125,654	3,120,462
Gross profit	606,664	200,665	38,183	36,022	105,329	986,863
Depreciation	-	169,335 ⁽ⁱⁱⁱ⁾	17,987 ⁽ⁱⁱⁱ⁾	6,510	-	193,832
Adjusted gross profit ⁽ⁱ⁾	606,664	370,000	56,170	42,532	105,329	1,180,695
Adjusted gross profit margin ⁽ⁱ⁾	31.4%	56.2%	17.6%	49.5%	83.8%	37.8%

Notes:

- (i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.
- (ii) After deduction of gaming tax amounting to HK\$58 million (1H FY2022: HK\$34 million).
- (iii) Excludes depreciation of leased properties under HKFRS 16.

Revenue from sales of properties amounted to approximately HK\$1,497 million in 1H FY2023, a decrease of 22.5% as compared with 1H FY2022. The major contributors to the revenue were the revenue recognised from the sale of inventories in various projects in Hong Kong and completion of West Side Place (Towers 1 and 2) in Melbourne and MeadowSide (Plots 2, 3 and 5) in Manchester. Progressive booking of Hyll on Holland in Singapore also contributed to the revenue. Gross profit of approximately HK\$433 million was recorded during 1H FY2023, representing a slight drop in gross profit margin as compared to 1H FY2022.

Management Discussion and Analysis

During 1H FY2023, The Star Residences (Tower 1), a joint venture project in Gold Coast, was completed. Adjusting for the attributable revenue of approximately AUD91 million (equivalent to approximately HK\$500 million), total adjusted revenue from sales of property increased by 3.3% as compared to 1H FY2022.

Revenue from hotel operations and management continued its growth increasing by 36.2% as compared with the same period last year to approximately HK\$897 million in 1H FY2023. Adjusted gross profit margin⁽ⁱ⁾, a non-GAAP financial measure, for the Group's hotel operations rose to 58.6% in 1H FY2023 from 56.2% in 1H FY2022 as a result of the increase in overall hotel average room rates ("ARR") and occupancy rates ("OCC") across many geographics where the Group operates.

Revenue from car park operations and facilities management recorded an increase of 17.9% year-on-year to HK\$375 million in 1H FY2023, mainly due to reduced travel restrictions and a gradual return to normalcy. Adjusted gross profit⁽ⁱ⁾, a non-GAAP financial measure, of approximately HK\$102 million was recorded for 1H FY2023. Adjusted gross profit margin⁽ⁱ⁾, a non-GAAP financial measure, rose to 27.2% in 1H FY2023 from 17.6% in 1H FY2022.

Revenue from gaming operations increased by 70.5% year-on-year to approximately HK\$147 million (net of gaming tax) in 1H FY2023. The rise in revenue was primarily driven by the increase in attendance and the fact that the casinos remained in operation for the entire 6 months throughout 1H FY2023, unlike last year where they were closed for approximately 2 months in 1H FY2022. The Group received nil dividend in 1H FY2023 in relation to its 4.99% stake in The Star Entertainment Group ("The Star") shares it owns.

The Group's overall performance in 1H FY2023 was impacted by the drop in foreign exchange rates against the Hong Kong dollar, the rise of interest expenses, fair value loss on investment properties and a gain on the disposal of a hotel in 1H FY2022 which was not repeated in 1H FY2023. Despite the lower revenue recognition on sales of properties in 1H FY2023, several property developments will be completed in 2H FY2023, which will deliver a revenue recognition. The Ritz-Carlton Melbourne and the Dorsett Melbourne will be opened in 2H FY2023 and are expected to make a contribution to the Group's recurring income businesses.

The Group recorded healthy presales and contracted sales during 1H FY2023 and the cumulative attributable presales and unbooked contracted sales as at 30 September 2022 was at approximately HK\$18.0 billion.

Profit attributable to shareholders of the Company reached HK\$571 million for 1H FY2023, a decrease of 46.7% as compared with HK\$1,071 million for 1H FY2022. Adjusted cash profit⁽ⁱ⁾, a non-GAAP financial measure, was approximately HK\$897 million for 1H FY2023, an increase of 7.3% from HK\$836 million recorded for 1H FY2022.

Note:

- (i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

Management Discussion and Analysis

2. Liquidity, financial resources, and net gearing

The table below denotes the Group's bank and cash balances, investment securities (which are considered to be cash equivalent items due to its easily monetisable nature), bank loans and borrowings and equities as at 30 September 2022. As at 30 September 2022, weak foreign exchange rates against the Hong Kong dollar are partly to blame for the increase in the Group's debt ratios, as equity invested in overseas locations denominated in currencies other than the Hong Kong dollar has been devalued. It is worth noting that post 30 September 2022, foreign exchange rates have increased against the Hong Kong dollar.

Consolidated statement of financial position	As at 30 September 2022 HK\$'million	As at 31 March 2022 HK\$'million
Bank loans, notes and bonds		
Due within 1 year ⁽ⁱ⁾	15,472	11,450
Due 1–2 years	7,084	10,643
Due 2–5 years	7,932	8,106
Due more than 5 years	929	996
Total bank loans, notes and bonds	31,417	31,195
Investment securities	2,185	3,033
Bank and cash balances ⁽ⁱⁱ⁾	6,211	6,903
Liquidity position	8,396	9,936
Net debts⁽ⁱⁱⁱ⁾	23,021	21,259
Carrying amount of the total equity ^(iv)	15,159	17,910
Add: hotel revaluation surplus ^(v)	18,796	18,796
Adjusted total equity^(vi)	33,955	36,706
Adjusted net gearing ratio^(vi) (net debts to adjusted total equity^(vi))	67.8%	57.9%
Net debt to adjusted total assets^(vi)	32.4%	28.9%

Notes:

- (i) Includes an amount of approximately HK\$731 million, which is reflected as liabilities due within one year even though such a sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.
- (ii) Represents total restricted bank deposits, deposits in financial institutions, and bank and cash balances.
- (iii) Represents total bank loans, notes and bonds less investment securities and bank and cash balances.
- (iv) Includes 2019 Perpetual Capital Notes.
- (v) Based on the independent valuations carried out as at 31 March 2022.
- (vi) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

Management Discussion and Analysis

To better manage the Group's liquidity position, the Group's treasury department holds a portion of its cash position in marketable and liquid investment securities. Investment securities shown on the consolidated statement of financial position primarily represent fixed-income securities and investments in fixed-income funds; investments in the listed shares of The Star, which the Group intends to hold for the long-term; and investments in notes issued by trusts which hold the mortgage portfolio managed by BC Invest.

The Group's liquidity position as at 30 September 2022 was approximately HK\$8.4 billion. The Group's adjusted total equity^(vi), a non-GAAP financial measure, as at 30 September 2022 was approximately HK\$33,955 million, adjusting for the unrecognised hotel revaluation surplus of approximately HK\$18,796 million, which is based on independent valuations reviewed as at 31 March 2022 and includes the 2019 Perpetual Capital Notes. The adjusted net gearing ratio^(vi), a non-GAAP financial measure, of the Group stood at a healthy level of 67.8% as at 30 September 2022 compared with 57.9% as at 31 March 2022, reflecting some of the projects reaching a more advanced stage of development, namely Aspen at Consort Place and West Side Place (Towers 3 and 4) and acquisition of new development opportunities.

	As at 30 September 2022 HK\$ million	As at 31 March 2022 HK\$ million
The Company's notes	4,530	4,604
Unsecured bank loans	6,795	6,094
Secured bank loans		
– Property development and investment	10,023	10,804
– Hotel operations and management	8,712	8,320
– Car park operations and facilities management	430	496
– Gaming operations	67	81
– Others	860	796
Total bank loans, notes and bonds	31,417	31,195

As at 30 September 2022, total bank loans, notes and bonds amounted to approximately HK\$31.4 billion, an increase of HK\$222 million or 0.7% compared with 31 March 2022. The Group continued to adopt a prudent approach in order to maintain a flexible and stable financial position. During 1H FY2023, (i) the Group completed a number of secured and unsecured loan financings including a HK\$496 million facility for an acquisition of development right via an URA tender at Sai Ying Pun, Hong Kong; (ii) the Group fully settled the bank loan facility of West Side Place (Towers 1 and 2) and MeadowSide development, for AUD110 million and approximately GBP58 million, respectively, upon the completion of the developments; and (iii) the Group repurchased an aggregate principal amount of USD7.23 million of 4.5% notes due 2023 and 5.1% notes due 2024.

	As at 30 September 2022	As at 31 March 2022
Bank loans, notes and bonds, denominated in:		
HKD	55.5%	49.7%
AUD	14.8%	17.3%
SGD	6.3%	7.5%
GBP	6.2%	6.7%
USD	14.5%	15.8%
Others	2.7%	3.0%
	100%	100%

Management Discussion and Analysis

Most of the countries or cities the Group has operations in have entered into their interest rate hike period. For the bank loans, notes and bonds of the Group as at 30 September 2022, HKD was the major currency of the indebtedness representing about 55.5%. The other major currencies of indebtedness were AUD, SGD and GBP which were approximately 14.8%, 6.3% and 6.2% respectively. Indebtedness in USD was mainly notes and bonds. During 1H FY2023, the average interest rate for bank loans increased to 2.74% from 2.15% as compared with 1H FY2022.

During 1H FY2023, the average interest rate for notes and bonds increased to 5.29% from 4.78% as compared with 1H FY2022, primarily due to the 3.75% notes being fully redeemed in September 2021. As at 30 September 2022, the Group had 85.4% bank loans, notes and bonds with floating rates (as at 31 March 2022: 85.0%) while the remaining had fixed rates.

The Group continues to maintain a balanced debt maturity profile. As at 30 September 2022, the Group's bank loans, notes and bonds which were due within 1 year was approximately HK\$15,472 million. Of this amount, approximately (i) HK\$1,045 million represents the 4.5% USD Medium Term Notes 2023 to be repaid in May 2023; (ii) HK\$5,429 million were secured corporate, hospitality and car park loans which are expected to be rolled over or refinanced to a longer maturity; (iii) HK\$5,601 million were secured development loans, of which approximately HK\$3,300 million will be repaid from the presales proceed upon settlement and approximately HK\$2.0 billion has been or is expected to be refinanced to a longer maturity; (iv) HK\$1,822 million were unsecured corporate loans which are being rolled over; (v) HK\$844 million will be repaid in accordance with the repayment schedule; and (vi) HK\$731 million were in relation to long-term bank loans with a repayment on demand clause and therefore being classified as current liabilities.

As at 30 September 2022, the Group's undrawn banking facilities stood at approximately HK\$6.7 billion. Of this amount, approximately HK\$3.5 billion is allocated to construction and/or development facilities while another estimated HK\$3.2 billion is for the Group's general corporate use. When combined with unrecognised presales from the Group's upcoming property development projects, the unused banking facilities place the Group in a sturdy financial position to fund not only its existing business and operations, but also any future expansions.

The completion of the R&F Disposal, the expected return of capital from the joint venture for The Star Residences (Tower 1) in Gold Coast, as well as the expected proceeds from the disposal of Union Street land in Pyrmont, Sydney (under a joint venture with The Star) under a compulsory acquisition, will together also generate additional cashflow of approximately HK\$1.3 billion to the Group.

In addition, a total of 5 hotel assets were unencumbered as at 30 September 2022, carrying a capital value of approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2022. In addition, the Group has numerous other unencumbered assets such as unsold residential units, retail assets and commercial assets. The Ritz-Carlton Melbourne and the Dorsett Melbourne opening in 2H FY2023, will be unencumbered upon completion and could be used as collateral for further bank borrowings, if need be.

As a matter of policy, with the exception of certain construction financings, the Group tends to not hedge the interest rate on its outstanding debt. Notes and bonds tend to have fixed rates whilst bank loans tend to have fixed margins over and above the relevant banking benchmark rates. As at 30 September 2022, approximately HK\$67 million of our borrowings was fixed and approximately HK\$26.8 billion of our borrowings was floating. The Group's average interest rate for bank loans was approximately 2.74%.

The Group is focused on actively recycling capital and monetising assets to ensure that the indebtedness ratios remain relatively stable and interest expenses do not become an excessive drag on the operating results.

Management Discussion and Analysis

3. Foreign exchange management

In 1H FY2023, the contribution from the Group's non-Hong Kong operations was affected by the movement of foreign currencies against the Hong Kong dollar. The table below denotes the exchange rates of the Hong Kong dollar against the local currencies of countries in which the Group has significant operations. It is worth noting that since 30 September 2022, many local currencies have appreciated against the Hong Kong dollar.

Rate	As at 30 September 2022	As at 31 March 2022	Change
HK\$/AUD	5.09	5.86	(13.1)%
HK\$/RMB	1.10	1.23	(10.6)%
HK\$/MYR	1.69	1.86	(9.1)%
HK\$/GBP	8.74	10.26	(14.8)%
HK\$/CZK	0.31	0.36	(13.9)%
HK\$/SGD	5.47	5.78	(5.4)%
Average rate for	1H FY2023	1H FY2022	Change
HK\$/AUD	5.48	5.74	(4.5)%
HK\$/RMB	1.17	1.19	(1.7)%
HK\$/MYR	1.78	1.87	(4.8)%
HK\$/GBP	9.50	10.55	(10.0)%
HK\$/CZK	0.34	0.35	(2.9)%
HK\$/SGD	5.63	5.74	(1.9)%

The Group adopts a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currency of the countries where such investments are made. The impact of movements in the above currencies to the Group's profit attributable to shareholders for 1H FY2023 is analysed below:

Increase to the Group's profit attributable to shareholders for 1H FY2023 assuming exchange rates of the following currencies against the Hong Kong dollar remained constant during the period:

	HK\$ million
AUD	10.2
RMB	17.7
MYR	0.1
GBP	12.1
CZK	1.4
SGD	0.1
Total impact	41.6

The movement in foreign currencies also had an impact on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollars for consolidation purposes, the movements in foreign currencies have affected the value in Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. The Group's net asset value (less the 2019 Perpetual Capital Notes) would have been HK\$2,830 million higher as at 30 September 2022 assuming exchange rates remained constant during 1H FY2023.

Management Discussion and Analysis

4. Net asset value per share

	As at 30 September 2022 HK\$ million	As at 31 March 2022 HK\$ million
Equity attributable to shareholders of the Company	11,906	14,632
Add: Hotel revaluation surplus	18,796	18,796
Adjusted net asset value attributable to shareholders⁽ⁱ⁾	30,702	33,428
Number of shares issued (million)	2,662	2,420
Adjusted net asset value per share⁽ⁱ⁾	HK\$11.53	HK\$13.81

After adjusting for the revaluation surplus on hotel assets of approximately HK\$18,796 million based on independent valuations assessed as at 31 March 2022 and the adjusted net asset value attributable to shareholders⁽ⁱ⁾, a non-GAAP financial measure, was approximately HK\$30,702 million. Adjusted net asset value per share⁽ⁱ⁾, a non-GAAP financial measure, for the Company as at 30 September 2022 was approximately HK\$11.53.

Note:

- (i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

5. Capital expenditures

The Group's capital expenditures primarily went towards acquisitions of landbank in Hong Kong and the UK; development, construction and refurbishment of hotel properties, plant and equipment and investment properties.

During 1H FY2023, the Group's capital expenditures amounted to approximately HK\$457 million, primarily attributable to the Dao by Dorsett West London, Dorsett Melbourne and Ritz-Carlton Melbourne in the West Side Place development and the ongoing capital expenditures in relation to the commercial project in Kai Tak and other hotels across Australia and the UK. These expenditures were funded through a combination of borrowings and internal resources.

Management Discussion and Analysis

6. Capital commitments

During 1H FY2023, the Group continued to carefully monitor its capital commitments in order to optimise its investments and spending. The table below provides a summary of the Group's capital commitments:

	As at 30 September 2022 HK\$ million	As at 31 March 2022 HK\$ million
Capital expenditures contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of		
– hotel properties	938	1,390
– investment properties	508	719
Commitment to provide credit facility to BC Invest	203	81
Others	122	144
	1,771	2,334

As at 30 September 2022, the Group's capital commitments amounted to approximately HK\$1,771 million, primarily attributable to the following hotel developments: (i) Dorsett Kai Tak in Hong Kong; (ii) Dorsett Melbourne and Dorsett Gold Coast and The Star Residences – Epsilon in Australia; and (iii) Dorsett Canary Wharf and Dao by Dorsett Hornsey in the UK. The capital commitments will be financed through a combination of borrowings and internal resources.

Management Discussion and Analysis

BUSINESS REVIEW

1. Property division

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

Property development

The Group has a diversified portfolio of residential property developments in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on the mass residential market. Our strong regional diversification reduces volatility and allows us to take advantage of different property cycles. The Group has established strong local teams to carry out property development in each of these markets, as their presence allows the Group to identify trends and source the most attractive opportunities. The Group also actively looks to work with property owners for redevelopment opportunities, such as the partnership with The Star and the partnership with Manchester City Council ("MCC"). Indeed, in August 2022, the Group won a tender conducted by URA to acquire the development right of a site at Sai Ying Pun, Hong Kong. These land acquisition strategies have resulted in a land-banking strategy comprising of a relatively low land cost base for the Group's development projects and little capital kept idle.

Total attributable cumulative presales value of the Group's residential properties under development and unbooked contracted sales amounted to approximately HK\$18.0 billion as at 30 September 2022. Most of the proceeds from contracted presales and unbooked contracted sales are not reflected in the Group's consolidated income statement until the relevant projects are completed. The following table sets out a breakdown of the Group's total cumulative attributable presales value of residential properties under development and the cumulative attributable unbooked contracted sales of completed projects as at 30 September 2022.

Developments	Location	Attributable presales HK\$ million	Expected financial year of completion
Projects under presales			
West Side Place (Tower 3)	Melbourne	2,193	FY2023
West Side Place (Tower 4)	Melbourne	2,307	FY2023
Queen's Wharf Brisbane (Tower 4) ⁽ⁱⁱⁱ⁾	Brisbane	1,497	FY2024
Queen's Wharf Brisbane (Tower 5) ⁽ⁱⁱⁱ⁾	Brisbane	1,982	FY2025
Perth Hub	Perth	503	FY2025
The Star Residences – Epsilon (Tower 2) ⁽ⁱⁱⁱ⁾	Gold Coast	536	FY2024
Aspen at Consort Place	London	1,044	FY2025
Consort Place Social/Affordable Housing	London	83	FY2025
Hornsey Town Hall	London	475	FY2023
New Cross Central	Manchester	169	FY2023
Victoria Riverside (Tower A)	Manchester	43	FY2025
Victoria Riverside (Tower B) Social/Affordable Housing	Manchester	229	FY2025
Victoria Riverside (Tower C)	Manchester	366	FY2025
Hyll on Holland ^{(ii)(iv)}	Singapore	1,475	FY2024
Cuscaden Reserve ^{(ii)(v)}	Singapore	5	FY2025
Dorsett Place Waterfront Subang ⁽ⁱⁱ⁾⁽ⁱ⁾	Subang Jaya	190	FY2023
Kai Tak Development – Office	Hong Kong	3,380	FY2025
Sub-total		16,477	

Management Discussion and Analysis

Developments	Location	Attributable contracted sales HK\$ million
Contracted sales of completed projects		
West Side Place (Towers 1 and 2)	Melbourne	93
The Star Residences (Tower 1) ⁽ⁱⁱⁱ⁾	Gold Coast	15
MeadowSide (Plots 2 and 3)	Manchester	163
MeadowSide (Plot 5)	Manchester	2
District 17A	Shanghai	7
Royal Riverside	Guangzhou	8
Marin Point	Hong Kong	51
Manor Parc ^(vi)	Hong Kong	534
Mount Arcadia ^(vi)	Hong Kong	619
Dorsett Bukit Bintang	Malaysia	5
Sub-total		1,497
Total		17,974

Notes:

- (i) Excludes contract presales already recognised as revenue up to 30 September 2022.
- (ii) The Group has 50% interest in the development.
- (iii) The Group has 33.3% interest in the development.
- (iv) The Group has 80% interest in the development.
- (v) The Group has 10% interest in the development.
- (vi) The settlement of the contracted sales is expected in FY2025.

As at 30 September 2022, the expected attributable GDV of the Group's active residential property development projects under various stages of development across the regions was approximately HK\$60.5 billion.

Management Discussion and Analysis

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

Developments	Attributable saleable floor area ⁽ⁱ⁾ Sq. ft.	Expected attributable GDV ⁽ⁱⁱⁱ⁾ HK\$ million	Launched/ expected launch	Expected financial year of completion
Pipeline developments				
Melbourne				
West Side Place				
– Tower 3	518,000	2,302	Launched	FY2023
– Tower 4	621,000	2,738	Launched	FY2023
Monument	595,000	2,383	FY2023/FY2024	FY2026
Perth				
Perth Hub	230,000	793	Launched	FY2025
Brisbane				
Queen's Wharf Brisbane ⁽ⁱⁱⁱ⁾				
– Tower 4	253,000	1,497	Launched	FY2024
– Tower 5	328,000	2,210	Launched	FY2025
– Tower 6	145,000	662	Planning	Planning
Gold Coast				
The Star Residences ^(iv)				
– Tower 2 – Epsilon	109,000	538	Launched	FY2024
– Towers 3 to 5	374,000	1,843	Planning	Planning
Hong Kong				
Kai Tak Development – Office	174,000	3,380	Launched	FY2025
Kai Tak Residential ^(v)	253,000	6,581	FY2023/FY2024	FY2026
Lam Tei, Tuen Mun	180,000	2,966	Planning	Planning
Ho Chung, Sai Kung ^(vi)	19,000	567	Planning	Planning
Sai Ying Pun ^(vii)	79,000	2,300	Planning	Planning
London				
Aspen at Consort Place	377,000	3,626	Launched	FY2025
Consort Place Social/Affordable Housing	101,000	83	Launched	FY2025
Hornsey Town Hall	108,000	860	Launched	FY2023
Ensign House	285,000	2,740	Planning	Planning
Manchester				
MeadowSide Plot 4	244,000	874	Planning	Planning
Victoria North ^(viii)				
– New Cross Central	62,000	223	Launched	FY2023
– Victoria Riverside (Tower A)	226,000	899	Launched	FY2025
– Victoria Riverside (Tower B) Social/Affordable Housing	85,000	229	Launched	FY2025
– Victoria Riverside (Tower C)	149,000	561	Launched	FY2025
– Collyhurst Village	151,000	350	FY2023	FY2024-FY2026
– Collyhurst Village Social/ Affordable Housing	104,000	306	FY2023	FY2024-FY2026
– Network Rail	1,532,000	5,490	Planning	Planning
– Others	1,202,000	4,307	Planning	Planning

Management Discussion and Analysis

Developments	Attributable saleable floor area ⁽ⁱ⁾ Sq. ft.	Expected attributable GDV ⁽ⁱⁱⁱ⁾ HK\$ million	Launched/ expected launch	Expected financial year of completion
Singapore				
Hyll on Holland ^(ix)	194,000	2,406	Launched	FY2024
Cuscaden Reserve ^(x)	16,000	340	Launched	FY2025
Malaysia				
Dorsett Place Waterfront Subang ^(xi)	414,000	840	Launched	FY2024
Total developments pipeline as at 30 September 2022	9,128,000	54,894		
Completed developments available for sale				
Melbourne				
West Side Place (Towers 1 and 2)	380,000	1,605		
Gold Coast				
The Star Residences (Tower 1) ^(iv)	12,000	19		
Perth				
The Towers at Elizabeth Quay	87,000	618		
Manchester				
MeadowSide				
– Plots 2 and 3	65,000	256		
– Plot 5	1,000	2		
Shanghai				
King's Manor	12,000	83		
The Royal Crest II	2,000	14		
District 17A	10,000	54		
Guangzhou				
Royal Riverside	21,000	86		
Hong Kong				
Marin Point	47,000	546		
Manor Parc	46,000	613		
Mount Arcadia	73,000	1,639		
Malaysia				
Dorsett Bukit Bintang	27,000	118		
Total completed developments available for sale as at 30 September 2022	783,000	5,653		
Total pipeline and completed developments available for sale as at 30 September 2022	9,911,000	60,547		

Management Discussion and Analysis

Notes:

- (i) The figures represent approximate saleable residential floor area which may vary subject to finalisation of development plans.
- (ii) The amounts represent expected GDV attributable to the Group, which may be changed subject to market conditions.
- (iii) This residential development consists of a total saleable floor area of approximately 1,500,000 sq. ft.. The Group has 50% interest in the development.
- (iv) The Group has 33.3% interest in these developments.
- (v) Total saleable floor area of this development is approximately 506,000 sq. ft.. The Group has 50% interest in the development.
- (vi) Total saleable floor area of this development is approximately 58,000 sq. ft.. The Group has 33.3% interest in the development.
- (vii) The total saleable floor area and GDV figures are estimated figures and subject to approval from URA.
- (viii) The total saleable floor area and GDV figures are estimated based on land already acquired and expected number of units to be built. As the master developer of Victoria North, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.
- (ix) Total saleable floor area of this development is approximately 242,000 sq. ft.. The Group has 80% interest in the development.
- (x) Total saleable floor area of this development is approximately 170,000 sq. ft.. The Group has 10% interest in the development.
- (xi) Total saleable floor area of this development is approximately 1,050,000 sq. ft.. The Group has 50% interest in the development.

Australia

Melbourne

West Side Place is a mixed-use residential development located in the Central Business District (“CBD”) of Melbourne. The project is comprised of approximately 3,000 apartments spanning 4 towers, with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK\$9.9 billion.

The development consists of two hotels, including one under the Group’s Dorsett brand with approximately 300 hotel rooms located in Tower 3 and another hotel to be operated by Ritz-Carlton, with approximately 250 hotel rooms located at the top of Tower 1. Both hotels are expected to be completed and commence operations in 2H FY2023. The development has been launched for presales since FY2019 by tower, and the lower levels of Towers 1 and 2 were completed in FY2021. Towers 1 and 2 are comprised of a total of 1,377 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK\$4.9 billion. The handover process started in FY2022 and is expected to continue in phases until 2H FY2023.

Tower 3 is comprised of 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK\$2.3 billion. Approximately HK\$2.2 billion worth of units were presold as at 30 September 2022. Tower 4 is comprised of 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK\$2.7 billion. Approximately HK\$2.3 billion worth of units were presold as at 30 September 2022. Both towers are expected to be completed and start handover in 2H FY2023. With the strong presales recorded for these developments, the Group expects to have significant cash flow and earnings in the coming years.

Monument is a residential development at 640 Bourke Street comprising of 1-, 2- and 3-bedroom units in Melbourne’s CBD, near the West Side Place development. The property has obtained approval to be redeveloped into a residential project; it has a total saleable floor area of approximately 595,000 sq. ft., a total expected GDV of HK\$2.4 billion and is expected to provide approximately 876 residential units. The Group is still reviewing the opportunity to convert the project into a BTR option and discussions are ongoing.

Management Discussion and Analysis

Perth

The Towers at Elizabeth Quay is a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in total saleable floor area of residential apartments and a luxury Ritz-Carlton hotel of 205 rooms. As at 30 September 2022, the expected GDV of the remaining apartments available for sale was HK\$618 million.

Perth City Link, one of Australia's most exciting regeneration projects, was initiated by the Western Australian Government with the goal of reconnecting Perth's CBD and the entertainment district. Perth Hub, the first phase of the Perth City Link project, is a mixed-use development adjacent to the Perth Arena. It consists of Lots 2 and 3 of the Perth City Link projects and features 314 residential apartments, with total expected GDV of HK\$793 million and approximately 260 hotel rooms to be operated by Dorsett. As at 30 September 2022, the Group had presold HK\$503 million worth of units. The project is expected to be completed in FY2025.

After being selected as the preferred proponent of the Perth City Link projects, the Group secured Lots 4, 9 and 10. The three lots will host a wide range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project currently remains under the planning stage.

Brisbane

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

- (i) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of approximately AUD300 million. Payments are progressively made commencing from signing of the QWB Project documents up to the completion of the QWB Project, which is expected to be completed by the end of FY2024; and
- (ii) a residential component owned 50% by the Group and 50% by CTF.

Together with the Group's portion of the land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD360 million, which the Group has funded a significant portion from its internal resources. The QWB Project will encompass a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane. The development is expected to contain two residential towers, a commercial tower, three world-class hotels, high-end food and commercial outlets and a casino, all in Brisbane's prime waterfront district. The total core development gross floor area of the QWB Project is expected to be approximately 387,000 sq. m., of which approximately 108,000 sq. m. will be part of the residential component.

Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments, with a total saleable floor area of approximately 506,000 sq. ft. and a total expected GDV of HK\$3.0 billion. As at 30 September 2022, DBC has presold all the units with attributable GDV to the Group of approximately HK\$1.5 billion worth of units. Completion of the development is expected to be in FY2024. The Group launched Queen's Wharf Brisbane (Tower 5) in FY2022. Tower 5 is across the street from Tower 4 and will house 819 residential apartments, making the total saleable floor area approximately 655,000 sq. ft. and with a total expected GDV of HK\$4.4 billion. After its launch in March 2022, the project received a strong response with presold value of approximately HK\$4.0 billion (attributable GDV of HK\$2.0 billion) recorded as at 30 September 2022. Completion of the development is expected to be in FY2025. Tower 6 was originally considered to be another residential tower but given the strong interest for office space in that location, DBC is considering selling the tower as an office building to a single buyer. Deliberations are ongoing.

Management Discussion and Analysis

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest.

The first tower of the development features a 313-room Dorsett hotel and 422 residential apartments with a total saleable floor area of approximately 300,000 sq. ft. and a total expected GDV of HK\$1.4 billion. The Dorsett hotel formally opened in December 2021. Total presales value of approximately HK\$1.4 billion (attributable GDV of HK\$455 million) was recorded as at 30 September 2022. The first tower of the development was completed in 1H FY2023 and the handover process went smoothly with approximately HK\$1.4 billion worth of units having been settled in 1H FY2023.

Epsilon, the second tower of the development, will feature a 201-room five-star hotel and 440 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a total expected GDV of HK\$1.6 billion. Total presales value of approximately HK\$1.6 billion (attributable GDV of HK\$538 million) was recorded as at 30 September 2022 and completion of the development is expected in FY2024.

Work is ongoing for the design and the marketing strategy of the third to fifth towers of the development.

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai, over a number of years. The development is comprised of a diversified portfolio of residences, including low-rise and high-rise apartments as well as townhouses. There are two phases of the development, namely King's Manor and Royal Crest II. As at 30 September 2022, the expected GDV of remaining apartments was HK\$151 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

Situated on the riverside, Royal Riverside in Guangzhou is a 5-tower residential development. The entire development has been completed. As at 30 September 2022, the expected GDV of remaining apartments was HK\$86 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

Hong Kong

The Group built its development pipeline in Hong Kong over the years through the acquisition of redevelopment sites and participating in government tenders and participating in URA tenders. More recently, it has also acquired projects from other developers facing financial strain.

Marin Point is a residential development at Sha Tau Kok. This development is made up of 261 low-rise apartments with approximately 103,000 sq. ft. in total saleable floor area. The development has been completed. As at 30 September 2022, the expected GDV of remaining apartments was HK\$546 million. Of this amount, approximately HK\$51 million have been recorded as contracted sales. The remaining units are expected to be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in total saleable floor area and a total expected GDV of HK\$680 million. The development has been completed. As at 30 September 2022, the expected GDV of remaining apartments was HK\$613 million. Of this amount, approximately HK\$534 million have been recorded as contracted sales and are expected to be settled in FY2025. The remaining units will be sold on a completed basis.

Management Discussion and Analysis

Mount Arcadia is a residential development site at Tai Po Road. The project comprises 62 apartments and 4 houses and has a saleable floor area of approximately 84,000 sq. ft. and a GDV of HK\$1.8 billion. The project was completed and launched in late March 2022. The project received a strong response. As at 30 September 2022, the expected GDV of remaining apartments was approximately HK\$1.6 billion. Of this amount, approximately HK\$619 million have been recorded as contracted sales and are expected to be settled in FY2025. The remaining units will be sold on a completed basis.

The Group acquired a piece of land at Kai Tak for mixed-use development through a government tender in August 2019, adjacent to the Kai Tak Sports Park. It comprises an office portion, a hotel portion that will house a flagship 400-room Dorsett hotel as well as some retail space. The office portion of the development was presold for HK\$3.38 billion in FY2022 and is expected to be completed in FY2025.

In November 2021, the Group formed a joint venture to acquire another Kai Tak site with 50% ownership for residential development. The construction had started on the site, which will significantly reduce the delivery time. The residential development will feature approximately 1,300 residential apartments, with a total saleable floor area of approximately 506,000 sq. ft. and a total expected GDV of HK\$13.2 billion. Subject to the market conditions, the development is expected to launch for presale in FY2023 and is expected to be completed in FY2026.

The Group acquired a site at Lam Tei, Tuen Mun in June 2021 with an expected saleable floor area of approximately 180,000 sq. ft. and a total expected GDV of HK\$3.0 billion. The project is currently under planning, with overall plans and timetable under review.

The Group formed another joint venture to acquire another residential site located at Ho Chung, Sai Kung, with 33.3% ownership in September 2021. The residential development will feature 26 high-end houses with total saleable floor area of approximately 58,000 sq. ft. and a total expected GDV of HK\$1.7 billion (attributable GDV of HK\$567 million).

In September 2022, the Group acquired the development right, through a tender conducted by URA, for a land that covers a site area of about 1,077.3 sq. m. at Sai Ying Pun, Hong Kong. The Group intends to develop primarily residential apartments with a few retail outlets. The development is currently under planning, with overall plans and timetable under review.

Malaysia

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

Dorsett Place Waterfront Subang is a joint development between the Group and Malaysia Land Properties Sdn. Bhd.; the Group has a 50% interest in this development. The project is located next to Dorsett Grand Subang, the Group's renowned 5-star hotel. The development consists of three blocks and will offer 1,989 fully-serviced suites. The sales of this project have been recognised according to the progress of development. As at 30 September 2022, attributable unbooked presales amounted to HK\$190 million. The development is expected to be completed in FY2024.

Management Discussion and Analysis

United Kingdom

London

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 478,000 sq. ft. in total saleable floor area consisting of approximately 495 residential units, 139 affordable housing units and a hotel of 231 rooms, as well as commercial spaces. Total presold value of approximately HK\$1.0 billion was recorded for the residential units as at 30 September 2022. The affordable housing units were presold for GBP43 million in FY2022 and the sales of these units have been recognised according to the progress of development. As at 30 September 2022, the unbooked presales amounted to HK\$83 million and is expected to be recognised before completion. The development is expected to be completed in FY2025.

Located in North London, Hornsey Town Hall is a mixed-use redevelopment project which involves the conversion of an existing town hall into a hotel/serviced apartment tower with communal areas, as well as a residential component which will provide 146 apartments which include 11 social/affordable units with a total saleable floor area of approximately 108,000 sq. ft. for private residential units. This development also has a commercial component covering approximately 37,500 sq. ft.. Total presold value of HK\$475 million was recorded as at 30 September 2022 and the development is expected to be completed and commence handover process in 2H FY2023.

The Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. Ensign House is planned to be a 56-storey residential tower consisting of 385 residential units. It will have a total saleable floor area of approximately 285,000 sq. ft. and a total expected GDV of HK\$2.7 billion. The project has received planning approval in FY2022.

Manchester

Victoria North is a mega-scale regeneration development project in Manchester which spans an area of more than 390 acres (equivalent to approximately 17 million sq. ft.), sweeping north from Victoria Station and covering the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver approximately 15,000 new homes over the next decade, providing an optimal mix of high-quality housing, while allowing the city centre to expand. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

The Strategic Regeneration Framework of the Victoria North development was approved by the MCC in February 2019 to provide an illustrative masterplan in order to guide development proposals within Victoria North. It will be used to guide and coordinate developments brought forward by the joint venture formed between the Group and MCC and subsequently deliver a series of vibrant, sustainable and integrated residential neighbourhoods within the extended city centre of Manchester.

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

The Victoria North project is expected to provide the Group with a significant, long-term pipeline within the UK. As at 30 September 2022, the Group has already secured several land plots within the Victoria North district, providing a pipeline with a saleable floor area of more than 3 million sq. ft., which is expected to deliver approximately 4,500 new homes over the next 5-8 years.

Management Discussion and Analysis

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city and is sitting on the doorstep of the Group's Victoria North development. The development will feature 4 Plots (Plots 2, 3, 4 and 5) comprising approximately 756 apartments with approximately 560,000 sq. ft. of total saleable floor area around the historic Angel Meadow Park near Victoria Station, one of the major transportation hubs of the city.

Plots 2 and 3 have a total saleable floor area of 217,000 sq. ft. and a total expected GDV of HK\$808 million. The development is completed and handover started in March 2022 smoothly. As at 30 September 2022, the expected GDV of remaining apartments was HK\$256 million. Of this amount, approximately HK\$163 million have been recorded as contracted sales. The development will continue the handover by phases in 2H FY2023.

Plot 5 has a total saleable area of 99,000 sq. ft. and a total expected GDV of HK\$357 million. The development is completed and handover process commenced in FY2022. As at 30 September 2022, the expected remaining GDV was HK\$2 million and these apartments have been recorded as contracted sales and expected to be settled in 2H FY2023.

Plot 4 has been granted a permit to build a 40-storey residential building. In the present, the Group is assessing and exploring opportunities to increase gross floor area and enhance GDV accordingly.

New Cross Central is one of the initial sites acquired from MCC as part of the development agreement for the Victoria North project. Located within New Cross at the northern edge of the Manchester city centre, the development comprises 80 residential units with a total saleable floor area of approximately 62,000 sq. ft. and a total expected GDV of HK\$223 million. Total presold value of HK\$169 million was recorded as at 30 September 2022. Construction work is progressing smoothly and the project is scheduled for completion and commence the handover process in 2H FY2023.

Victoria Riverside is located within the Victoria North masterplan area in close proximity to major transport links including Victoria Station and Manchester city centre. It is a key gateway into the Victoria North masterplan area and expands the city centre northwards from MeadowSide. It will be a predominantly residential development, incorporating a high-quality public realm with commercial and leisure use and a landmark building. The development features three towers comprising approximately 634 units, with total saleable floor area of approximately 460,000 sq. ft. and a total expected GDV of HK\$1.7 billion.

Tower A features 293 residential units with a total saleable floor area of approximately 226,000 sq. ft. and a total expected GDV of HK\$899 million. It launched in late September 2022 and total presold value of HK\$43 million was recorded as at 30 September 2022. Tower B comprises 128 affordable housing units and has been presold to Trafford Housing Trust, which is part of L&Q, one of the largest housing associations in England for a consideration of approximately GBP26 million. Tower C features 213 residential units with a total saleable floor area of approximately 149,000 sq. ft. and a total expected GDV of HK\$561 million. Presales of Tower C was launched in FY2021 and total presold value of HK\$366 million was recorded as at 30 September 2022. The project is expected to be completed in FY2025.

Collyhurst Village is one of the first phases of Victoria North masterplan. This development consists of 144 private residential units with approximately 151,000 sq. ft. in total saleable floor area and a total expected GDV of HK\$350 million. It also includes 130 affordable housing units with approximately 104,000 sq. ft. total saleable floor area and a total expected GDV of HK\$306 million. The development is expected to launch in 2H FY2023 and completed in phases between FY2024 to FY2026.

Management Discussion and Analysis

Singapore

Hyll on Holland is a premium development of 319 residential units at Holland Road, a highly attractive and reputable neighbourhood in Singapore. The Group has an 80% interest in the development with an attributable saleable floor area of approximately 194,000 sq. ft.. The sales of this project have been recognised according to the progress of development. As at 30 September 2022, attributable unbooked presales amounted to approximately HK\$1.5 billion. The development is expected to be completed in FY2024.

The project located at Cuscaden Reserve is a residential development site in the prime area of District 9 in Singapore; it is expected to provide approximately 16,000 sq. ft. in attributable saleable floor area and completion of the development is expected in FY2025. The Group has a 10% interest in the joint venture.

Property investment

The Group's property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore, the UK and Australia. In 1H FY2022, a fair value loss on investment properties of approximately HK\$12.4 million was recorded. This was attributable primarily to a drop in valuation across assets in different geographics. As at 30 September 2022, the valuation of investment properties was approximately HK\$7.7 billion (31 March 2022: approximately HK\$7.9 billion).

Previously, the Group acquired two sites in Shanghai's Baoshan District and both sites will be developed into residential blocks for leasing purpose. Construction commenced on one of the sites in December 2021 with a lettable floor area of approximately 573,000 sq. ft. which is expected to offer over 1,200 units of accommodation. The completion of the development is expected to be in FY2027.

2. Hotel operations and management

The Group owns and operates its hotel portfolio through four distinct lines of business, which focuses on the three to four-star hotel segment. These include Dorsett Hotels and Resorts, which features the upscale "Dorsett Grand", the mid-scale "Dorsett", the value-led "Silka" branded hotels and the "d.Collection" which features boutique hotels with unique identities and "Dao by Dorsett", a newly-launched long-stay aparthotel brand which offers a collection of creative and harmonious aparthotels.

As at 30 September 2022, the Group owned a total of 32 hotels including the wholly-owned Dorsett Group, Trans World Corporation ("TWC Hotel Group") and the Ritz-Carlton hotel in Perth, as well as the partially-owned Sheraton Grand Mirage in Gold Coast and Dao by Dorsett AMTD in Singapore with a total of approximately 8,200 rooms, spreading over Mainland China, Hong Kong, Malaysia, Singapore, Australia, the UK and Continental Europe. As at 30 September 2022, the Group also manages 2 other hotels in Malaysia with approximately 500 rooms and Dorsett City London in the UK with approximately 270 rooms.

Management Discussion and Analysis

As at 30 September 2022, the Group has 10 hotels under the development pipeline which will offer approximately 2,600 more rooms. Within this pipeline, the construction of the Ritz-Carlton Melbourne and the Dorsett Melbourne is progressing steadily, and all are expected to be completed and opened in 2H FY2023.

The operating performance of the Group's owned hotels for 1H FY2023 is summarised by region as follows. The results of hotels by region are expressed in the respective local currency ("LC") and Hong Kong dollars ("HK\$").

	Occupancy Rate ("OCC")		Average room rate ("ARR")			Revenue per available room ("RevPAR")			Revenue	
	1H FY2023	1H FY2022	1H FY2023 (LC)	1H FY2022 (LC)	% Change	1H FY2023 (LC)	1H FY2022 (LC)	% Change	1H FY2023 (LC'million)	1H FY2022 (LC'million)
Hong Kong (HK\$)	71.3%	74.5%	1,238	794	55.9%	882	592	49.0%	519	333
Malaysia (MYR)	46.5%	41.3%	233	171	36.3%	108	71	52.1%	36	23
Mainland China (RMB)	48.4%	52.8%	247	312	(20.8%)	120	165	(27.3%)	55	74
Singapore (SGD) ⁽ⁱ⁾	65.3%	89.5%	188	125	50.4%	123	112	9.8%	7	6
United Kingdom (GBP) ⁽ⁱⁱ⁾	68.0%	36.3%	122	112	8.9%	83	41	102.4%	7	6
Australia (AUD) ⁽ⁱⁱⁱ⁾	72.0%	48.9%	370	410	(9.8%)	266	200	33.0%	17	13
			(HK\$)	(HK\$)		(HK\$)	(HK\$)		(HK\$'million)	(HK\$'million)
Dorsett Group Total^(iv)	61.0%	60.9%	968	703	37.7%	591	428	38.1%	847	635
TWC Hotel Group	53.2%	27.9%	639	648	(1.4%)	340	180	88.9%	50	24

Notes:

- (i) Excludes Dao by Dorsett AMTD Singapore which is equity accounted.
- (ii) Includes Dorsett City London up until 30 June 2021 (the date of disposal).
- (iii) Excludes Sheraton Grand Mirage which is equity accounted.
- (iv) Excludes TWC Hotel Group but includes Ritz-Carlton Perth.

During 1H FY2023, COVID-19 infection rates flared up intermittently across all the countries we operate. It has been a very challenging environment to navigate and has required tremendous efforts and flexibility from the operating teams. None of the markets where we operate have seen the level of international arrivals and the demand for hospitality return to the levels that existed pre-COVID. In each market, for each hotel property, a specially designed strategy was put in place to attract the right customer group given the local circumstances.

Overall, the Group struck the right balance of commercial acumen and social responsibilities. Immense efforts were put in assisting local authorities by providing accommodations to medical frontliners and guests with quarantine needs across Mainland China, Hong Kong, the UK, Singapore and Malaysia. As of 30 September 2022, the Group has welcomed over 12,000 medical frontliners and over half million quarantine guests globally.

In 1H FY2023, Dorsett Group's total revenue for hotel operations and management was approximately HK\$847 million, representing a 33.4% rebound as compared with HK\$635 million in 1H FY2022. The overall OCC remained stable at approximately 61.0% and the overall ARR showed continued strength and rose 37.7% to HK\$968 per night. As a result, RevPAR increased to HK\$591 per night for 1H FY2023.

Management Discussion and Analysis

Hong Kong

In Hong Kong, we have continued to execute on our COVID-19 strategy; providing safe and clean hotel rooms for quarantine, close contact customers as well as medical workers. Since last year, Dorsett Kwun Tong and Silka Tsuen Wan have been chosen by the government to serve close contact customers and the contracts were ended in May 2022. Subsequently both hotels were re-selected as designated quarantine hotels. As a result, the Group had a total of 8 hotels offering over 2,700 rooms for quarantine guests during 1H FY2023, while the remaining hotel, Cosmo Hotel, was under contract to accommodate medical workers from Pamela Youde Nethersole Eastern Hospital and Queen Mary Hospital.

As the hotels operating as quarantine hotels or facilities under the government schemes generated steady revenues, the operating performance of the hotel portfolio as a whole in the first half of FY2023 delivered substantial improvement compared with 1H FY2022. Total revenue for Hong Kong hotel operations recorded a 55.9% growth over the same period last year. It contributed HK\$519 million which accounted for approximately 57.9% of the Group's hotel revenue. OCC in Hong Kong decreased 3.2 percentage points to 71.3% and ARR increased by 55.9% to HK\$1,238 as compared with the same period last year, resulting in an increase of 49.0% in RevPAR to HK\$882.

By the second quarter of 2022, COVID-19 restrictions were gradually relaxed, and overseas visitors were permitted to enter Hong Kong as long as they were subject to a hotel quarantine of 3 days, followed by a four-day medical surveillance period at home, paving the way for normalisation of international traffic and global connections. Subsequently in September 2022, the Hong Kong government announced a relaxation policy of "0+3", which redirected the focus of the Group away from quarantine guests and instead towards promotions targeting the local market with long-stay plans, staycation packages as well as foreign visitors coming from overseas. As the environment is expected to remain challenging until restrictions are completely lifted, the Group will be proactive, prudent, and cost-efficient in operating its hotels in 2H FY2023.

Malaysia

Hotel business in Malaysia continued their recovery and delivered a solid set of numbers during 1H FY2023. Malaysia suffered a number of COVID-19 infection waves but did manage to return to normalcy reasonably quickly.

Dorsett Kuala Lumpur and Dorsett Bukit Bintang remained open to welcome long-stay guests, while Dorsett Grand Labuan and Dorsett Grand Subang continued to work together with local authorities by receiving guests with quarantine needs. Silka Maytower Kuala Lumpur and J Hotel restarted operations in August and September 2022, respectively, while Silka Johor Bahru remained temporarily closed during 1H FY2023.

As a result, total revenue from owned hotel operations in Malaysia for 1H FY2023 was approximately MYR36 million, which is 56.5% above the levels of 1H FY2022. ARR increased by 36.3% to MYR233 and OCC increased to 46.5%, resulting in a 52.1% increase of RevPAR to MYR108. As borders re-opened in Malaysia, we expect that the performance of our hotels will continue to improve.

Management Discussion and Analysis

Mainland China

The Group's hotel business in Mainland China was showing signs of a recovery until COVID-19 infection rates started to flare up across the country during 1H FY2023. A number of cities have suffered from intermittent but large-scale lockdowns. As a result, very little domestic or international tourism or business travel took place and the Group's hotels performance weakened.

During 1H FY2023, OCC in our hotels decreased 4.4 percentage points year-on-year and ARR fell by 20.8% to RMB247, resulting in our RevPAR recorded a drop of 27.3% year-on-year to RMB120. Total revenue also recorded a decrease of 25.7% to RMB55 million.

In June 2022, the China government announced a reduction of quarantine requirements from 14 days to "7+3" days (hotel and home quarantine, respectively) and we are hopeful that international visitors will gradually return.

Singapore

Dorsett Singapore, our 285-room hotel in downtown Singapore, accommodated quarantine guests and healthcare staff in FY2022. As the borders re-opened in Singapore, the business transitioned towards normal operations and Dorsett Singapore started to welcome domestic and international travellers.

As a result, OCC dropped from 89.5% to 65.3% but ARR increased significantly by 50.4% to SGD188. This allowed Dorsett Singapore to increase revenues marginally to SGD7 million from SGD6 million, year-on-year.

UK

During 1H FY2023, the Group's hotel business in the UK was slowly returned to normal. The contract with the government for quarantine guests returning from certain countries lapsed and general guests started visiting our hotel once again. Occupancy steadily increased as tourists and business travellers returned to London. The recent opening of Dao by Dorsett West London at Shepherds Bush will provide a nice growth engine for our operations in the UK.

Dorsett City London was sold in June 2021. Whilst it continues to be managed by the Group, the performance of the hotel is no longer consolidated.

Despite excluding the performance of Dorsett City London, Dao by Dorsett West London has opened in June 2022. Total revenue increased by 16.7% to GBP7 million, with a 31.7 percentage points increase in OCC to 68.0% and an 8.9% increase in ARR to GBP122. The outlook for our hotels in the UK is bright as travel returns to normal and the current value of the Pound Sterling provides an added incentive to visit the UK.

Management Discussion and Analysis

Australia

Since the border re-opened in March 2022, the Ritz-Carlton Perth has benefitted from strong leisure demand during school holidays and long weekends, coupled with improved corporate demand during the week. The opening of the Dorsett Gold Coast was met with very strong demand right from opening day, but its performance is not consolidated as its partially owned. Overall, business in Australia has been solid and it bodes very well for the upcoming hotel openings in the country.

As a result, the Group's hotels recorded a total revenue of AUD17 million with 72.0% OCC and AUD370 ARR for the period of 1H FY2023, representing a growth of 30.8% in total revenue and a 33.0% growth in RevPAR over the same period last year.

Continental Europe – TWC Hotel Group

Since early 2022, TWC hotels in Continental Europe have benefitted from the lifting of government travel restrictions and the arrival of international guests. Occupancy increased significantly and was the highest the Group has achieved since the pandemic started. On the other hand, we are trying to mitigate the impact of inflation, rising energy costs as well as labour shortages in the hospitality market, which are areas of increasing concern.

As a result, overall OCC increased by 25.3 percentage points to 53.2% and ARR decreased by 1.4% to HK\$639, resulting in an 88.9% growth in RevPAR to HK\$340. Total revenue increased to HK\$50 million in 1H FY2023 as compared to HK\$24 million in 1H FY2022.

3. Car park operations and facilities management

The Group's car park operations and facilities management business includes car park operations operating under the "Care Park" brand, with a portfolio of car park bays owned or under management amounting to approximately 119,900 bays as at 30 September 2022. Among the 490 car parks owned or under management by the "Care Park" brand, 27 were self-owned car parks with 9,573 car park bays. The remaining 110,326 car park bays in Australia, New Zealand, the UK, Hungary and Malaysia remain under management contracts with third-party car park owners.

In 1H FY2023, the Group's car park operations reported a rebound in revenue with 17.9% increase as compared to the same period last year to approximately HK\$375 million. This is driven by the relaxation of travel restrictions and residents' movements resulting in gradual recovery of the business. As with our other operations, the Group expects a gradual return to normalcy.

4. Gaming operations and management

Europe

The Group operates its portfolio of 3 casinos in the Czech Republic through TWC which features gaming tables and slot machines. All the casinos were rebranded as "PALASINO" in FY2022.

The 3 casinos were temporarily closed for approximately 2 months in 1H FY2022 and re-opened in May 2021. Followed by the relaxing of pandemic-related restrictions and recovery of the economic environment, gaming operations quickly resumed and generated positive returns. Revenue from TWC's gaming operations in 1H FY2023 increased by 70.5% to approximately HK\$147 million (net of gaming tax) as compared to 1H FY2022.

Management Discussion and Analysis

In November 2022, TWC has obtained an online gaming licence in Malta to offer its services to more guests.

The following tables set forth certain operating data of TWC's casinos for the period ended 30 September 2022:

	As at 30 September 2022	As at 31 March 2022
Number of slot machines	492	446
Number of tables	65	65
	1H FY2023	1H FY2022
Table game revenue ⁽ⁱ⁾ (HK\$ million)	35	19
Slots revenue ⁽ⁱ⁾ (HK\$ million)	89	54
Average table game win rate ⁽ⁱⁱ⁾	22.1%	17.9%
Average slot win per machine per day (HK\$)	1,513	1,147

Notes:

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

Australia

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

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

- (i) strengthening the Group's relationship with The Star;
- (ii) forging a partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia;
- (iii) allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth; and
- (iv) benefitting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group.

The Group owns 25% of the integrated resort under construction in Brisbane. Together with The Star and CTF, the Group is building three world-class hotels, high-end gaming facilities with VIP rooms, F&B outlets and more than 6,000 sq. m. of retail and dining spaces that will be operated by DFS Group, a leading operator of retail space globally.

The QWB Project is under construction with its first stage expected to complete and open in mid-2023.

Management Discussion and Analysis

5. Provision of mortgage services

As an extension of its property development business, the Group established a mortgage lending platform under BC Invest that specialises in providing residential mortgages to non-resident international property buyers. BC Invest is highly synergistic with the Group's property development business and offers significant growth potential beyond it.

After carefully reviewing potential markets in which it could grow its business, BC Invest expanded to the UK in late FY2021 and the response has been positive. It is also extending its mortgage business to the domestic resident market.

Loans and advances (included Mortgageport) reached approximately AUD3.5 billion as at 30 September 2022, an increase of about 35.8% from 31 March 2022. BC Invest has strict lending rules, a highly diversified portfolio and a prudent weighted average loan-to-value ratio of 61.77% for Australia and 62.27% for the UK on average as at 30 September 2022. As a result of the rising interest rates and a time-lag effect on customers' borrowing rates, the net interest margin for 1H FY2023 decreased to 1.28%. It is expected that the situation will improve once the new customers' borrowing rates are implemented. Though most of the capital is provided by third parties, the Group has committed approximately AUD45 million and approximately GBP15 million as at 30 September 2022, which was classified as investment securities. Including interest income from funding, BC Invest contributed approximately HK\$19.4 million to the Group's profit in 1H FY2023.

In October 2021, BC Invest entered into a strategic partnership and long-term funding support arrangement with Mortgageport. The transaction allowed BC Invest to own a 53% stake in Mortgageport, including a significant placement of new equity and sponsorship of Mortgageport's current and future warehouse facilities. Mortgageport is a leading non-bank lender, catering mostly to domestic borrowers. Including third party AUM, BC Invest managed a total AUM of approximately AUD4.5 billion as at 30 September 2022.

On the funding side, it continued to tap the RMBS market to diversify its funding sources. In April 2022, it successfully issued a RMBS that raised AUD416 million. In August 2022, it announced another RMBS transaction amounted to AUD408 million, which contained a large proportion of Australian domestic and self-managed super fund prime borrowers and signals a shift towards a new RMBS programme mix.

Management Discussion and Analysis

CONTINGENT LIABILITY

During the year ended 31 March 2021, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. As at 31 March 2021 and 2022, 30 September 2021 and 2022, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In implementing the Group's commitment to the "Managing Environmental Footprint", part of our ESG framework, the Group is in the midst of calculating the baseline of our overall carbon emissions. Once a baseline is formed, we will develop our Net Zero Strategy roadmap in accordance with the latest research related to climate change. We will identify the key intervention points where carbon emissions can be mitigated.

As with the Group's ongoing partnership with the MCC, we are continuing to revitalise the city by developing more green spaces for the community, while standing by our commitments to providing affordable housing. 15,000 housings have been committed and in development. The Group has created social value within the North Manchester community by investing in resources to provide employability workshops and career programmes for the local youth. We aim to create a mutually beneficial ecosystem with our projects.

To strengthen our commitment to environmental excellence, we have placed more focus on our procurement activities by educating our teams to place priority on sustainable materials and resources, and to make our business less carbon-intensive. The hotel teams of the Group are working with non-government organisations to carry out better supply chain practices and to seek more innovative solutions across the industry to measure and preserve our properties and hold accountability toward our sustainability mission.

As education for the next generation has been our ongoing philanthropic mission, the hotel teams of the Group have created long-term partnerships with academic institutions in Hong Kong through scholarships and piloting an Innovation Award Programme with the Vocational Training Council in Hong Kong to further enhance the city's innovation and entrepreneurship landscape.

In addition, to further enhance our commitment to the community we serve, the Group has donated a piece of conservation land to the Vocational Training Council's Chinese Medicinal Pharmacy department to conduct further research on Chinese Medicine as well as to preserve the environment.

Management Discussion and Analysis

OUTLOOK

The Group remains cautious given the state of the current global economic environment. Pressure on operating expenses and interest expenses are creating headwinds that need to be mitigated. The focus remains on keeping a lid on costs and expenses and executing at full pace the monetisation strategy to raise capital and reduce debt level. The Group will continue to proactively manage its liabilities by repaying or refinancing them in the bank market. On the investment front, the last 12 months have been busy, in particular when it comes to replenishing our land bank. The priority going forward will be to execute all our projects at hand, within budget and schedule, and to dispose of non-core assets. Specifically, the Group will focus on a number of key initiatives:

- Dispose of non-core hotel properties including those with minority interests;
- Review strategic options for the portfolio of operating Australian hotels and the assets under construction;
- Continue to engage with BTR investors for certain upcoming projects in the UK and Australia;
- Grow our portfolio of managed car parks and continue the disposal of non-core car park assets; and
- Assist BC Invest as it seeks to grow the list of its capital providers and its AUM.

The next 24 months are expected to be busy but also very rewarding. A number of landmark projects will be completed and will start to contribute to the financial performance of the Group.

On the property development front, significant settlements are expected to occur at West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London, New Cross Central in Manchester, whilst sales will continue at Queen's Wharf Brisbane (Towers 4 and 5) in Brisbane, the three towers of Victoria Riverside in Manchester, Aspen at Consort Place in London and some remaining inventories. In addition, the calendar year ending 2023 will see the launch of a number of new projects totalling a GDV of approximately HK\$7.2 billion. The Group's cumulative attributable presales value and unbooked contracted sales stood at approximately HK\$18.0 billion as at 30 September 2022, providing significant visibility and capital for the years to come.

During 1H FY2023, the Group's hotel properties benefitted from the re-opening of borders and the accumulated pent-up demand for business and leisure travel. We expect this to continue globally. 2H FY2023 will see the opening of 2 new hotel properties (Ritz-Carlton Melbourne and Dorsett Melbourne) adding approximately 570 rooms to our existing portfolio. This will cap a very strong year for the hotel division; but with another 8 hotels in the pipeline, more growth is expected in the next 36 months.

Management Discussion and Analysis

However, the Group will continue to plan ahead for a challenging environment in light of any possible change of COVID-19 policy in different countries. To successfully transition away from quarantine hotel operations, Hong Kong will need a strong influx of tourists.

The Group's car park portfolio will continue to benefit from the re-opening of borders and a return to "work at the office" policies. The intention is to grow steadily the portfolio of managed car parks, whilst monetising non-core owned car parks. The Group sees opportunities to grow in Australia and in the UK.

The Group's gaming business, PALASINO, has demonstrated its resilience and its strong cash flow generation. The online licence recently obtained will provide a new channel to attract new customers. In Australia, the opening of Queen's Wharf Brisbane is fast approaching and should start to contribute to the Group's cash flows in FY2024.

BC Invest continues to see strong demand for its products, especially in Australia, unabated by the rise of interest rates. It continues to successfully raise capital from leading financial institutions and the bond market, via RMBS issuances. More than 5 bonds were issued in the last 18 months, raising in excess of AUD2.0 billion. It is also building an asset management business to further diversify its sources of capital. Overall, the growth prospects for BC Invest are exciting and the team is well positioned to capitalise on the opportunity.

The Group maintains a solid and healthy liquidity position of approximately HK\$8.4 billion as at 30 September 2022, with available undrawn credit facilities of approximately HK\$6.7 billion and a number of unencumbered hotel assets valued at approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2022. The Group also intends to maintain a reasonable level of gearing by monetising non-core assets and repaying some of its existing debts. The Group has all the resources it needs to execute successfully its strategy, and can be opportunistic if attractive acquisitions present themselves.

In conclusion, the next 24 months will see the completion of a number of landmark projects across its property development, hospitality and gaming divisions. The car park business and BC Invest should continue to experience steady growth. The uncertain and challenging economic environment will most likely create headwinds but the combination of high-quality diversified assets and a sound balance sheet will continue to set the Group apart. The Group remains confident that it can continue to deliver sustainable profits and an attractive dividend to its shareholders; whilst looking after all its stakeholders and executing on its ESG strategy.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with HKFRS, non-GAAP financial measures of adjusted cash profit, adjusted cash profit margin, adjusted gross profit, adjusted gross profit margin, adjusted net asset value attributable to shareholders, adjusted net asset value per share, adjusted total assets, adjusted net gearing ratio, adjusted revenue and adjusted total equity have been presented in this report. The Company's management believes that the non-GAAP financial measures provide investors with clearer view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding certain non-cash items and certain impact from non-recurring activities and minority interests. Nevertheless, the use of these non-GAAP financial measures has limitations as an analytical tool. These unaudited non-GAAP financial measures should be considered in addition to, and not as a substitute for, analysis of the Group's financial performance prepared in accordance with HKFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

Adjusted cash profit represents the profit attributable to shareholders of the Company before (i) change in fair value of investment properties (after tax); (ii) change in fair value of financial assets at fair value through profit or loss ("FVTPL"); (iii) loss on disposal of debt instruments at fair value through other comprehensive income ("FVTOCI"); (iv) change in fair value of derivative financial instruments; (v) (reversal of) impairment loss under expected credit loss ("ECL") model recognised on trade debtors; (vi) impairment loss under ECL model recognised on debt instruments at FVTOCI; and (vii) depreciation and impairment; and adjusted for minority interests. We do not believe said items are reflective of our core cash profit from our operating performance during the periods presented.

Adjusted cash profit margin represents the adjusted cash profit (as defined above) which represents the profit attributable to shareholders of the Company before (i) change in fair value of investment properties (after tax); (ii) change in fair value of financial assets at FVTPL; (iii) loss on disposal of debt instruments at FVTOCI; (iv) change in fair value of derivative financial instruments; (v) (reversal of) impairment loss under ECL model recognised on trade debtors; (vi) impairment loss under ECL model recognised on debt instruments at FVTOCI; and (vii) depreciation and impairment; and adjusted for minority interests divided by the revenue. We do not believe said items are reflective of our core cash profit margin from our operating performance during the periods presented.

Adjusted gross profit represents gross profit before depreciation and excludes depreciation of leased properties under HKFRS 16. We do not believe said items are reflective of our core cash profit from our operating performance during the periods presented.

Adjusted gross profit margin represents the adjusted gross profit which represents the gross profit before depreciation and excludes depreciation of leased properties under HKFRS 16 divided by the revenue. We do not believe said items are reflective of our core cash profit margin from our operating performance during the periods presented.

Adjusted net asset value attributable to shareholders represents the equity attributable to shareholders of the Company after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2022 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

Adjusted net asset value per share represents the adjusted net asset value attributable to shareholders after adjusting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2022 and was not recognised in the Group's consolidated financial statements divided by the number of shares issued as at 30 September 2022 and 31 March 2022. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

Adjusted total assets represent the total assets after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2022 and was not recognised in the Company's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

Non-GAAP Financial Measures

Adjusted total equity represents the total equity includes the 2019 Perpetual Capital Notes and after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2022 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

Adjusted net gearing ratio represents the net debts (total bank loans, notes and bonds less investment securities, restricted bank deposits, deposits in financial institutions, bank balances and cash) to adjusted total equity which includes the 2019 Perpetual Capital Notes and after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2022 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

Adjusted revenue represents the consolidated revenue after adjusting for the sales generated from a residential property project The Star Residences (Tower 1), which is not presented as the consolidated revenue in the financial statements and accounted in the share of joint ventures by equity accounting. It enhances the overall understanding of our core operating performance during the periods presented.

The following tables set forth the reconciliations of the Group's non-GAAP financial measures for the period ended 30 September 2022 and comparative figures to the nearest measures prepared in accordance with HKFRS:

	1H FY2023 HK\$'000	1H FY2022 HK\$'000
Profit for the period attributable to shareholders of the Company	570,533	1,071,075
Less: Change in fair value of investment properties (after tax)	11,573	(624,626)
Add: Change in fair value of financial assets at FVTPL	61,794	15,224
Loss on disposal of debt instruments at FVTOCI	41,888	101,317
Change in fair value of derivative financial instruments	(16,465)	(24,120)
(Reversal of) impairment loss under ECL model recognised on trade debtors	(3,618)	15,250
Impairment loss under ECL model recognised on debt instruments at FVTOCI	15,435	51,258
Depreciation and impairment ⁽ⁱ⁾	215,892	230,577
Adjusted cash profit (Non-GAAP)	897,032	835,955
Adjusted cash profit margin (Non-GAAP)	29.6%	26.8%
	1H FY2023 HK\$'000	1H FY2022 HK\$'000
Gross profit	1,071,884	986,863
Depreciation ⁽ⁱⁱ⁾	157,758	193,832
Adjusted gross profit (Non-GAAP)	1,229,642	1,180,695
Adjusted gross profit margin (Non-GAAP)	40.6%	37.8%

Non-GAAP Financial Measures

	As at 30 September 2022 HK\$'million	As at 31 March 2022 HK\$'million
Equity attributable to shareholders of the Company	11,906	14,632
Hotel revaluation surplus ⁽ⁱⁱⁱ⁾	18,796	18,796
Adjusted net asset value attributable to shareholders (Non-GAAP)	30,702	33,428
Number of shares issued (million)	2,662	2,420
Adjusted net asset value per share (Non-GAAP)	HK\$11.53	HK\$13.81

	As at 30 September 2022 HK\$'million	As at 31 March 2022 HK\$'million
Total Assets	52,269	54,804
Hotel revaluation surplus ⁽ⁱⁱⁱ⁾	18,796	18,796
Adjusted total assets (Non-GAAP)	71,065	73,600

	As at 30 September 2022 HK\$'million	As at 31 March 2022 HK\$'million
Total Equity	15,159	17,910
Hotel revaluation surplus ⁽ⁱⁱⁱ⁾	18,796	18,796
Adjusted total equity (Non-GAAP)	33,955	36,706
Net debts	23,021	21,259
Adjusted net gearing ratio (net debts to adjusted total equity) (Non-GAAP)	67.8%	57.9%

	1H FY2023 HK\$'000	1H FY2022 HK\$'000
Revenue	3,025,979	3,120,462
Attributable sales from The Star Residences (Tower 1)	499,586	-
Adjusted revenue (Non-GAAP)	3,525,565	3,120,462

Notes:

- (i) Represents the aggregate amount of depreciation expense recognised in cost of sales and administrative expenses for the period but excludes any minority interests.
- (ii) Represents the depreciation expense recognised in cost of sales but excludes the depreciation expenses of leased properties under HKFRS 16.
- (iii) Based on the independent valuations carried out as at 31 March 2022.

Other Information

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had approximately 3,800 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external trainings appropriate for various level of staff roles and functions.

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

As at 30 September 2022, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

A. THE COMPANY

A.1 Long position in the ordinary shares

Name of directors	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital ^(v)
David CHIU	Beneficial owner	25,325,544	0.95%
	Interest of spouse	20,789,895 ⁽ⁱ⁾	0.78%
	Interest of controlled corporations	1,331,628,582 ⁽ⁱⁱ⁾	50.03%
Cheong Thard HOONG	Beneficial owner	15,596,692	0.59%
	Joint interest	545,802 ⁽ⁱⁱⁱ⁾	0.02%
Dennis CHIU	Beneficial owner	5,482	0.00%
	Interest of controlled corporation	4,282,932 ⁽ⁱⁱⁱ⁾	0.16%
	Joint interest	2,353,187 ^(iv)	0.09%
Wing Kwan Winnie CHIU	Beneficial owner	86,462	0.00%

Notes:

- (i) 1,331,609,858 shares were held by Sumptuous Assets Limited and 18,724 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 20,789,895 shares were held by Ms. Nancy CHIU NG, spouse of Tan Sri Dato' David CHIU.
- (ii) 545,802 shares were held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.
- (iii) 4,282,932 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
- (iv) 2,353,187 shares were held by Mr. Dennis CHIU jointly with his spouse, Ms. Lee Keng LEOW.
- (v) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2022.

Other Information

A.2 Debentures

As at 30 September 2022, Tan Sri Dato' David CHIU was deemed to have an interest in (i) the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD9,000,000 of which USD5,000,000 was held by Tan Sri Dato' David CHIU and USD4,000,000 was held by his spouse, Ms. Nancy CHIU NG, and (ii) the 5.1% USD Medium Term Notes 2024 issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD4,000,000 of which USD1,000,000 was held by Tan Sri Dato' David CHIU and USD3,000,000 was held by his spouse, Ms. Nancy CHIU NG.

As at 30 September 2022, Mr. Cheong Thard HOONG was deemed to have an interest in the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD1,000,000 of which USD300,000 was held by Mr. Cheong Thard HOONG and USD700,000 was held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

As at 30 September 2022, Ms. Wing Kwan Winnie CHIU has an interest in (i) the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD400,000, (ii) the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD1,000,000, and (iii) the 5.1% USD Medium Term Note 2024 issued by FEC Finance Limited, a wholly-owned subsidiary of the Company in the principal amount of USD3,000,000.

B. ASSOCIATED CORPORATIONS

B.1 Long position in the ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of ordinary share(s) interested	Approximate % of the relevant issued share capital
David CHIU	Sumptuous Assets Limited	Interest of controlled corporations	1 ⁽ⁱ⁾	100% ⁽ⁱⁱⁱ⁾
Cheong Thard HOONG	BC Investment Group Holdings Limited ("BC Invest")	Beneficial owner	1,249,885	5.46% ⁽ⁱⁱⁱ⁾
Wing Kwan Winnie CHIU	BC Invest	Beneficial owner	114,376	0.50% ⁽ⁱⁱⁱ⁾
Craig Grenfell WILLIAMS	BC Invest Care Park Group Pty. Ltd. ("Care Park")	Beneficial owner Beneficiary of a discretionary trust	254,112 825 ^(iv)	1.11% ⁽ⁱⁱⁱ⁾ 8.25% ^(v)

Notes:

- (i) 1 share was held by Far East Organization (International) Limited, a company controlled by Tan Sri Dato' David CHIU.
- (ii) The percentage represents the number of ordinary shares interested divided by Sumptuous Assets Limited's issued shares as at 30 September 2022.
- (iii) The percentage represents the number of ordinary shares interested divided by BC Invest's issued shares as at 30 September 2022.
- (iv) These shares in Care Park were held by Chartbridge Pty. Ltd. in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.
- (v) The percentage represents the number of ordinary shares interested divided by Care Park's issued shares as at 30 September 2022.

Other Information

Save as disclosed above, as at 30 September 2022, none of the directors or chief executive of the Company had or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

FECIL Share Option Schemes

The Company's 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 first and second share option schemes were expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted its third share option scheme pursuant to a resolution passed by the Shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

As at 30 September 2022, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 September 2022 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, so far as was known to the directors and chief executive of the Company, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital ⁽ⁱⁱⁱ⁾
Sumptuous Assets Limited	Beneficial owner	1,331,609,858 ⁽ⁱ⁾ (long position)	50.03%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.49%
	Interest of controlled corporations	140,942,693 ⁽ⁱⁱ⁾ (long position)	5.30%
	Interest of spouse	1,624,301 ⁽ⁱⁱ⁾ (long position)	0.06%

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.
- (iii) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, no other persons were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

Other Information

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and Dorsett Hospitality International Limited, a wholly-owned subsidiary of the Company, both as guarantors, and City Sight Limited ("City Sight"), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 25 March 2021 and an unsecured term loan facility in the aggregate amount of HK\$1,500 million was granted to City Sight. The final maturity date is 36 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the controlling shareholder of the Company:

- (a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in each of the Company and City Sight, carrying at least 40% of the voting right in each of them; and
- (b) Chiu Family (as defined in the Facility Agreement) shall own and control, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the six months ended 30 September 2022, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 25 March 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 September 2022, the Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the deviation from Code Provision C.2.1 described below.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive 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 as its own code of conduct regarding directors' securities transactions in the Company. Following specific enquiry made by the Company, all directors of the Company have confirmed they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2022.

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

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

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2022, the Company, through its wholly-owned subsidiary, repurchased on the Stock Exchange and subsequently cancelled (i) 4.5% USD Medium Term Notes 2023 in the aggregate principal amount of USD5,730,000; and (ii) 5.1% USD Medium Term Notes 2024 in the aggregate principal amount of USD1,500,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

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

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Wai Hon Ambrose LAM, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK has reviewed the accounting principles, standard and practices adopted by the Company, and discussed matters relating to auditing, risk management and internal control and financial reporting, including the review of the unaudited consolidated interim results of the Group for the six months ended 30 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 30 December 2022 to 4 January 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 29 December 2022.

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

Hong Kong, 28 November 2022

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
FAR EAST CONSORTIUM INTERNATIONAL LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries set out on pages 56 to 88, which comprise the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 November 2022

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2022

	NOTES	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Revenue	5	3,025,979	3,120,462
Cost of sales and services		(1,734,470)	(1,898,378)
Depreciation and amortisation of hotel and car park assets		(219,625)	(235,221)
Gross profit		1,071,884	986,863
Other income		587,835	78,018
Other gains and losses	6	(130,529)	1,065,151
Administrative expenses			
– Hotel operations and management		(208,515)	(180,779)
– Others		(309,756)	(270,326)
Selling and marketing expenses		(94,393)	(103,297)
Share of results of associates		(1,955)	(563)
Share of results of joint ventures		188,859	(22,974)
Finance costs	7	(243,057)	(166,955)
Profit before tax		860,373	1,385,138
Income tax expense	8	(192,579)	(228,498)
Profit for the period	9	667,794	1,156,640
Attributable to:			
Shareholders of the Company		570,533	1,071,075
Owners of perpetual capital notes		104,078	103,133
Other non-controlling interests		(6,817)	(17,568)
		97,261	85,565
		667,794	1,156,640
Earnings per share	10		
– Basic (HK cents)		21.4	40.7*
– Diluted (HK cents)		21.4	40.7*

* The earnings per share of the Group for the six months ended 30 September 2021 was adjusted and restated for the bonus issue in September 2022.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Profit for the period	667,794	1,156,640
Other comprehensive (expense) income for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(2,705,156)	(564,908)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of a foreign operation	-	40,174
Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI")	(138,691)	(42,221)
Reclassification adjustment on disposal of debt instruments at FVTOCI	41,888	101,317
Impairment loss under expected credit loss ("ECL") model recognised on debt instruments at FVTOCI	15,435	51,258
Share of other comprehensive income of an associate	20,558	-
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value change on equity instruments at FVTOCI	(161,570)	179,768
Other comprehensive expense for the period	(2,927,536)	(234,612)
Total comprehensive (expense) income for the period	(2,259,742)	922,028
Total comprehensive (expense) income attributable to:		
Shareholders of the Company	(2,338,553)	840,684
Owners of perpetual capital notes	104,078	103,133
Other non-controlling interests	(25,267)	(21,789)
	78,811	81,344
	(2,259,742)	922,028

Condensed Consolidated Statement of Financial Position

At 30 September 2022

	NOTES	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Non-current Assets			
Investment properties	12	7,727,115	7,888,061
Property, plant and equipment	12	11,409,198	12,507,293
Goodwill		68,400	68,400
Interests in associates		1,728,595	1,921,367
Interests in joint ventures		2,417,099	2,351,810
Investment securities	13	842,174	1,246,009
Derivative financial instruments		–	2,935
Deposits for acquisition of property, plant and equipment		88,994	99,462
Amounts due from joint ventures		643,409	645,990
Amounts due from associates		62,864	62,864
Amount due from an investee company		119,995	119,995
Loan receivables		229,115	182,598
Pledged deposits	22	4,221	4,834
Deferred tax assets		167,555	177,203
Other assets		13,500	13,500
		25,522,234	27,292,321
Current Assets			
Properties for sale			
Completed properties		3,982,117	4,201,912
Properties under development		12,335,320	11,571,867
Other inventories		9,464	9,586
Debtors, deposits and prepayments	14	704,783	805,602
Customers' deposits under escrow		303,946	468,696
Contract costs	15	271,804	309,402
Amounts due from joint ventures		125,916	194,342
Amounts due from associates		11,227	14,498
Amount due from a shareholder of non-wholly owned subsidiary		234,812	248,120
Amount due from a related company		796	–
Tax recoverable		43,510	88,956
Investment securities	13	1,342,582	1,787,260
Loan receivables		6,796	5,037
Derivative financial instruments		–	14,984
Receivable arising from structured financing arrangement	23	428,621	–
Pledged deposits	22	733,634	889,128
Deposit in financial institutions		123	14,802
Bank balances and cash		6,211,386	6,887,803
		26,746,837	27,511,995

Condensed Consolidated Statement of Financial Position

At 30 September 2022

	NOTES	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Current Liabilities			
Creditors and accruals	16	1,835,581	2,184,678
Contract liabilities		629,155	666,423
Lease liabilities		50,746	74,567
Amount due to a related company		905	858
Amounts due to associates		7,111	7,245
Amounts due to shareholders of non-wholly owned subsidiaries		156,593	171,548
Derivative financial instruments		11,851	25,922
Tax payable		668,947	633,866
Dividend payable		387,139	–
Notes		1,044,659	–
Bank and other borrowings	17	14,427,732	11,450,133
		19,220,419	15,215,240
Net Current Assets		7,526,418	12,296,755
Total Assets less Current Liabilities		33,048,652	39,589,076
Non-current Liabilities			
Lease liabilities		313,905	535,169
Notes		3,485,352	4,604,128
Bank and other borrowings	17	12,458,919	15,140,281
Deferred tax liabilities		949,651	1,055,480
Other liabilities	18	681,852	344,086
		17,889,679	21,679,144
Net Assets		15,158,973	17,909,932
Capital and Reserves			
Share capital	19	266,158	241,962
Share premium		4,626,576	4,650,772
Reserves		7,013,306	9,738,998
Equity attributable to shareholders of the Company		11,906,040	14,631,732
Owners of perpetual capital notes	20	2,901,589	2,901,589
Other non-controlling interests		351,344	376,611
		3,252,933	3,278,200
Total Equity		15,158,973	17,909,932

The condensed consolidated financial statements on pages 56 to 88 were approved and authorised for issue by the Board of Directors on 28 November 2022 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to shareholders of the Company										Owners of		Sub-total	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	FVTOCI reserve	Exchange reserve	Hedging reserve	Other reserve	Retained profits	Total	perpetual capital notes	Other non-controlling interests		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	239,508	4,584,371	35,964	54,727	(410,789)	(355,977)	984	1,057,764	8,590,478	13,797,030	2,883,903	373,330	3,257,233	17,054,263
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,071,075	1,071,075	103,133	(17,568)	85,565	1,156,640
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(560,687)	-	-	-	(560,687)	-	(4,221)	(4,221)	(564,908)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of a foreign operation	-	-	-	-	-	40,174	-	-	-	40,174	-	-	-	40,174
Fair value change on debt instruments at FVTOCI	-	-	-	-	(42,221)	-	-	-	-	(42,221)	-	-	-	(42,221)
Reclassification adjustment on disposal of debt instruments at FVTOCI	-	-	-	-	101,317	-	-	-	-	101,317	-	-	-	101,317
Impairment loss on debt instruments at FVTOCI	-	-	-	-	51,258	-	-	-	-	51,258	-	-	-	51,258
Fair value change on equity instruments at FVTOCI	-	-	-	-	179,768	-	-	-	-	179,768	-	-	-	179,768
Other comprehensive income (expense) for the period	-	-	-	-	290,122	(520,513)	-	-	-	(230,391)	-	(4,221)	(4,221)	(234,612)
Total comprehensive income (expense) for the period	-	-	-	-	290,122	(520,513)	-	-	1,071,075	840,684	103,133	(21,789)	81,344	922,028
Distribution to owners of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(103,013)	-	(103,013)	(103,013)
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	(359,262)	(359,262)	-	-	-	(359,262)
At 30 September 2021 (unaudited)	239,508	4,584,371	35,964	54,727	(120,667)	(876,490)	984	1,057,764	9,302,291	14,278,452	2,884,023	351,541	3,235,564	17,514,016

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to shareholders of the Company									Owners of				
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	FVTOCI reserve	Exchange reserve	Hedging reserve	Other reserve	Retained profits	Total	perpetual capital notes	Other non-controlling interests	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	241,962	4,650,772	35,964	54,727	(508,115)	(453,375)	116,952	601,986	9,890,859	14,631,732	2,901,589	376,611	3,278,200	17,909,932
Profit (loss) for the period	-	-	-	-	-	-	-	-	570,533	570,533	104,078	(6,817)	97,261	667,794
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(2,686,706)	-	-	-	(2,686,706)	-	(18,450)	(18,450)	(2,705,156)
Fair value change on debt instruments at FVTOCI	-	-	-	-	(138,691)	-	-	-	-	(138,691)	-	-	-	(138,691)
Reclassification adjustment on disposal of debt instruments at FVTOCI	-	-	-	-	41,888	-	-	-	-	41,888	-	-	-	41,888
Impairment loss on debt instruments at FVTOCI	-	-	-	-	15,435	-	-	-	-	15,435	-	-	-	15,435
Fair value change on equity instruments at FVTOCI	-	-	-	-	(161,570)	-	-	-	-	(161,570)	-	-	-	(161,570)
Share of other comprehensive income of an associate	-	-	-	-	-	-	20,558	-	-	20,558	-	-	-	20,558
Other comprehensive (expense) income for the period	-	-	-	-	(242,938)	(2,686,706)	20,558	-	-	(2,909,086)	-	(18,450)	(18,450)	(2,927,536)
Total comprehensive (expense) income for the period	-	-	-	-	(242,938)	(2,686,706)	20,558	-	570,533	(2,338,553)	104,078	(25,267)	78,811	(2,259,742)
Distribution to owners of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(104,078)	-	(104,078)	(104,078)
Dividends recognised as distribution (note 11)	-	-	-	-	-	-	-	-	(387,139)	(387,139)	-	-	-	(387,139)
Bonus issue of shares	24,196	(24,196)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2022 (unaudited)	266,158	4,626,576	35,964	54,727	(751,053)	(3,140,081)	137,510	601,986	10,074,253	11,906,040	2,901,589	351,344	3,252,933	15,158,973

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	NOTE	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Operating activities			
Profit before tax		860,373	1,385,138
Adjustments for:			
Share of results of joint ventures		(188,859)	22,974
Depreciation of property, plant and equipment		227,682	244,613
Change in fair value of investment properties		12,390	(628,420)
Loss on disposal of debt instruments at FVTOCI		41,888	101,317
Gain on disposal of subsidiaries	21	–	(546,831)
Impairment loss under ECL model recognised on debt instruments at FVTOCI		15,435	51,258
Finance costs		243,057	166,955
Others		40,442	19,290
Operating cash flows before movement from working capital		1,252,408	816,294
Increase in properties for sale		(2,093,805)	(793,456)
Decrease (increase) in debtors, deposit and prepayments		101,625	(94,146)
Decrease in contract costs		1,876	66,934
Decrease in creditors and accruals		(281,000)	(276,553)
Decrease in customers' deposits under escrow		98,603	48,443
Others		87	(39,567)
Cash used in operations		(920,206)	(272,051)
Income tax paid		(106,878)	(122,500)
Net cash used in operating activities		(1,027,084)	(394,551)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	NOTES	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Investing activities			
Acquisition and development expenditure of property, plant and equipment		(192,452)	(488,002)
Proceeds from disposal of property, plant and equipment		50,187	28,158
Development expenditure of investment properties		(225,509)	(91,277)
Proceeds from disposal of investment properties		1,165	32,135
Capital investment in associates		-	(43,664)
Capital investment in joint ventures		(24,983)	(214,113)
Dividend income received from joint ventures		4,952	24,467
Advance to joint ventures		(250,030)	(181,298)
Repayment from joint ventures		294,553	251,096
Purchase of equity investments at FVTPL		(16,388)	(180,128)
Proceeds from disposal of equity investments at FVTOCI		150,911	83,280
Purchase of debt instruments at FVTOCI		(664,837)	(3,174,625)
Proceeds from sale/redemption of debt instruments at FVTOCI		668,979	3,633,913
Proceeds from sale of debt instruments at fair value through profit or loss ("FVTPL")		115,321	191,818
Purchase of structured notes		-	(201,926)
Proceeds from sale/redemption of structured notes		-	436,300
Purchase of convertible bonds		-	(129,500)
Proceeds from redemption of convertible bonds		110,500	-
Purchase of investment funds		(17,484)	(216,027)
Proceeds from sale of investment funds		92,109	145,214
Net cash inflow on disposal of subsidiaries	21	-	995,814
Placement of pledged bank deposits		(260,354)	(353,713)
Release of pledged bank deposits		353,647	3,518
Release of restricted bank deposits		-	103
Deposits received for disposal of a subsidiary		338,000	-
Cash paid for structured financing arrangement	23	(388,367)	-
Other investing activities		17,605	214,035
Net cash from investing activities		157,525	765,578

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Financing activities		
New bank and other borrowings raised	4,410,649	6,764,701
Repayment of bank and other borrowings	(3,016,314)	(4,023,002)
Proceeds on issue of notes, net of transaction costs	–	1,180,611
Repurchase of notes	(88,942)	–
Repayment of notes	–	(1,836,249)
Interest paid	(425,195)	(326,752)
Repayment of lease liabilities	(22,623)	(52,823)
Distribution to owners of perpetual capital notes	(104,078)	(103,013)
Repayment to associates	–	(40,669)
Other financing activities	(5,469)	3,607
Net cash from financing activities	748,028	1,566,411
Net (decrease) increase in cash and cash equivalents	(121,531)	1,937,438
Cash and cash equivalents at beginning of the period	6,902,605	4,412,067
Effect of foreign exchange rate changes	(569,565)	(64,479)
Cash and cash equivalents at end of the period	6,211,509	6,285,026
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	6,211,386	6,235,284
Deposit in a financial institution	123	49,742
	6,211,509	6,285,026

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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").

During the six months ended 30 September 2022, political tensions, together with the risk of a global economic slowdown and high inflationary pressures, have resulted in an increasingly fragmented macroeconomic, trade and regulatory environment. The Group continues to be subject to foreign exchange volatility, and in particular with regard to the Hong Kong dollar "HK\$" which is pegged to United States dollar "US\$", which has strengthened relative to many major currencies. This will affect the translation of foreign operations and intra-group balances, that are in substance, form part of the Group's net investments in respective foreign operations, particularly in the United Kingdom and Australia to HK\$, leading to a significant exchange differences arising on translation of foreign operations amounting to HK\$2,705,156,000. Whilst the business environment for most parts of the world has been recovering from the impact of the COVID-19, operations in the PRC are still subject to challenge due to the dynamic zero policy adopted.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of 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 2022 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 31 March 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including the investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments
- Provision of mortgage services (including securities investment made and monitored by the same team)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (continued)

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

	Segment revenue		Segment profit (loss)	
	Six months ended 30.9.2022 HK\$'000 (unaudited)	Six months ended 30.9.2021 HK\$'000 (unaudited)	Six months ended 30.9.2022 HK\$'000 (unaudited)	Six months ended 30.9.2021 HK\$'000 (unaudited)
Property development				
- Australia	233,145	991,430	103,123	152,632
- Hong Kong ("HK")	240,053	86,825	83,859	8,760
- Malaysia	7,011	2,214	1,990	1,201
- Other regions in the People's Republic of China excluding HK ("PRC")	113,316	342,909	603,419	223,865
- Singapore	280,296	145,567	21,869	104,677
- United Kingdom ("UK")	623,108	362,900	230,624	37,432
	1,496,929	1,931,845	1,044,884	528,567
Property investment				
- Australia	6,119	5,940	2,579	15,534
- HK	17,097	17,027	1,486	537,710
- PRC	30,227	21,718	6,716	132
- UK	3,466	1,868	3,468	1,867
	56,909	46,553	14,249	555,243
Hotel operations and management				
- Australia	95,758	75,033	25,788	(32,270)
- HK	518,541	333,813	200,346	68,554
- Malaysia	57,579	41,174	9,105	(4,767)
- PRC	64,451	87,850	(13,926)	(2,577)
- Singapore	41,356	35,534	27,994	2,208
- UK	69,153	61,524	15,629	8,937
- Europe (other than UK)	50,166	23,632	(1,489)	10,761
	897,004	658,560	263,447	50,846
Car park operations and facilities management				
- Australia and New Zealand	303,207	290,779	(16,555)	(24,511)
- Europe	61,090	26,798	1,499	(15,028)
- Malaysia	11,142	857	(1,983)	(748)
	375,439	318,434	(17,039)	(40,287)
Gaming operations				
- Australia	-	-	(13)	(2)
- Czech Republic	146,608	85,969	35,074	11,089
	146,608	85,969	35,061	11,087
Securities and financial product investments in HK	35,790	65,120	(85,791)	(108,758)
Provision of mortgage services				
- Australia	13,763	10,755	22,534	10,395
- HK	3,537	3,226	3,317	2,996
	17,300	13,981	25,851	13,391
Segment revenue/segment profit	3,025,979	3,120,462	1,280,662	1,010,089
Unallocated corporate income and expenses			(52,610)	(44,219)
Gain on disposal of subsidiaries (note 21)			-	546,831
Net foreign exchange (loss) gain			(124,622)	39,392
Finance costs			(243,057)	(166,955)
Profit before tax			860,373	1,385,138

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (continued)

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, other interest income, gain on disposal of subsidiaries, net foreign exchange (loss) gain, directors' emoluments and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets

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

	As at 30.9.2022 HK\$'000 (unaudited)	As at 31.3.2022 HK\$'000 (audited)
Property development		
- Australia	7,616,367	8,175,630
- HK	4,754,521	3,583,193
- Malaysia	397,165	410,297
- PRC	2,637,101	2,923,978
- Singapore	2,600,327	3,002,364
- UK	4,677,003	4,604,814
	22,682,484	22,700,276
Property investment		
- Australia	283,411	304,954
- HK	4,891,783	4,717,015
- PRC	2,785	2,599
- United Kingdom	20,757	24,368
	5,198,736	5,048,936
Hotel operations and management		
- Australia	4,335,251	4,253,779
- HK	4,500,240	4,590,723
- Malaysia	796,035	884,049
- PRC	2,027,708	2,665,998
- Singapore	528,911	581,801
- UK	750,628	882,273
- Europe (other than UK)	229,125	266,443
	13,167,898	14,125,066
Car park operations and facilities management		
- Australia and New Zealand	934,546	1,271,205
- Europe	522,730	550,281
- Malaysia	130,430	138,512
	1,587,706	1,959,998
Gaming operations		
- Australia	622,166	902,298
- Czech Republic	330,951	357,336
	953,117	1,259,634
Securities and financial product investments in HK	1,526,409	1,781,836
Provision of mortgage services		
- Australia	670,419	747,116
- HK	256,974	272,050
	927,393	1,019,166
Segment assets	46,043,743	47,894,912
Unallocated corporate assets	6,225,328	6,909,404
Total assets	52,269,071	54,804,316

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (continued)

Segment assets (continued)

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

5. REVENUE

	Six months ended	
	30.09.2022 HK\$'000 (unaudited)	30.09.2021 HK\$'000 (unaudited)
Sales of properties	1,349,649	1,916,371
Construction revenue	136,349	-
Hotel revenue		
– room revenue	798,390	589,923
– food and beverage	64,356	43,183
Car park income		
– parking revenue	326,792	283,962
– management fee	49,214	35,332
Gaming revenue	128,109	74,647
Provision of property management services	20,229	12,515
Other operations	3,770	2,275
Revenue from contracts with customers	2,876,858	2,958,208
Leasing of properties – operating lease	95,563	83,153
Loan interest income	3,537	3,226
Interest income from financial instruments	49,183	72,568
Dividend income from financial instruments	838	3,307
	3,025,979	3,120,462
Timing of revenue recognition from contracts with customers		
– At a point in time	1,265,588	1,901,676
– Over time	1,611,270	1,056,532
	2,876,858	2,958,208

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

5. REVENUE (continued)

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

	For the six months ended 30 September 2022					
	Segment revenue HK\$'000	Leasing of properties and car park income HK\$'000	Food and beverage HK\$'000	Gaming HK\$'000	Interest and dividend income HK\$'000	Consolidation HK\$'000
Property development*	1,496,929	(10,931)	-	-	-	1,485,998
Hotel operations	897,004	(48,987)	(55,399)	5,772	-	798,390
Car park operations	375,439	567	-	-	-	376,006
Gaming operations	146,608	-	(12,727)	(5,772)	-	128,109
Provision of property management services	-	20,229	-	-	-	20,229
Food and beverage	-	-	64,356	-	-	64,356
Other operations	-	-	3,770	-	-	3,770
Revenue from contracts with customers	2,915,980	(39,122)	-	-	-	2,876,858
Leasing of properties	56,909	39,122	-	-	(468)	95,563
Provision of mortgage services	17,300	-	-	-	(13,763)	3,537
Interest income and dividend income from financial instruments	35,790	-	-	-	14,231	50,021
Total revenue	3,025,979	-	-	-	-	3,025,979

	For the six months ended 30 September 2021					
	Segment revenue HK\$'000	Leasing of properties and car park income HK\$'000	Food and beverage HK\$'000	Gaming HK\$'000	Interest and dividend income HK\$'000	Consolidation HK\$'000
Property development	1,931,845	(15,474)	-	-	-	1,916,371
Hotel operations	658,560	(34,501)	(38,231)	4,095	-	589,923
Car park operations	318,434	860	-	-	-	319,294
Gaming operations	85,969	-	(7,227)	(4,095)	-	74,647
Provision of property management services	-	12,515	-	-	-	12,515
Food and beverage	-	-	43,183	-	-	43,183
Other operations	-	-	2,275	-	-	2,275
Revenue from contracts with customers	2,994,808	(36,600)	-	-	-	2,958,208
Leasing of properties	46,553	36,600	-	-	-	83,153
Provision of mortgage services	13,981	-	-	-	(10,755)	3,226
Interest income and dividend income from financial instruments	65,120	-	-	-	10,755	75,875
Total revenue	3,120,462	-	-	-	-	3,120,462

* Revenue from property development includes sales of properties and construction revenue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Change in fair value of investment properties	(12,390)	628,420
Loss on disposal of debt instruments at FVTOCI	(41,888)	(101,317)
Gain on disposal of subsidiaries (note 21)	-	546,831
Change in fair value of financial assets at FVTPL	(61,794)	(15,224)
Change in fair value of derivative financial instruments	16,465	24,120
Gain on disposal of property, plant and equipment	3,224	9,437
Net foreign exchange (loss) gain	(124,622)	39,392
Reversal of impairment loss on property, plant and equipment	1,390	-
Impairment loss under ECL model recognised on debt instruments at FVTOCI	(15,435)	(51,258)
Reversal of (impairment loss) under ECL model recognised on trade debtors	3,618	(15,250)
Gain arising from structured financing arrangement (note 23)	100,903	-
	(130,529)	1,065,151

7. FINANCE COSTS

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	356,214	234,813
Other loans	4,704	5,039
Interest on notes	120,853	130,680
Interest on lease liabilities	5,666	10,311
Amortisation of front-end fee	5,568	8,741
Others	16,601	7,477
Total interest costs	509,606	397,061
Less: amounts capitalised to:		
- properties for sale (properties under development)	(239,557)	(202,941)
- owners' occupation (properties, plant and equipment)	(26,992)	(27,165)
	243,057	166,955

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.39% to 5.25% (six months ended 30.9.2021: 1.70% to 5.75%) per annum to expenditure on the qualifying assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	75,331	40,373
PRC Enterprise Income Tax ("PRC EIT")	18,511	49,843
PRC Land Appreciation Tax ("PRC LAT")	19,343	39,949
Australia Income Tax	10,543	47,185
Malaysia Income Tax	1,125	1,341
Singapore Income Tax	4,885	–
UK income tax	–	441
Czech Republic Income Tax	8,395	4,664
	138,133	183,796
Under (Over) provision in prior years:		
Hong Kong Profits Tax	6,021	2,837
Hungary Income Tax	–	(676)
Australia Income Tax	–	(1,760)
UK Income Tax	–	(2,140)
	6,021	(1,739)
Deferred taxation	48,425	46,441
	192,579	228,498

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment (including depreciation of leased properties of HK\$42,673,000 (six months ended 30.9.2021: HK\$48,863,000))	227,682	244,613
and after crediting (included in other income):		
Bank interest income	26,210	8,435
COVID-19-related rent concession	-	130
Government grants	17,578	31,200
Compensation income included in other income (Note)	475,320	-

Note: Amount represents the compensation in relation to settlement agreement entered between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") on 27 July 2021 at a total consideration of RMB408,000,000 (equivalent to approximately HK\$489,600,000). Pursuant to the Settlement Agreement, the Group is obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000. As at 30 September 2022, the Group had received the entire compensation from relevant parties amounting to RMB408,000,000 (equivalent to approximately HK\$475,320,000) (31.3.2022 HK\$307,500,000). Based on the external legal counsel opinion, the Group had fulfilled all the obligations as stipulated in the settlement agreement by 30 September 2022 and recognised the full compensation amount as other income in the current interim period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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\$570,533,000 (six months ended 30.9.2021: HK\$1,071,075,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2022	30.9.2021
	'000	'000
	(unaudited)	(unaudited) (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,661,581	2,634,584

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2021 has been adjusted for the bonus issue which is assumed to have occurred from on 1 April 2021 (as detailed in note 19(ii)).

11. DIVIDENDS

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2022 of HK16 cents (six months ended 30 September 2021: final dividend for the year ended 31 March 2021 of HK15 cents) per share	387,139	359,262

The 2022 final dividend was declared and approved by shareholders, in the form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK\$2.122 per share (six months ended 30.9.2021: HK\$2.796 per share) which was the average of the closing prices per share for the five consecutive trading days up to and including 14 September 2022.

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 30.9.2021: HK4.0 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 4 January 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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

During the period ended 30 September 2022, the Group acquired certain property, plant and equipment amounting to HK\$37,297,000 (six months ended 30.9.2021: HK\$32,616,000) and incurred development expenditure on development of certain hotel properties amounting to HK\$238,540,000 (six months ended 30.9.2021: HK\$455,386,000).

During the period ended 30 September 2022, the Group has incurred development expenditure of investment properties amounting to HK\$237,286,000 (six months ended 30.9.2021: HK\$91,277,000) and transferred certain completed properties for sale to investment properties at fair value of HK\$nil (six months ended 30.9.2021: HK\$44,801,000) to the investment properties upon inception of lease agreements.

During the period ended 30 September 2022, there are no significant changes in fair values of investment properties. During the period ended 30 September 2021, fair value gain of investment properties amounting to HK\$628,420,000 was recognised in the profit or loss. It mainly related to the fair value gain of an investment property under construction or development situated in Hong Kong amounting to HK\$497,739,000 attributed by an increase in gross development value per square foot for office and car park.

The fair value of the investment properties at 30 September 2022 and 31 March 2022 have been arrived at on the basis of valuations carried out on these date by the following independent firms of qualified professional valuers not connected to the Group:

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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

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

The fragmented macroeconomic has resulted in greater market volatility which has led to higher degree of uncertainties in respect of the valuations in the current period, and independent valuers draw attention in the valuation reports in respect of investment properties located in Australia with fair value amounting to HK\$283,411,000 (31.3.2022: HK\$304,954,000) that the valuation is valid as at 30 September 2022 and the value assessed may change significantly and unexpectedly over a short period of time.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

13. INVESTMENT SECURITIES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
(i) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	17,902	42,617
(b) Debt instruments at FVTPL		
Listed debt securities	58,836	152,851
(c) Equity instruments at FVTPL		
Unlisted equity securities	18,100	13,662
(d) Investment funds	564,441	675,399
(e) Convertible bonds	-	122,281
	659,279	1,006,810
(ii) Financial assets at FVTOCI		
(a) Debt instruments at FVTOCI		
Listed debt securities	531,221	704,557
Unlisted debt securities	372,090	419,604
	903,311	1,124,161
(b) Equity instruments at FVTOCI		
Equity securities listed overseas	622,166	902,298
Total	2,184,756	3,033,269
	30.9.2022 HK\$'000	31.3.2022 HK\$'000
Analysed for reporting purposes as:		
Non-current assets	842,174	1,246,009
Current assets	1,342,582	1,787,260
	2,184,756	3,033,269

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's cash outflow in coming next twelve months.

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For the six months ended 30 September 2022

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Trade debtors		
– Contracts with customers	307,869	448,354
– Lease receivables	56,166	59,693
Less: allowance for expected credit losses	(62,322)	(65,940)
	301,713	442,107
Utility and other deposits	40,121	55,470
Prepayment and other receivables	283,005	188,116
Other tax recoverable	79,944	119,909
	704,783	805,602

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except lease receivables and receivables from sales of properties recognised over time:

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
0–60 days	227,590	392,391
61–90 days	2,799	17,840
Over 90 days	71,324	31,876
	301,713	442,107

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

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

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For the six months ended 30 September 2022

15. CONTRACT COSTS

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

16. CREDITORS AND ACCRUALS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	560,969	773,085
– Others	158,677	107,809
	719,646	880,894
Construction cost and retention payable for capital assets	431,172	336,622
Rental deposits and rental receipts in advance	36,471	32,994
Receipt in advance (Note)	–	307,500
Other payables and accrued charges	648,282	626,668
	1,835,581	2,184,678

Note: Amount represents the first and second instalments received in relation to settlement agreement as detailed in note 9. As at 31 March 2022, the Group had received the first and second instalments from relevant parties amounting to RMB250,000,000 (equivalent to approximately HK\$307,500,000).

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

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
0–60 days	629,593	746,097
61–90 days	2,117	3,158
Over 90 days	87,936	131,639
	719,646	880,894

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17. BANK AND OTHER BORROWINGS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Bank loans	26,042,433	25,823,378
Other loans	929,749	870,030
	26,972,182	26,693,408
Less: front-end fee	(85,531)	(102,994)
	26,886,651	26,590,414
Analysed for reporting purpose as:		
Secured	20,165,300	20,587,588
Unsecured	6,806,882	6,105,820
	26,972,182	26,693,408
Current liabilities	14,427,732	11,450,133
Non-current liabilities	12,458,919	15,140,281
	26,886,651	26,590,414

	Bank loans		Other loans	
	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:				
Revolving loans without specified repayment terms and loans repayable within one year	8,456,389	5,621,190	859,829	796,158
More than one year, but not exceeding two year	4,072,940	6,513,288	-	-
More than two years, but not exceeding five years	7,932,137	8,105,490	-	-
More than five years	383,922	447,631	69,920	73,872
	20,845,388	20,687,599	929,749	870,030
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	4,380,521	3,915,575	-	-
More than one year, but not exceeding two years	519,380	401,553	-	-
More than two years, but not exceeding five years	137,718	641,871	-	-
More than five years	73,895	73,786	-	-
	5,111,514	5,032,785	-	-
	25,956,902	25,720,384	929,749	870,030

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

18. OTHER LIABILITIES

On 6 December 2021, the Group and CLP Properties Limited (“Purchaser”) entered into a sale and purchase agreement to dispose of the entire equity interest of Sanon Limited (“Sanon”), a wholly-owned subsidiary of the Company, which currently owns a land situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and non-industrial portion (including office portion). Pursuant to the sales and purchase agreement, Sanon will assign the hotel portion to another subsidiary of the Company as the hotel owner, under a hotel portion assignment to be entered by Sanon and the hotel owner prior to completion of the transaction, such that the Purchaser will acquire Sanon (holding only the non-industrial portion) at completion. The consideration under the sales and purchase agreement amounted to HK\$3,380,000,000, subject to post-completion adjustments including additional costs in respect of any add-on designs required by the Purchaser.

As at 30 September 2022, the Group had received deposit of HK\$676,000,000 (31.3.2022: HK\$338,000,000) from the Purchaser, and the transaction is expected to be completed in 2024.

19. 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 2021 (audited) and 30 September 2021 (unaudited)	2,395,076,741	239,508
Issue of shares in lieu of cash dividends (Note i)	24,541,938	2,454
At 31 March 2022 (audited)	2,419,618,679	241,962
Bonus issue of shares (Note ii)	241,961,867	24,196
At 30 September 2022 (unaudited)	2,661,580,546	266,158

Notes:

- i. On 16 February 2022 and 1 October 2021, the Company issued and allotted 6,696,801 and 17,845,137 new fully paid shares of HK\$0.10 each at HK\$2.830 and HK\$2.796, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2022 interim dividend and 2021 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2022 and 2 September 2021, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.
- ii. The Company has issued 241,961,867 bonus share on the basis of one bonus share for every ten existing ordinary shares on 14 September 2022 for the existing shareholders. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

20. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

The 2019 Perpetual Capital Notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the condensed consolidated financial statements of the Group.

21. DISPOSAL OF SUBSIDIARIES

On 15 June 2021, the Group entered into a sale and purchase agreement with Aldgate Hotel Bidco Limited ("Aldgate Hotel" or "Purchaser"), an independent third party to the Group, whereby the Group has agreed to sell, and Aldgate Hotel has agreed to purchase, the entire issued share capital of Dorsett City London Limited ("DCLL") and Elite Region Limited ("Elite"), wholly-owned subsidiaries of the Company for a consideration of GBP115,000,000 (equivalent to approximately HK\$1,228,367,000). DCLL and Elite were the operator and owner of Dorsett City London Hotel, respectively. Such disposal was completed on 30 June 2021. Following the completion, DCLL and Elite ceased to be subsidiaries of the Company.

As part of the disposal, the Group entered into a hotel management agreement with the Purchaser to manage and operate Dorsett City London Hotel and agreed to provide a profit guarantee whereby the Group will compensate the Purchaser on a yearly basis, the shortfall between the annual guaranteed return of GBP6,065,000 (equivalent to approximately HK\$66,290,000) and the gross operating profits to be generated by Dorsett City London Hotel, for a term of 2 years starting from the completion date of disposal.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

21. DISPOSAL OF SUBSIDIARIES (continued)

The net liabilities disposed of DCLL and Elite at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	567,808
Deferred tax assets	223
Debtors, deposits and prepayments	520
Other inventories	33
Tax recoverable	3,310
Trade and other payables	(8,296)
Net assets disposed of	563,598
Consideration	
Net assets disposed of	1,228,367
Transaction costs paid	(563,598)
Net liabilities disposed of	(21,358)
Liabilities arising from profit guarantee arrangement	(56,406)
Reclassification of cumulative exchange reserve to profit or loss upon disposal	(40,174)
Gain on disposal	546,831
Consideration was satisfied by:	
Cash consideration received	1,017,172
Settlement of bank loan by the Purchaser	211,195
	1,228,367
Net cash inflow arising on disposal:	
Cash consideration received (Note)	1,017,172
Transaction costs paid	(21,358)
	995,814

Note: Included in the cash consideration received, there was HK\$349,403,000 used to settle shareholders' loan due by Elite to the Group. Prior to the completion of the disposal, the Purchaser settled the bank loan of Elite directly through its bank loan account, which constitutes as a non-cash transaction.

The revenue and profit for the period from 1 April 2021 to 30 June 2021 of DCLL and Elite, which have been included in the condensed consolidated statement of profit or loss, were HK\$4,351,000 and HK\$1,270,000 respectively. During the six months ended 30 September 2021, DCLL and Elite contributed HK\$7,499,000 to the Group's net operating cash flows and received HK\$6,524,000 in respect of investing activities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

22. CHARGE ON ASSETS

Bank borrowing of HK\$20,165,300,000 (31.3.2022: HK\$20,587,588,000) and lease liabilities of HK\$1,449,000 (31.3.2022: HK\$1,151,000) 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:

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Investment properties	5,394,991	5,060,911
Property, plant and equipment (excluding right-of-use assets)	5,868,601	6,102,316
Right-of-use assets	2,040,092	2,106,087
Properties for sale	12,876,235	12,706,140
Bank deposits	737,855	893,962
Investment securities	458,116	648,071
Total	27,375,890	27,517,487

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 periods.

Restrictions or covenants on leases

In addition to lease liabilities disclosed above, lease liabilities of HK\$363,202,000 (31.3.2022: HK\$608,585,000) are recognised with related right-of-use assets of HK\$259,170,000 (31.3.2022: HK\$491,594,000) as at 30 September 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

23. RECEIVABLE ARISING FROM STRUCTURED FINANCING ARRANGEMENT

As detailed in the Company's announcement published on 15 March 2022, on 14 March 2022, the Group entered into a structured financing arrangement which involved the followings: (1) advancing cash amounting to GBP38,503,000 to the R&F Properties (HK) Company Limited ("R&F Prop HK") and its subsidiary (collectively referred to as the "R&F Group"); (2) entering into a guarantee of the bank loan in the place of R&F Group amounting to GBP57,200,000 (the "Target Bank Loan"); and (3) transferring 100% equity interest of R&F Properties VS (UK) Co., Ltd ("Target Company") to the Group from the R&F Group with a repurchase option issued to the counterparty which is exercisable at any time after the completion and on or before the end of six months after the completion of the transaction. As such, the Group did not obtain control of the assets held by the Target Company. As the transaction represented an acquisition of assets with repurchase option, the Group didn't consolidate the Target Company and has accounted for the cash advanced as a receivable arising from structured financing arrangement.

As at 30 September 2022, the carrying amount of the receivable arising from the structured financing arrangement recognised was GBP49,041,000 (equivalent to HK\$428,621,000), including gain of HK\$100,903,000 recognised during the six months ended 30 September 2022 as set out in note 6. The R&F Group subsequently exercised the option to repurchase the interest in the Target Company, as detailed in the Company's announcement published on 2 September 2022, which has been completed on 5 October 2022, the guarantee of the Target Bank Loan was released and the Group has received cash settlement of approximately the carrying amount as at 30 September 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

24. CAPITAL COMMITMENTS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Capital expenditure contracted for but not provided in respect of:		
Acquisition, development and refurbishment of properties		
– hotel properties	938,455	1,390,056
– investment properties	508,316	718,902
Commitment to provide credit facility to a joint venture	202,608	80,580
Capital injection to investment funds	121,868	144,282
	1,771,247	2,333,820

25. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Provision for sales and marketing services by a joint venture	3,396	16,507
Interest income from unlisted debt securities issued by a joint venture	13,763	10,756
Interest received from a joint venture	816	8,284

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

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

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

	Six months ended	
	30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Short-term benefits	5,517	5,872
Post-employment benefits	84	81
	5,601	5,953

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments 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
		30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)		
1a)	Listed equity securities classified as financial assets at FVTPL	17,902	42,617	Level 1	Quoted bid prices in an active market.
1b)	Listed equity securities classified as equity instruments at FVTOCI	622,166	902,298	Level 1	Quoted bid prices in an active market.
1c)	Unlisted equity securities classified as financial assets at FVTPL	18,100	13,662	Level 2	Recent transaction price of equity securities issued to third parties.
2a)	Listed debt securities classified as financial assets at FVTPL	58,836	152,851	Level 1	Quoted bid prices in an active market.
2b)	Unlisted debt securities classified as financial assets at FVTOCI	372,090	419,604	Level 2	Reference to market value provided by brokers/financial institution.
2c)	Listed debt securities classified as financial assets at FVTOCI	531,221	704,557	Level 1	Quoted bid prices in an active market.
3a)	Investment funds classified as financial assets at FVTPL	329,760	427,873	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)		
3b) Investment funds classified as financial assets at FVTPL	234,681	247,526	Level 3	Reference to the net asset value of the utilised equity investment provided by the external counterparties taking into consideration of discount for lack of marketability.
4) Convertible bond classified as financial assets at FVTPL	-	122,281	Level 3	Binomial Option Pricing Model The fair value is estimated based on the risk free rate, conversion price, underlying share price, expected volatility of the underlying share price, expected dividend yield and discount rate.
5a) Cross currency swap contracts classified as derivative financial instruments	Liabilities - (597)	Assets - 4,084 Liabilities - (1,911)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.
5b) Interest rate swap contracts classified as derivative financial instruments	Liabilities - (559)	Assets - 13,835	Level 2	Discounted cash flow Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties.
6) Liabilities arising from profit guarantee arrangement	Liabilities - (10,695)	Liabilities - (24,011)	Level 3	Income approach Future cash flows are estimated based on the contractual terms to be payable by the Group, discounted using an appropriate discount rate.
7) Receivable arising from structured financing arrangement	428,621	-	Level 3	Discounted cash flow Future redemption value discounted at a rate that reflects the credit risk of the counterparty.

There were no transfers between level 1, 2 and 3 during the period ended 30 September 2022 and 30 September 2021.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

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

Reconciliation of Level 3 fair value measurements of financial assets

	Receivable arising from structured financing arrangement HK\$'000	Convertible bonds classified as financial assets at FVTPL HK\$'000	Investment funds classified as financial assets at FVTPL HK\$'000	Liabilities arising from profit guarantee arrangements HK\$'000
As 1 April 2021	-	-	114,637	-
Addition	-	129,500	58,303	(56,406)
Fair value movement	-	(5,412)	13,216	8,790
Exchange loss	-	-	(2,112)	412
As 30 September 2021	-	124,088	184,044	(47,204)
As 1 April 2022	-	122,281	247,526	(24,011)
Addition	388,367	-	12,392	-
Disposal	-	(110,500)	(10,869)	-
Fair value movement	100,903	(11,781)	(15,688)	10,607
Exchange (loss) gain	(60,649)	-	1,320	2,709
As 30 September 2022	428,621	-	234,681	(10,695)

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

27. CONTINGENT LIABILITIES

During the year ended 31 March 2021, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. As at 31 March 2021 and 2022, 30 September 2021 and 2022, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.



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