



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

The background of the entire page is a photograph of two modern skyscrapers under construction. The buildings are covered in glass facades that reflect the sky and each other. The sky is a clear, bright blue. The buildings are positioned vertically, with one on the left and one on the right, both reaching towards the top of the frame.

Shaping a Brighter Future 共建亮麗未來

INTERIM REPORT 2023-24 中期報告





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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.

Cathay United Bank Company,

Limited, Hong Kong Branch

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

DBS Bank Limited, Australia Branch

The Bank of East Asia, Limited

United Overseas Bank Limited,

Sydney Branch

Mainland China

Dah Sing Bank (China) Limited

Industrial and Commercial Bank of

China Limited

Nanyang Commercial Bank (China)

Limited

Shanghai Pudong Development Bank

United Kingdom

Oversea-Chinese Banking

Corporation Limited

The Bank of East Asia, Limited

The Hong Kong and Shanghai

Banking Corporation Limited

Corporate Information

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)
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



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

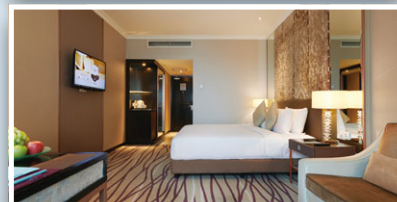


SINGAPORE MALAYSIA



MALAYSIA

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



Perth

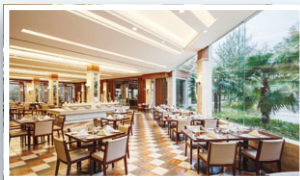


Diversified and Balanced Portfolio of Businesses

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

○ MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



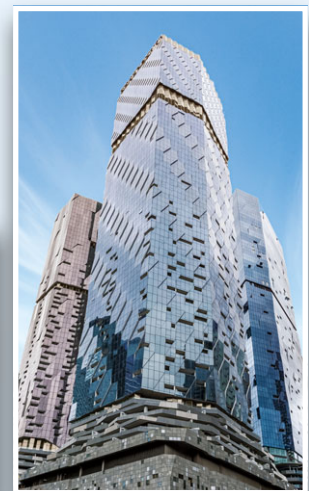
○ HONG KONG

- 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

Melbourne

○ Sydney

NEW ZEALAND

Major Events in First Half of Financial Year 2023/24

- ▶ The Group opened the Dorsett Melbourne which consists of 316 guest rooms and is also located within the West Side Place development in Melbourne, Australia



- ▶ The Group started the handover of West Side Place (Towers 3 and 4) in Melbourne, Australia



- ▶ BC Invest successfully issued AUD507 million Australian dollar-denominated Coventry Bond Trust 2023-1, a RMBS bond

- ▶ The Group won three awards in the “HKIRA 9th Investor Relations Awards 2023”



- ▶ The Group obtained its second sustainability-linked loan facility for 3 years raising HK\$300 million in Hong Kong



The Group repaid 4.5% USD Medium Term Notes 2023 (USD131,800,000)

- ▶ The Stock Exchange agreed that the Company may proceed with the potential spin-off and separate listing on the Stock Exchange at the Group’s Czech gaming business and Germany and Austria hotel business held by Palasino

- ▶ The Group, through its 25% owned JV, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million



- ▶ The Group has collaborated with THEi to cultivate medicinal herbs at the Chinese Medicinal Research farm donated by us – “D20 Roots”, educating the community on the principles and practices of Chinese Medicine



Major Events in First Half of Financial Year 2023/24

▶ BC Invest successfully issued AUD456 million Australian dollar-denominated Crimson Bond Trust 2023-1P, a RMBS bond

▶ The Group has been selected as preferred bidder by Greater Manchester Combined Authority and Trafford Metropolitan Borough Council to act as development partner



▶ The Group completed the sale of Sheraton Grand Mirage Resort on the Gold Coast for AUD192 million and expected a pre-tax gain of approximately HK\$58 million in 2H FY2024



▶ The Group secured planning approval for 4,800 new homes as part of next phase of Victoria North, Manchester



▶ The Group won “HKQAA Hong Kong Green and Sustainable Finance Awards 2023”



▶ The Group submitted the listing application to the Stock Exchange for the proposed spin-off and separate listing of the Group’s gaming business in Czech and hotel business in Germany and Austria

▶ BC Invest successfully issued AUD507 million Australian dollar-denominated Coventry Bond Trust 2023-2, a RMBS bond

▶ The Group won three awards in the “1st CRECCHKI Real Estate ESG Awards GBA 2023”



CAPTURE THE UPSWING

Dorsett Kai Tak, Hong Kong

Interim Results 2023/24



Hong Kong Kai Tak Development – Office

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 2023 (“1H FY2024”). 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 2023 of HK4.0 cents (six months ended 30 September 2022: 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 3 January 2024. 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 3 January 2024. 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 2024. Dividend warrants and/or new share certificates will be posted on or around 16 February 2024.



**ALWAYS READY
TO AIM HIGH**

The Ritz-Carlton, Melbourne



West Side Place, Melbourne

Management Discussion and Analysis

BUSINESS UPDATE

- The global economy is currently experiencing an increase in interest rates and tightening monetary policy. The central banks of all major economies are taking decisive measures, raising interest rates aggressively and reducing liquidity in the financial system as a result. Although these measures are intended to reduce inflationary pressures, they have resulted in a slowdown of global economic growth and higher borrowing costs.
- Closer to Hong Kong, Mainland China's economy continues to face a number of challenges that are impeding its rebound past the COVID-19 pandemic. Whilst stimulative policies are being implemented, the full positive effects are yet to be felt.
- Despite the challenging backdrops, the Group has maintained its focus on executing its strategic goals of reducing debt levels and minimising finance costs. By adhering to a prudent financial approach, the Group has managed effectively its resources and mitigated potential risks. Once again, the Group's diversification and vigilance have been instrumental in successfully navigating through 1H FY2024. These efforts have allowed the Group to adapt amidst volatile economic conditions.
- During 1H FY2024, revenue increased by 108% to approximately HK\$6.3 billion as compared with that of the six months ended 30 September 2022 ("1H FY2023") and the Group's property, hotel and gaming divisions reported an increase in revenue.



Hyll on Holland, Singapore



MeadowSide, Manchester

- The Group's revenue from property development recorded an increase of 217.1% to approximately HK\$4.7 billion as compared to 1H FY2023 as West Side Place (Towers 3 and 4) in Melbourne was completed and started the handover since early April 2023 with strong settlement and revenue recorded. The Group continued the handover of MeadowSide (Plots 2 and 3) and New Cross Central in Manchester, and Hornsey Town Hall in London. Hyll on Holland in Singapore also contributed to revenue in 1H FY2024 which was recognised over time. These handovers are expected to continue by phases in the second half of the financial year ended 31 March 2024 ("2H FY2024").
- The Group remains prudent in replenishing its land bank in 1H FY2024. In August 2023, the Group was selected as preferred bidder by Greater Manchester Combined Authority and Trafford Metropolitan Borough Council to act as development partner to deliver a GBP300 million mixed-use development on the site of the former Greater Manchester Police Headquarters in Trafford, Greater Manchester. In August 2023, the Group also secured planning approval for 4,800 new homes as part of the next phase of the Victoria North development, together with Manchester City Council ("MCC").

Management Discussion and Analysis

- Cumulative attributable presales value of properties under development and unbooked contracted sales stood at approximately HK\$14.1 billion as at 30 September 2023. The Group is actively selling its existing projects and expects to launch Kai Tak Residential in Hong Kong with a total expected attributable gross development value ("GDV") of approximately HK\$6.6 billion in FY2025. The development schedule of the Group's projects remains largely intact. Several milestone projects are reaching the completion stage, such as Kai Tak Office in Hong Kong, Aspen at Consort Place in London, Victoria Riverside in Manchester, Queen's Wharf Residences (Tower 4) in Brisbane and Hyll on Holland in Singapore. They are expected to complete and handover in FY2025, which will provide significant revenue and cashflows.
- The Group continued its ongoing strategy of actively recycling non-core assets to reinvest in projects with higher internal rates of return and repay bank borrowings. In May 2023, the Group signed a contract to dispose of all the remaining 130 units of Dorsett Bukit Bintang via a block deal for approximately MYR120 million. Additionally, the Group appointed sales agents to sell the two Ritz-Carlton hotels in Australia in June 2023. The Group is also earmarked to dispose of the long-lease residential blocks in Baoshan, Shanghai. It is also in discussions to sell some other non-core assets.
- In June 2023, the Group, through its 25% owned joint venture, signed an agreement to sell the Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million and the transaction was closed in November 2023 and it is expected to realise a pre-tax gain of HK\$58 million. In August 2023, the Group executed a contract to sell an office building in London for approximately GBP8.2 million, which was acquired in April 2023 at GBP5.75 million. The disposal transaction is expected to be completed in 2H FY2024. The Group will lease back part of the office building as its London office after the transaction.
- For the Group's hotel operations, revenues increased by 3.4% to approximately HK\$942 million as compared to 1H FY2023, which was primarily due to two new hotels openings during the period and Dao by Dorsett West London in London with full period contribution during the 1H FY2024. The hotel business in Mainland China has improved as travel restrictions were gradually lifted which increased the demand for hotel rooms. With Hong Kong's COVID-19 related quarantine policies being fully lifted in January 2023, Hong Kong hotel properties switched from serving quarantine guests during the 1H FY2023 to serving business and leisure travellers in 1H FY2024. The hotel business in Singapore, Malaysia and the United Kingdom ("UK") experienced growth momentum during the period and the two new hotels in Melbourne were in the ramp up phase.



Aspen at Consort Place, London



Dorsett Kai Tak, Hong Kong

Management Discussion and Analysis

- The Ritz-Carlton, Melbourne consisting of 257 rooms was opened on 23 March 2023 and Dorsett Melbourne consisting of 316 rooms was opened on 18 April 2023. These two newly launched hotels have marked contribution to the Group's hotel revenue growth during 1H FY2024. In the next 36 months, it is expected that the Group's hotel operations are set to achieve several significant milestones with the opening of upcoming hotel properties, such as Dorsett Kai Tak, Hong Kong, as well as Dao by Dorsett Hornsey, London and Dorsett Canary Wharf, London, that will be added to the Group's portfolio. As the global travel industry rebounded, these upcoming hotel properties are expected to make substantial contributions to the growth and profitability of the Group's recurring income businesses. With the increasing demand for travel and hospitality services, the Group is well-positioned to capitalise on these opportunities and further strengthen its presence in key markets.

- Revenue from car park operations and facilities management amounted to approximately HK\$356 million, a decrease of 5.2% as compared with 1H FY2023. The decrease primarily attributed to our strategic initiative to phase out underperforming car parks from our portfolio and the sale of a New Zealand car park. Simultaneously, the Group embarked on portfolio enhancement efforts by introducing new, promising car parks. The Group's strategic focus remains firmly on reducing leverage, optimising operations, and enhancing operational efficiency while maintaining high levels of customer service. The Group has also actively pursued and secured additional car park and facilities management contracts, effectively expanding its portfolio. In line with our capital recycling strategy, the Group will divest some mature car parks to unlock capital for future investments and debt reductions.



Car park operations and facilities management

- The revenue from the Group's gaming business rose by 14.0% in 1H FY2024 year-on-year to approximately HK\$151 million (net of gaming tax). The Group's gaming business was branded under "Palasino" and has experienced recovery and continuous growth since the COVID-19 pandemic. The Group reactivated its online gaming licence in Malta recently and plans to soft launch its service in coming few months. In September 2023, Palasino Holdings Limited ("Palasino") submitted the listing application form (Form A1) to the Stock Exchange to apply for the listing of and permission to deal in the share(s) in the share capital of Palasino on the Main Board of the Stock Exchange. Upon the intended reorganisation for the intended listing, Palasino will become the holding company of the Group's gaming business in the Czech Republic and hotel business in the Czech Republic, Germany and Austria (including hotels under the Trans World Corporation brand) ("Palasino Group"). The Group currently has a 90% shareholding in Palasino Group and a pre-IPO investor holds a 10% stake. For details, please refer to the announcements of the Company dated 2 June 2023 and 27 September 2023. Upon completion of the spin-off and listing of Palasino (assuming the preferential offering are fully taken up by qualifying shareholders and the over-allotment option is not exercised), the Group will hold approximately 73.21% stake in Palasino.



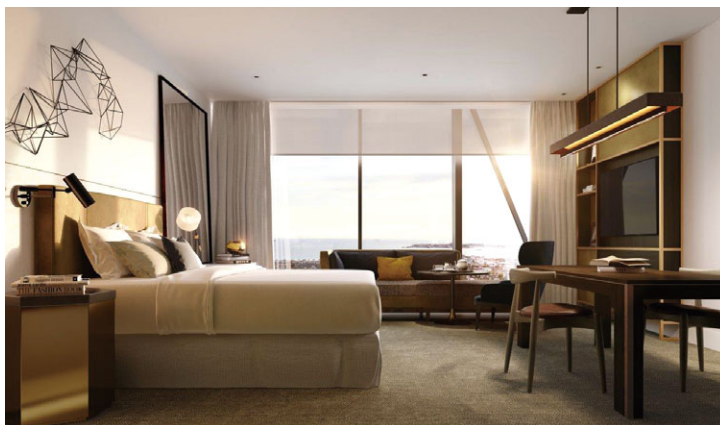
All casinos under TWC were rebranded as "Palasino"

Management Discussion and Analysis

- BC Investment Group Holdings Limited (“BC Invest”) is a company in which the Group has a stake of approximately 53%, continued to grow in 1H FY2024. BC Invest successfully issued two residential mortgage-backed security (“RMBS”) bonds that raised approximately AUD963 million in aggregate in 1H FY2024. As at 30 September 2023, loans and advances maintained at approximately AUD4.2 billion (as at 31 March 2023: AUD4.3 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 1.23% (1H FY2023: 1.28%). However, this is expected to improve as new customers’ borrowing rates come into effect. As at 30 September 2023, BC Invest managed a total assets under management (“AUM”) of approximately AUD5.3 billion (as at 31 March 2023: AUD5.3 billion).

FINANCIAL HIGHLIGHTS

- During this period, the net profit attributable to shareholders decreased by 59.3% to approximately HK\$232 million, the adjusted cash profit⁽ⁱ⁾, a non-GAAP financial measure, decreased by 43.5% to approximately HK\$507 million.
- The decrease in net profit attributable to shareholders was primarily due to (i) the rise in finance costs for 1H FY2024 to approximately HK\$515 million; (ii) increase in selling and marketing expenses, largely due to recognition of sales commission upon the completion of West Side Place (Towers 3 and 4) in Melbourne and more aggressive marketing initiatives on various projects, to approximately HK\$428 million; and (iii) non-recurring compensation income of approximately HK\$475 million on the settlement agreement in 1H FY2023 which was not repeated in 1H FY2024, offset by higher operating income from property sales.
- Adjusting for the non-recurring compensation of approximately HK\$475 million in 1H FY2023 and the listing expenses of Palasino of approximately HK\$14 million in 1H FY2024, the Group’s net profit attributable to shareholders increased by 159.1% and the adjusted cash profit⁽ⁱ⁾, a non-GAAP financial measure, increased by 23.6%.
- Earnings per share in 1H FY2024 decreased by 59.8% to approximately HK8.6 cents. The declared interim dividend for 1H FY2024 was maintained at HK4.0 cents per share (1H FY2023: HK4.0 cents per share).
- The value of the Group’s adjusted total equity⁽ⁱ⁾, a non-GAAP financial measure, decreased by 4.9% to approximately HK\$33,178 million as at 30 September 2023. This was mainly driven by the drop in the foreign exchange rates against the Hong Kong dollar.



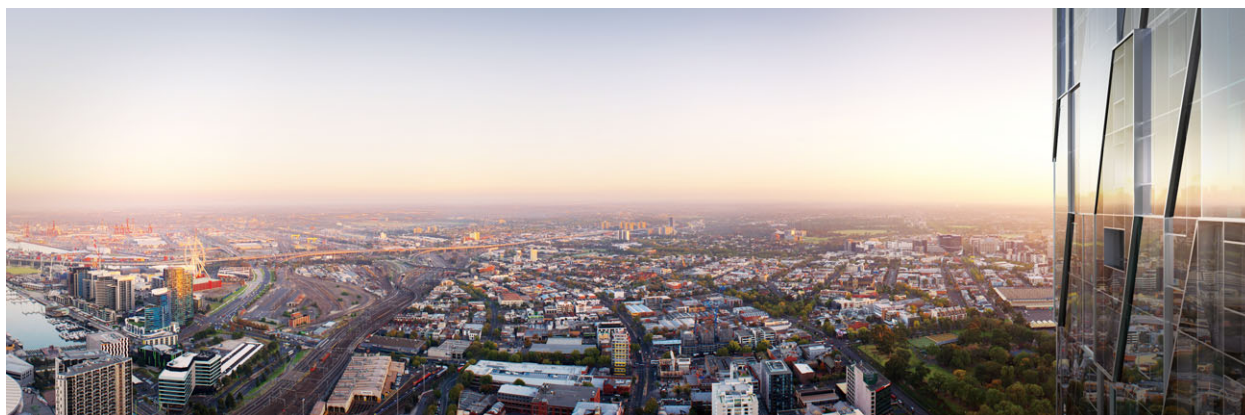
The Ritz-Carlton, Melbourne



Dorsett Melbourne

Management Discussion and Analysis

- The Group has continued to closely manage its capital structure by refinancing some shorter-term debts via the bank market and actively monetising our non-core assets to lower the debt level. Adjusted net gearing ratio⁽ⁱ⁾, a non-GAAP financial measure, stood at 73.2% and net debt to adjusted total assets⁽ⁱⁱ⁾, a non-GAAP financial measure, stood almost unchanged at 35.8% as at 30 September 2023. The Group will benefit from the net proceeds of settlements from completed projects and a number of non-core assets disposals.
- The Group's net debt dropped by HK\$1.4 billion to approximately HK\$24.3 billion as at 30 September 2023 compared with HK\$25.7 billion as at 31 March 2023. The Group's liquidity position stood at approximately HK\$4.6 billion, with a comfortable level of cash and marketable securities available as at 30 September 2023. Furthermore, the Group had 6 hotel properties unencumbered as at 30 September 2023 which are valued at approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2023, as well as approximately HK\$7.2 billion in unsold residential inventory as at 30 September 2023.
- Adjusted net asset value per share⁽ⁱ⁾, a non-GAAP financial measure, decreased by 4.5% to HK\$11.14 as at 30 September 2023 as compared to HK\$11.67 as at 31 March 2023. The Group did not repurchase any shares of the Company in 1H FY2024.



The view from West Side Place, Melbourne

POST PERIOD END EVENTS

- On 17 October 2023, BC Invest issued its ninth RMBS, raising AUD507 million which was backed by first mortgage loans to prime Australian resident borrowers, secured by mortgages over Australian residential properties.
- On 3 November 2023, the Group, through its 25% owned joint venture, completed the disposal of the Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million and expected a pre-tax gain of approximately HK\$58 million to be recognised in 2H FY2024.

Management Discussion and Analysis

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) HIGHLIGHTS

- In line with the Group’s sustainability governance, the ESG steering committee, reporting directly to the Board, has continued to guide the Group with clearly defined strategic goals. Additionally, it has established an ESG financing framework aimed at promoting the Group’s green borrowings.
- In July 2023, the Group obtained its second sustainability-linked loan (“SLL”) facility for a tenor of 3 years, raising HK\$300 million in Hong Kong. The facility is tied to several key sustainability performance indicators (“KPIs”). Upon achieving the sustainability KPIs outlined in the SLL agreement, the Group will be eligible for interest savings, which can be reinvested into our ESG initiatives and projects, further advancing our sustainability agenda. The Group anticipates the possibility of more upcoming SLL facilities in the future.
- The Group recognises the importance of taking action towards a sustainable future and turning climate change initiatives into sustainable business opportunities. To achieve this, the Group is developing a net zero strategy roadmap in line with the latest science around climate change. The Group will ensure the strategy aligns with internationally recognised standards and best practices and develop projections for business as usual emissions for the purpose of short and long-term goal setting. These projections will be used to identify and assess the most effective interventions for reducing the Group’s environmental impact. Through this net zero strategy roadmap, the Group aims to reduce its carbon footprint and contribute to the global effort to combat climate change.

OUTLOOK

- The world has entered an unprecedented phase characterised by increased geopolitical and economic volatility and other uncertainties. In response to this challenging environment, the Group will maintain a vigilant and prudent approach. The focus will be on completing ongoing projects, optimising capital utilisation, and exercising careful control over expenses and costs. Additionally, the Group will take proactive steps to further enhance its financial position. Despite the unpredictability of the economic landscape, the Group remains committed to assessing new prospects with the same disciplined approach, leveraging the potential opportunities that may arise. By navigating uncertain times with caution and adaptability, the Group aims to position itself for sustained growth and success.
- The Group is poised to enter an exciting new phase in the next two years. Notably, several flagship projects are nearing completion. This is expected to drive contribution in the mid-term target horizon.
- Cumulative attributable presales and unbooked contracted sales of approximately HK\$14.1 billion as at 30 September 2023 provide a good visibility on sizeable revenue streams in the short to mid-term. Hyll on Holland in Singapore, which is fully presold, is expected to commence handover in early FY2025.
- The recent openings of The Ritz-Carlton and Dorsett hotel in Melbourne have been met with a positive reception and are currently ramping up with noticeable progress. We anticipate these hotels to enhance the Group’s hotel performance. In the short-term, more new hotels are expected to open in the UK (Dao by Dorsett Hornsey, London and Dorsett Canary Wharf, London) and in Australia (three hotels under the Queen’s Wharf Brisbane development and The Star Residences – Epsilon).

Management Discussion and Analysis

- Whilst our pipeline of hotels under construction currently stands at 8 hotels, the Group continues to review existing portfolio of wholly-owned and partially-owned hotels and will not exclude the possibility that certain hotels could be disposed of.
- The Group's car park operations are projected to achieve a positive trend in 2H FY2024 based on our strategic initiatives in place. These encompass the monetisation of non-core car parks that we own along with the streamlining of processes to drive operational efficiencies and realise cost-saving. The proceeds from these monetisations may be allocated towards debt repayment or reinvestment in more promising car park acquisitions. Simultaneously, the Group has been actively pursuing new car park management contracts in Australia, Hungary, Malaysia, the UK and New Zealand to further expand its portfolio.
- The Group's gaming business continues to experience continuous growth, and we anticipate multiple expansion opportunities within the gaming business operated under Palasino Group. As part of our strategic plans, the Group is proceeding with the spinning-off and separate listing of the gaming business, along with its hotel business, under Palasino Group. In line with this, the Group has already submitted the application for the separate listing of Palasino to the Stock Exchange in September 2023.
- Despite challenges posed by the interest rate environment and property price fluctuations, BC Invest has demonstrated remarkable resilience. The Group secured new credit providers and strengthened existing funders. BC Invest's launch of new credit funds has further enabled it to raise additional capital through diversified distribution channels.

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 FY2024 was approximately HK\$6.3 billion, an increase of 108% as compared with 1H FY2023, with improvement in property development business. Adjusted gross profit⁽ⁱ⁾, a non-GAAP financial measure, came in at approximately HK\$2.2 billion, as compared with HK\$1.2 billion for 1H FY2023. 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 FY2024 | | | | | | |
| Revenue | 4,746,047 | 942,489 | 356,100 | 150,642 ⁽ⁱⁱⁱ⁾ | 99,722 | 6,295,000 |
| Gross profit | 1,439,119 | 306,251 | 69,202 | 77,485 | 82,667 | 1,974,724 |
| Depreciation | - | 164,816 ^(iv) | 11,974 ^(iv) | 5,570 | - | 182,360 |
| Adjusted gross profit ⁽ⁱ⁾ | 1,439,119 | 471,067 | 81,176 | 83,055 | 82,667 | 2,157,084 |
| Adjusted gross profit margin ⁽ⁱ⁾ | 30.3% | 50.0% | 22.8% | 55.1% | 82.9% | 34.3% |
| 1H FY2023 | | | | | | |
| Revenue | 1,496,929 | 911,502 | 375,439 | 132,110 ⁽ⁱⁱⁱ⁾ | 109,999 | 3,025,979 |
| Gross profit | 433,395 | 398,622 | 83,662 | 69,101 | 87,104 | 1,071,884 |
| Depreciation | - | 134,661 ^(iv) | 18,452 ^(iv) | 4,645 | - | 157,758 |
| Adjusted gross profit ⁽ⁱ⁾ | 433,395 | 533,283 | 102,114 | 73,746 | 87,104 | 1,229,642 |
| Adjusted gross profit margin ⁽ⁱ⁾ | 29.0% | 58.5% | 27.2% | 55.8% | 79.2% | 40.6% |

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\$67 million (1H FY2023: HK\$58 million).
- (iii) Includes revenue from one of the hotels in the Czech Republic as a facility integral to the casino.
- (iv) Excludes depreciation of leased properties under HKFRS 16.

Revenue from sales of properties amounted to approximately HK\$4.7 billion in 1H FY2024, an increase of 217.1% as compared with 1H FY2023. Major contributors to the revenues were West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London and New Cross Central and MeadowSide (Plots 2 and 3) in Manchester as well as revenue recognition over time of Hyll on Holland in Singapore. Gross profit of approximately HK\$1.4 billion was recorded during 1H FY2024, representing a 30.3% gross profit margin, an increase compared to 1H FY2023 due to higher gross profit margin recorded from properties sales in Australia and the UK during 1H FY2024.

Management Discussion and Analysis

Revenue from hotel operations and management continued its growth increasing by 3.4% as compared with the same period last year to approximately HK\$942 million in 1H FY2024. Adjusted gross profit margin⁽ⁱ⁾, a non-GAAP financial measure, for the Group's hotel operations decreased to 50.0% in 1H FY2024 from 58.5% in 1H FY2023 as a result of the launch of our new hotels in London and Australia and the removal of quarantine stay requirements in Hong Kong by the government.

Car park operations and facilities management revenue amounted to HK\$356 million during 1H FY2024, a decrease of 5.2% as compared with 1H FY2023 as a result of our strategic focus to eliminate those underperforming car parks. Adjusted gross profit⁽ⁱ⁾, a non-GAAP financial measure, of approximately HK\$81 million was recorded for 1H FY2024. Adjusted gross profit margin⁽ⁱ⁾, a non-GAAP financial measure, decreased to 22.8% in 1H FY2024 from 27.2% in 1H FY2023, due to our commitment in ramping up new and promising car parks.

Revenue from gaming operations increased by 14.0% year-on-year to approximately HK\$151 million (net of gaming tax) in 1H FY2024. The steady growth in revenue was primarily driven by the increase in gaming appetite and spending of our patrons. Adjusted gross profit⁽ⁱ⁾, a non-GAAP financial measure, of approximately HK\$83 million was recorded for 1H FY2024. Adjusted gross profit margin⁽ⁱ⁾, a non-GAAP financial measure was at 55.1%, similar level comparing to 1H FY2023.

The Group's overall performance in 1H FY2024 was impacted by several factors, including the drop in foreign exchange rates against the Hong Kong dollar, the rise of interest expenses, increase in selling and marketing expenses due to recognition of sales commission upon the completion of West Side Place (Towers 3 and 4) in Melbourne and more aggressive marketing initiatives on various projects, and compensation income of HK\$475 million in relation to a settlement agreement in 1H FY2023 which was not repeated in 1H FY2024. Despite this, our major businesses have reported a growth in revenue and satisfactory performance during the 1H FY2024.

Profit attributable to shareholders of the Company recorded at HK\$232 million for 1H FY2024, a decrease of 59.3% as compared with HK\$571 million for 1H FY2023. Adjusted cash profit⁽ⁱ⁾, a non-GAAP financial measure, was approximately HK\$507 million for 1H FY2024, a decrease of 43.5% from HK\$897 million recorded for 1H FY2023. Adjusting for the compensation income of HK\$475 million in 1H FY2023 and the listing expenses of Palasino of approximately HK\$14 million in 1H FY2024, the Group's net profit attributable to shareholders and cash profit⁽ⁱ⁾ increased by 159.1% and 23.6% respectively.

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 following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily monetisable nature), bank loans and borrowings and obligations under finance leases and equities as at 30 September 2023.

| Consolidated statement of financial position | As at 30 September 2023 HK\$'million | As at 31 March 2023 HK\$'million |
|--|---|---|
| Bank loans, notes and bonds | | |
| Due within 1 year ⁽ⁱ⁾ | 15,075 | 21,389 |
| Due 1–2 years | 5,236 | 3,728 |
| Due 2–5 years | 7,648 | 6,177 |
| Due more than 5 years | 938 | 980 |
| Total bank loans, notes and bonds | 28,897 | 32,274 |
| Investment securities | 1,907 | 2,114 |
| Bank and cash balances ⁽ⁱⁱ⁾ | 2,699 | 4,431 |
| Liquidity position | 4,606 | 6,545 |
| Net debts⁽ⁱⁱⁱ⁾ | 24,291 | 25,729 |
| Carrying amount of the total equity ^(iv) | 14,038 | 15,648 |
| Add: hotel revaluation surplus ^(v) | 19,140 | 19,236 |
| Adjusted total equity^(vi) | 33,178 | 34,884 |
| Adjusted net gearing ratio^(vi) (net debts to adjusted total equity^(vi)) | 73.2% | 73.8% |
| Net debt to adjusted total assets^(vi) | 35.8% | 35.4% |

Notes:

- (i) Includes an amount of approximately HK\$1,877 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 2023 including the Dorsett Melbourne which was completed before 31 March 2023 and opened in April 2023, and excluding Dorsett Bukit Bintang which was disposed before 30 September 2023.
- (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 allocates a portion of its cash position in marketable and liquid investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed-income securities and investments in fixed-income funds; investments in the listed shares of The Star Entertainment Group Limited ("The Star"), which the Group intends to hold for the long-term; and investments in notes issued by the trusts which hold the mortgage portfolio managed by BC Invest, an entity in which the Group has a stake of over 50%.

The liquidity position of the Group as at 30 September 2023 was approximately HK\$4.6 billion. The Group's adjusted total equity⁽ⁱⁱ⁾, a non-GAAP financial measure, as at 30 September 2023 was approximately HK\$33,178 million, adjusting for the unrecognised hotel revaluation surplus of approximately HK\$19,140 million, which is based on independent valuations reviewed as at 31 March 2023 and includes the 2019 Perpetual Capital Notes. The adjusted net gearing ratio⁽ⁱⁱ⁾, a non-GAAP financial measure, of the Group stood at a healthy level of 73.2% as at 30 September 2023 compared with 73.8% as at 31 March 2023.

In an effort to strengthen the Group's financial position, the Group has implemented a series of debt reduction initiatives to reduce its finance costs:

- Focusing on monetising existing completed inventory and executing its existing sale campaign across Australia, the UK and Hong Kong. The Group signed a contract to dispose of the remaining inventory at the Dorsett Bukit Bintang development via a block deal for approximately MYR120 million in May 2023. The block deal was completed in September 2023.
- Recognition of major contracted presales. Total attributable presale value amounted to approximately HK\$14.1 billion. Hyll on Holland in Singapore, Kai Tak office project in Hong Kong, Queen's Wharf Residences (Tower 4) in Brisbane, Aspen at Consort Place in London and Victoria Riverside in Manchester are anticipated to be completed by FY2025.
- Actively selling its non-core assets. The Group has appointed sales agents to sell the two Ritz-Carlton hotels in Australia in June 2023. Additionally, the Group's 25% owned joint venture completed the sale of Sheraton Grand Mirage Resort on the Gold Coast in November 2023 with an estimated pre-tax gain of approximately HK\$58 million. In August 2023, the Group executed a contract to sell an office building in London for approximately GBP8.2 million and the transaction is expected to be completed in 2H FY2024. The building was acquired by the Group in April 2023 for approximately GBP5.75 million. The Group is also earmarked to dispose of the long-lease residential blocks in Baoshan, Shanghai. Other non-core hotels where the Group holds a minority stake, smaller hotels operated by the Group and some mature car park assets are also earmarked to be disposed of.
- Proposed spin-off and separate listing of Palasino. This will unlock value and enable Palasino Group to raise funds. The Group has submitted the listing application to the Stock Exchange in September 2023. In addition, in March 2023, a pre-IPO investor had invested USD20 million for a 10% stake in Turbo Century Limited, the current holding company of Palasino Group.
- Capital raising for BC Invest. The Group is currently evaluating options for this business given that BC Invest continues to grow and will need new capital to execute on its plan. An adviser is being appointed and discussions are ongoing.

Management Discussion and Analysis

| | As at 30 September 2023 HK\$ million | As at 31 March 2023 HK\$ million |
|---|---|---|
| The Company's notes | 3,384 | 4,463 |
| Unsecured bank loans | 5,527 | 5,849 |
| Secured bank loans | | |
| – Property development and investment | 7,875 | 10,894 |
| – Hotel operations and management | 11,551 | 10,189 |
| – Car park operations and facilities management | 369 | 417 |
| – Gaming operations | 65 | 70 |
| – Others | 126 | 392 |
| Total bank loans, notes and bonds | 28,897 | 32,274 |

As at 30 September 2023, total bank loans, notes and bonds amounting to approximately HK\$28.9 billion, a decrease of HK\$3,377 million or 10.5% compared with 31 March 2023.

| Bank loans, notes and bonds, denominated in: | As at 30 September 2023 | As at 31 March 2023 |
|---|--|---------------------------|
| HKD | 61.0% | 60.8% |
| AUD | 8.1% | 13.7% |
| SGD | 5.4% | 5.7% |
| GBP | 9.4% | 3.2% |
| USD | 10.1% | 13.8% |
| Others | 6.0% | 2.8% |
| | 100% | 100% |

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 2023, Hong Kong dollar was the major currency of the indebtedness representing about 61.0%. The other major currencies of indebtedness were Australian dollar, Singapore dollar and Great British pound which were approximately 8.1%, 5.4% and 9.4%, respectively. Indebtedness in US dollar were mainly notes and bonds. During 1H FY2024, the average interest rate for bank loans increased to 6.74% from 2.74% as compared with 1H FY2023. As at 30 September 2023, the Group had 85.7% bank loans, notes and bonds with floating rates (as at 31 March 2023: 85.4%) while the remaining had fixed rates.

Management Discussion and Analysis

During 1H FY2024, the Group continued with its prudent approach to financial management in order to maintain a robust liquidity position. These primarily involved (i) repayment of approximately HK\$1,019 million of its 4.5% USD Medium Term Notes 2023; (ii) settlement of development loans of approximately HK\$2,981 million upon the completion of West Side Place (Towers 3 and 4) in Melbourne and Hyll on Holland in Singapore; and (iii) repurchase and cancellation of a principal amount of approximately HK\$41 million of 5.1% USD Medium Term Notes 2024 to be repaid in January 2024. Subsequent to the end of the reporting period, the Group further repurchased approximately HK\$30 million of 5.1% USD Medium Term Notes 2024. In the meantime, to optimise the Group's existing portfolio, additional financing of approximately HK\$1,078 million has been procured for ongoing development projects in Australia, Hong Kong and the UK.

As at 30 September 2023, the Group's bank loans, notes and bonds which were due within 1 year was approximately HK\$15,075 million. Of this amount, approximately (i) HK\$2,909 million represents the 5.1% USD Medium Term Notes 2024 to be repaid in January 2024; (ii) HK\$3,610 million were secured corporate, hospitality and car park loans which are expected to be rolled over or refinanced to a longer maturity; (iii) HK\$2,237 million were secured development loans, of which approximately HK\$1,516 million will be repaid from the presales proceed upon settlement and approximately HK\$721 million has been or is expected to be refinanced to a longer maturity; (iv) HK\$3,553 million were unsecured corporate loans which are being rolled over; (v) HK\$889 million will be repaid in accordance with the repayment schedule; and (vi) HK\$1,877 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 2023, the Group's undrawn banking facilities stood at approximately HK\$6.4 billion. Of this amount, approximately HK\$2.4 billion is allotted to development/construction facilities while the balance of approximately HK\$4.0 billion is for the Group's general corporate use. When combined with presales to be recognised from the Group's ongoing property development projects, the unutilised banking facilities place the Group in a good financial position to fund not only its existing business and operations, but also its sustainable growth going forward.

In addition, a total of 6 hotel assets were unencumbered as at 30 September 2023, carrying a capital value of approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2023. In addition, the Group has other assets unencumbered such as unsold residential inventory amounting to HK\$7.2 billion, retail assets and commercial assets. These can be used as collateral for further bank borrowings which could provide additional liquidity for the Group, should this be necessary.

Going forward, the Group remains committed to a proactive strategy of 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 FY2024, 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.

| Rate | As at 30 September 2023 | As at 31 March 2023 | Change |
|------------------|-------------------------------|---------------------------|--------|
| HK\$/AUD | 5.02 | 5.26 | (4.6)% |
| HK\$/RMB | 1.07 | 1.14 | (6.1)% |
| HK\$/MYR | 1.66 | 1.77 | (6.2)% |
| HK\$/GBP | 9.53 | 9.70 | (1.8)% |
| HK\$/CZK | 0.34 | 0.36 | (5.6)% |
| HK\$/SGD | 5.73 | 5.91 | (3.0)% |
| Average rate for | 1H FY2024 | 1H FY2023 | Change |
| HK\$/AUD | 5.14 | 5.48 | (6.2)% |
| HK\$/RMB | 1.11 | 1.17 | (5.1)% |
| HK\$/MYR | 1.72 | 1.78 | (3.4)% |
| HK\$/GBP | 9.62 | 9.50 | 1.3% |
| HK\$/CZK | 0.35 | 0.34 | 2.9% |
| HK\$/SGD | 5.82 | 5.48 | 6.2% |

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 FY2024 is analysed below:

Increase to the Group's profit attributable to shareholders for 1H FY2024 assuming exchange rates of the following currencies against the Hong Kong dollar remained constant during the period:

| | HK\$ million |
|---------------------|--------------|
| AUD | 36.3 |
| RMB | 1.3 |
| MYR | 0.6 |
| GBP | 1.2 |
| CZK | 0.2 |
| SGD | 0.2 |
| Total impact | 39.8 |

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\$810 million higher as at 30 September 2023 assuming exchange rates remained constant during 1H FY2024.

Management Discussion and Analysis

4. Net asset value per share

| | As at 30 September 2023 HK\$ million | As at 31 March 2023 HK\$ million |
|--|---|---|
| Equity attributable to shareholders of the Company | 11,004 | 12,355 |
| Add: Hotel revaluation surplus ⁽ⁱⁱⁱ⁾ | 19,140 | 19,236 |
| Adjusted net asset value attributable to shareholders⁽ⁱ⁾ | 30,144 | 31,591 |
| Number of shares issued (million) | 2,706 | 2,706 |
| Adjusted net asset value per share⁽ⁱ⁾ | HK\$11.14 | HK\$11.67 |

After adjusting for the revaluation surplus on hotel assets of approximately HK\$19,140 million based on independent valuations assessed as at 31 March 2023, the adjusted net asset value attributable to shareholders⁽ⁱ⁾, a non-GAAP financial measure, was approximately HK\$30,144 million. Adjusted net asset value per share⁽ⁱ⁾, a non-GAAP financial measure, for the Company as at 30 September 2023 was approximately HK\$11.14.

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) Based on the independent valuations carried out as at 31 March 2023 including the Dorsett Melbourne which was completed before 31 March 2023 and opened in April 2023, and excluding Dorsett Bukit Bintang which was disposed before 30 September 2023.

5. Capital expenditures

The Group's capital expenditures primarily went towards acquisitions, development and construction and refurbishment of hotel properties, plant and equipment and investment properties.

During 1H FY2024, the Group's capital expenditures amounted to approximately HK\$825 million, primarily attributable to (i) Dorsett Kai Tak, Hong Kong; and (ii) Dorsett Canary Wharf, London and Dao by Dorsett Hornsey, London. The capital expenditures were funded through a combination of borrowings and internal resources.

Management Discussion and Analysis

6. Capital commitments

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 2023 HK\$ million | As at 31 March 2023 HK\$ million |
|---|---|---|
| Capital expenditures contracted but not provided in the consolidated financial statements in respect of: | | |
| Acquisition, development and refurbishment of | | |
| – hotel properties and office | 651 | 971 |
| – investment properties | 451 | 573 |
| Commitment to provide credit facility to BC Invest | 172 | 75 |
| Others | 70 | 99 |
| | 1,344 | 1,718 |

As at 30 September 2023, the Group's capital commitments amounted to approximately HK\$1,344 million, primarily attributable to the following hotel developments: (i) Dorsett Kai Tak, Hong Kong; (ii) The Star Residences – Epsilon in Australia; and (iii) Dorsett Canary Wharf, London and Dao by Dorsett Hornsey, London. The capital commitments will be financed through a combination of borrowings and internal resources. All of these hotel developments are in the final stage of construction. It is expected that their capital expenditure are substantially reduced in the next financial year.

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 MCC. In August 2023, the Group has been selected as preferred bidder by Greater Manchester Combined Authority and Trafford Metropolitan Borough Council to act as development partner to deliver a GBP300 million mixed-use development on the site of the former Greater Manchester Police Headquarters in Trafford, Greater Manchester. Additionally, in August 2023, the Group has been granted permission for two planning applications covering the next phase of its Victoria North joint venture with MCC. 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\$14.1 billion as at 30 September 2023. 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 2023.

| Developments | Location | Attributable presales HK\$ million | Expected financial year of completion |
|---|-------------|--|---|
| Projects under presales | | | |
| Queen's Wharf Residences (Tower 4) ⁽ⁱⁱⁱ⁾ | Brisbane | 1,476 | FY2025 |
| Queen's Wharf Residences (Tower 5) ⁽ⁱⁱⁱ⁾ | Brisbane | 2,111 | FY2029 |
| Perth Hub | Perth | 533 | FY2025 |
| The Star Residences – Epsilon (Tower 2) ⁽ⁱⁱⁱ⁾ | Gold Coast | 531 | FY2025 |
| Aspen at Consort Place | London | 1,555 | FY2025 |
| Consort Place Social/Affordable Housing | London | 90 | FY2025 |
| Victoria Riverside (Tower A) | Manchester | 634 | FY2025 |
| Victoria Riverside (Tower B) Social/Affordable Housing | Manchester | 250 | FY2025 |
| Victoria Riverside (Tower C) | Manchester | 550 | FY2025 |
| Collyhurst Village | Manchester | 84 | FY2025 – FY2027 |
| Hyll on Holland ^{(ii)(iv)} | Singapore | 924 | FY2025 |
| Dorsett Place Waterfront Subang ⁽ⁱⁱ⁾⁽ⁱ⁾ | Subang Jaya | 270 | FY2025 |
| Kai Tak Development – Office | Hong Kong | 3,380 | FY2025 |
| Sub-total | | 12,388 | |

Management Discussion and Analysis

| Developments | Location | Attributable contracted sales HK\$ million |
|---|------------|--|
| Contracted sales of completed projects | | |
| West Side Place (Towers 1 and 2) | Melbourne | 5 |
| West Side Place (Tower 3) | Melbourne | 215 |
| West Side Place (Tower 4) | Melbourne | 237 |
| Elizabeth Quay | Perth | 4 |
| Hornsey Town Hall | London | 27 |
| MeadowSide (Plots 2 and 3) | Manchester | 32 |
| New Cross Central | Manchester | 18 |
| Royal Riverside | Guangzhou | 7 |
| Marin Point | Hong Kong | 6 |
| Manor Parc ^(v) | Hong Kong | 535 |
| Mount Arcadia ^(v) | Hong Kong | 614 |
| Sub-total | | 1,700 |
| Total | | 14,088 |

Notes:

- (i) Excludes contract presales already recognised as revenue up to 30 September 2023.
- (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 settlement of the contracted sales is expected in FY2025.

As at 30 September 2023, the expected attributable GDV of the Group's active residential property development projects under various stages of development across the regions was approximately HK\$60.4 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 | | | | |
| Monument | 595,000 | 2,350 | Planning | Planning |
| Perth | | | | |
| Perth Hub | 230,000 | 794 | Launched | FY2025 |
| Brisbane | | | | |
| Queen's Wharf Residences ⁽ⁱⁱⁱ⁾ | | | | |
| – Tower 4 | 253,000 | 1,476 | Launched | FY2025 |
| – Tower 5 | 353,000 | 2,304 | Launched | FY2029 |
| – Tower 6 | 161,000 | 1,204 | FY2025 | FY2028 |
| Gold Coast | | | | |
| The Star Residences ^(iv) | | | | |
| – Tower 2 – Epsilon | 109,000 | 531 | Launched | FY2025 |
| – Towers 3 to 5 | 374,000 | 1,818 | Planning | Planning |
| Hong Kong | | | | |
| Kai Tak Development – Office | 174,000 | 3,380 | Launched | FY2025 |
| Kai Tak Residential ^(v) | 254,000 | 6,606 | FY2025 | FY2026/FY2027 |
| Lam Tei, Tuen Mun | 180,000 | 2,966 | Planning | Planning |
| Ho Chung, Sai Kung ^(vi) | 19,000 | 567 | Planning | FY2027 |
| Sai Ying Pun ^(vii) | 75,000 | 1,808 | FY2026 | FY2028 |
| London | | | | |
| Aspen at Consort Place | 380,000 | 4,092 | Launched | FY2025 |
| Consort Place | | | | |
| – Social/Affordable Housing | 101,000 | 90 | Launched | FY2025 |
| Ensign House | 290,000 | 3,180 | Planning | Planning |
| Manchester | | | | |
| MeadowSide (Plot 4) | 244,000 | 953 | Planning | Planning |
| Victoria North ^(viii) | | | | |
| – Victoria Riverside (Tower A) | 227,000 | 1,022 | Launched | FY2025 |
| – Victoria Riverside (Tower B) | | | | |
| – Social/Affordable Housing | 85,000 | 250 | Launched | FY2025 |
| – Victoria Riverside (Tower C) | 149,000 | 629 | Launched | FY2025 |
| – Collyhurst Village | 153,000 | 402 | Launched | FY2025 – FY2027 |
| – Collyhurst Village | | | | |
| – Social/Affordable Housing | 104,000 | 332 | Planning | FY2025 – FY2027 |
| – NT02–04 | 1,077,000 | 4,622 | Planning | Planning |
| – Network Rail (Red Bank) | 1,532,000 | 5,986 | Planning | Planning |
| – Others (Red Bank) | 967,000 | 3,780 | 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 | 924 | Launched | FY2025 |
| Cuscaden Reserve ^(x) | 16,000 | 350 | Launched | FY2025 |
| Malaysia | | | | |
| Dorsett Place Waterfront Subang ^(xi) | 395,000 | 800 | Launched | FY2025 |
| Total developments pipeline as at 30 September 2023 | 8,691,000 | 53,216 | | |
| Completed developments available for sale | | | | |
| Melbourne | | | | |
| West Side Place | | | | |
| – Towers 1 and 2 | 255,000 | 1,026 | | |
| – Tower 3 | 260,000 | 1,128 | | |
| – Tower 4 | 337,000 | 1,475 | | |
| Perth | | | | |
| The Towers at Elizabeth Quay | 86,000 | 604 | | |
| London | | | | |
| Hornsey Town Hall | 25,000 | 210 | | |
| Manchester | | | | |
| MeadowSide (Plots 2 and 3) | 26,000 | 129 | | |
| New Cross Central | 11,000 | 45 | | |
| Shanghai | | | | |
| King's Manor | 10,000 | 69 | | |
| The Royal Crest II | 2,000 | 14 | | |
| District 17A | 5,000 | 26 | | |
| Guangzhou | | | | |
| Royal Riverside | 16,000 | 70 | | |
| Hong Kong | | | | |
| Marin Point | 46,000 | 541 | | |
| Manor Parc | 46,000 | 648 | | |
| Mount Arcadia | 61,000 | 1,236 | | |
| Total completed developments available for sale as at 30 September 2023 | 1,186,000 | 7,221 | | |
| Total pipeline and completed developments available for sale as at 30 September 2023 | 9,877,000 | 60,437 | | |

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 change 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 508,000 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 Urban Renewal Authority ("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 1,058,000 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 comprises of approximately 3,000 apartments spreading over 4 towers, with a total saleable floor area of approximately 2.2 million sq. ft. and an expected GDV of approximately HK\$9.8 billion.

The development consists of two hotels, including a luxury Ritz-Carlton hotel of 257 rooms in Tower 1 which opened on 23 March 2023 and a Dorsett brand hotel of 316 rooms in Tower 3 which opened on 18 April 2023. Towers 1 and 2 comprise 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 approximately HK\$4.8 billion. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$1.0 billion, and sales and settlements have continued post 1H FY2024.

Tower 3 and Tower 4 have been completed and commenced handover process in early April 2023. 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 approximately HK\$2.3 billion. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$1.1 billion. Of this amount, approximately HK\$215 million have been recorded as contracted sales. 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 approximately HK\$2.7 billion. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$1.5 billion. Of this amount, approximately HK\$237 million have been recorded as contracted sales. As the strong presales recorded, a significant cash flow was recorded from this development during the 1H FY2024, and sales and settlements have continued post 1H FY2024.

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 approximately 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 build-to-rent 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 2023, all retail components of development had been sold while the expected GDV of the completed stocks available for sale was approximately HK\$604 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 and features 314 residential apartments, with total expected GDV of approximately HK\$794 million and approximately 260 hotel rooms to be operated by Dorsett Hospitality International Limited ("Dorsett"). As at 30 September 2023, the Group has presold approximately HK\$533 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 of the Perth City Link projects. These three lots will host a wide range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is still currently in the planning stage.

Brisbane

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

- (i) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of approximately AUD300 million. Payments are made progressively, commencing from signing of the QWB Project documents and up to completion of the QWB Project which is expected to be completed in FY2025; 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 the residential component of the QWB Project, the Group's total capital commitment for the QWB Project is 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 and envisages three residential towers, three world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development gross floor area of the QWB Project is expected to be approximately 387,000 sq. m., of which approximately 142,000 sq. m. will be residential component.

Tower 4 is the only residential tower directly connected to the integrated resort development and features 667 residential apartments, with a total saleable floor area of approximately 506,000 sq. ft. and a total expected GDV of approximately HK\$3.0 billion. As at 30 September 2023, the Group has presold all the approximately HK\$3.0 billion (attributable GDV of HK\$1.5 billion) worth of units. Completion of the development is expected to be in FY2025.

The Group launched the Queen's Wharf Residences (Tower 5) in FY2022. Tower 5 is across the street from Tower 4 and will house 819 residential apartments, with a total saleable floor area of approximately 705,000 sq. ft. and with a total expected GDV of approximately HK\$4.6 billion. After its launch in March 2022, the project received a strong response. As at 30 September 2023, the Group has presold HK\$4.2 billion (attributable GDV of HK\$2.1 billion) worth of units. Completion of the development is expected to be in FY2029. Tower 6 is considered to be another residential tower and features 314 residential apartments, with a total saleable floor area of approximately 323,000 sq. ft. and a total expected GDV of HK\$2.4 billion. It is expected to be launched in FY2025 and completed in FY2028.

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 among the Group, The Star and CTF on the Gold Coast, in which the Group has a 33.3% interest.

The first tower of the development features a 313-room Dorsett hotel which opened in December 2021 and 422 residential apartments with a total saleable floor area of approximately 300,000 sq. ft. and a total expected GDV of approximately HK\$1.4 billion. All units of the first tower were completed and settled in 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 approximately HK\$1.6 billion. All 440 residential apartments worth approximately HK\$1.6 billion (attributable GDV of approximately HK\$531 million) were presold as at 30 September 2023 and completion of the development is expected in FY2025.

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 the years. The development is comprised of a diversified portfolio of residences, including low-rise and high-rise apartments as well as townhouses. The development consists of two phases, namely King's Manor and The Royal Crest II. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$109 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 2023, the expected GDV of completed stocks available for sale was approximately HK\$70 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, participating in government tenders and participating in URA tenders.

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 2023, the expected GDV of completed stocks available for sale was approximately HK\$541 million. Of this amount, approximately HK\$6 million have been recorded as contracted sales. The remaining units will be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in total saleable floor area. The development has been completed. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$648 million. Of this amount, approximately HK\$535 million has been recorded as contracted sales and is 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 total saleable floor area of approximately 84,000 sq. ft.. The total expected GDV of the 62 apartments is approximately HK\$1.4 billion. The project has been completed. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$1.2 billion. Of this amount, approximately HK\$614 million have been recorded as contracted sales and is expected to be settled in FY2025. The remaining units will be sold on a completed basis.

The Group acquired a piece of land in 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 Dorsett hotel with 373-room, namely Dorsett Kai Tak, Hong Kong, 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 complete in FY2025.

In November 2021, the Group formed a joint venture which is held as to 50% by the Group to acquire another Kai Tak site for residential development. The residential development will feature approximately 1,300 residential apartments, with a total saleable floor area of approximately 508,000 sq. ft. and a total expected GDV of approximately HK\$13.2 billion. Subject to market conditions, the development is expected to launch for presales in the coming 12 months and is expected to complete in FY2026/FY2027.

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

The Group formed a joint venture which is held as to 33.3% by the Group to acquire another residential site located at Ho Chung, Sai Kung 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 approximately HK\$1.7 billion (attributable GDV of approximately HK\$567 million). The development is expected to complete in FY2027.

In September 2022, the Group acquired the development right, through a tender conducted by the 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 the land into a mixed residential and commercial development with expected saleable floor area of approximately 75,000 sq. ft. and 2,800 sq. ft. respectively. The development obtained its building plan approval and will start foundation works in late 2H FY2024.

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 Group signed a contract to sell the remaining stock of 130 units for approximately MYR\$120 million in May 2023 and the sale was completed in September 2023.

Dorsett Place Waterfront Subang, located next to Dorsett Grand Subang, is a renowned 5-star hotel and the Group has a 50% interest in it. 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 2023, total presold value of approximately HK\$540 million (attributable GDV of approximately HK\$270 million) was recorded and the completion of the development is expected in FY2025.

Management Discussion and Analysis

United Kingdom

London

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, featuring private residences of approximately 481,000 sq. ft. in total saleable floor area consisting of approximately 502 residential units, 139 affordable housing units and a hotel of 231 rooms, as well as commercial spaces. Total presold value of approximately HK\$1.6 billion was recorded for the residential units as at 30 September 2023 and the affordable housing units were presold for approximately GBP43 million in FY2022. Lower floor residential units are expected to start handover in early FY2025 and the handover will be completed by stages.

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. It consists of 135 residential units with a total saleable floor area of approximately 108,000 sq. ft. and 11 social/affordable units. This development also has a commercial and office component covering approximately 45,500 sq. ft.. The development is completed and has commenced the handover process in FY2023. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$210 million. Of this amount, approximately HK\$27 million have been recorded as contracted sales. The handover process is expected to continue in 2H FY2024.

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 residential tower consisting of 390 residential units. It will have a total saleable floor area of approximately 290,000 sq. ft. and a total expected GDV of approximately HK\$3.2 billion. The project has received planning approval.

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 20,000 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 providing an illustrative masterplan in order to outline 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. This includes the acquisition of 20 acres of land from Network Rail in July 2019.

The Group completed New Cross Central, the first development under Victoria North within the New Cross neighbourhood in February 2023, comprising of 80 residential units with a total saleable floor area of approximately 62,000 sq. ft. and a total expected GDV of approximately HK\$247 million. The development is completed, with handovers commencing in FY2023. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$45 million. Of this amount, approximately HK\$18 million has been recorded as contracted sales. The development is expected to continue the handover in 2H FY2024.

Management Discussion and Analysis

Victoria Riverside is situated within the Red Bank neighbourhood and is situated 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 461,000 sq. ft. and a total expected GDV of approximately HK\$1.9 billion.

Tower A features 293 residential units with a total saleable floor area of approximately 227,000 sq. ft. and a total expected GDV of approximately HK\$1.0 billion. It was launched in late September 2022 and total presold value of approximately HK\$634 million was recorded as at 30 September 2023. 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 approximately HK\$629 million. Total presold value of approximately HK\$550 million was recorded as at 30 September 2023. The project is expected to be completed in FY2025.

Collyhurst Village is one of the first phases in the Collyhurst neighbourhood of the Victoria North masterplan. This development consists of 144 private residential units with approximately 153,000 sq. ft. in total saleable floor area and a total expected GDV of approximately HK\$402 million. It also includes 130 affordable housing units with approximately 104,000 sq. ft. in total saleable floor area and a total expected GDV of approximately HK\$332 million. The development was launched in FY2023 and is expected to be completed by phases between FY2025 to FY2027.

In August 2023, the Group secured planning permission for two planning applications covering the next phase of its Victoria North joint venture with MCC. The approval unlocks the Group's ambitions to deliver approximately 4,800 new homes in the emerging Red Bank neighbourhood. Red Bank is one of the first of seven neighbourhoods being regenerated as part of the GBP5 billion Victoria North project, which is one of the largest regeneration projects in the UK.

The vision for the Red Bank centres around a "Wild Urbanism" concept which promotes the benefits of high-density living within the nature of the River Irk Valley to create a unique city neighbourhood. Over 12 acres of new and improved river parkland, green space and public realm will be created to support an inclusive, sustainable urban neighbourhood. The buildings will be delivered to a high sustainability standard, with the proposals outlining plans for the installation of solar panels, heat pumps and green and brown roofs.

The Group has acquired over 30 acres of land in Red Bank and, alongside the secured planning consents, consolidates the Group's development pipeline in the neighbourhood for the next 10 years. The first, an outline planning approval, is for the delivery of up to 3,250 homes and more than 160,000 sq. ft. of non-residential floor space to be earmarked for commercial uses, a health centre, primary school, residential amenities and community spaces. The outline approval has a total estimated GDV of approximately HK\$9.8 billion.

The second approval is for a full planning application for the Group's next phase of delivery on NT02-04 adjacent to the 634-home Victoria Riverside scheme, which is currently under construction. This will see the delivery of seven buildings varying in height between 6 and 34 storeys and comprising over 1,500 homes covering approximately 1,077,000 sq. ft. and with an expected GDV of approximately HK\$4.6 billion, as well as a new high street that will include approximately 20,000 sq. ft. of commercial and retail space. NT02-04 is expected to commence ground works in FY2025, with phased completions of the plots from FY2027 through to FY2030.

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 approximately 217,000 sq. ft. and a total expected GDV of approximately HK\$892 million. Handover commenced in March 2022 smoothly. As at 30 September 2023, the expected GDV of completed stocks available for sale was approximately HK\$129 million. Of this amount, approximately HK\$32 million has been recorded as contracted sales.

Plot 5 has a total saleable area of approximately 99,000 sq. ft. and a total expected GDV of approximately HK\$390 million. The development is completed with all units presold and delivered as at 30 September 2023.

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

In August 2023, the Group was selected by public sector partners, the Greater Manchester Combined Authority and Trafford Metropolitan Borough Council, as their development partner for the former Greater Manchester Headquarters Station site on Chester Road in Old Trafford.

Situated in a high-profile location, the nine acre site is close to the home of Manchester United football club and other regional sports stadiums including Old Trafford Cricket Ground. With an estimated GDV of approximately GBP322 million, the site will deliver approximately 750 new homes including affordable housing units, hotel, a multi storey car park and around 30,000 sq. ft. of ground floor commercial space, along with new public open space to support the new community and match day spikes in visitor footfall to the area.

The site is close to key existing public transport nodes including the Trafford Bar Metrolink stop and is less than ten minutes from Manchester City Centre and the employment and media hub of Salford Quays, which are both less than ten minutes away by tram.

The Group is currently in the process of completing the legal formalities which should conclude in 2H FY2024.

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 and the development has 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 2023, all 319 residential units were sold out with the attributable unbooked presale amounting to approximately HK\$924 million. The development is expected to be completed in early FY2025.

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

Management Discussion and Analysis

Property investment

The Group's property investments comprise of investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore, the UK and Australia. In 1H FY2024, a fair value gain on investment properties of approximately HK\$40 million was recorded. This was attributable primarily to the revaluation gain from the office portion of the Kai Tak Development. As at 30 September 2023, the valuation of investment properties was approximately HK\$8.5 billion (31 March 2023: approximately HK\$8.1 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 approximately 1,200 units. The completion of the development is expected to be in FY2025. The other site has yet to commence construction and is expected to offer approximately 2,300 units. The Group is also earmarked to dispose of the residential blocks as part of its non-core assets disposal strategy.

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 2023, the Group owned a total of 33 hotels' including the wholly-owned Dorsett Group, Trans World Corporation under Palasino Group and the Ritz-Carlton hotels in Perth and Melbourne, as well as the partially-owned Dorsett Gold Coast in Australia and Dao by Dorsett AMTD in Singapore, with a total of approximately 8,700 rooms, spreading across Mainland China, Hong Kong, Malaysia, Singapore, Australia, the UK and Continental Europe. As of 30 September 2023, the Group also manages 3 other hotels in Malaysia with approximately 879 rooms.

On 23 March 2023, the Group opened The Ritz-Carlton, Melbourne, a 257-room luxury hotel represents the second Ritz-Carlton developed and opened by the Group in Australia. Later on, Dorsett Melbourne, the second Dorsett branded hotel in Australia consisting of 316 guest rooms was opened on 18 April 2023 during 1H FY2024. Both hotels are located within the West Side Place mixed-use development in the CBD of Melbourne.

As part of the Group's ongoing commitment to reduce debt level and gearing, and in line with the Group's strategy to divest non-core assets, the Group, through its 25% owned joint venture, completed the sale of Sheraton Grand Mirage Resort on the Gold Coast, Australia for approximately AUD192 million.

In order to unlock the full potential of Palasino Group, the Group has submitted the Form A1 (Listing Application Form) for the separate listing of Palasino. Palasino Group owns (i) one integrated land-based casino and resort and two full-service land-based casinos operating in the Czech Republic, offering primarily slot machines and table games, and (ii) three hotels in Germany and one hotel in Austria that offer accommodation, catering, conference, and leisure services. For details of Palasino Group's gaming operations, please refer to the section headed "4. Gaming operations and management". The operating performance of the Group's owned hotels for 1H FY2024 is summarised by region as follows. The results of hotels by region are expressed in the respective local currency ("LC") and Hong Kong dollar ("HK\$"). Due to the economic climate where the Hong Kong dollar remained strong against most major foreign currencies, our total numbers for the Dorsett Group, being converted from different foreign currencies into Hong Kong dollars, was impacted in a negative way.

Management Discussion and Analysis

| | Occupancy Rate ("OCC") | | Average room rate ("ARR") | | | Revenue per available room ("RevPAR") | | | Revenue | |
|--|------------------------|--------------|---------------------------|-------------------|----------------|---------------------------------------|-------------------|---------------|---------------------------|---------------------------|
| | 1H FY2024 | 1H FY2023 | 1H FY2024 (LC) | 1H FY2023 (LC) | % Change | 1H FY2024 (LC) | 1H FY2023 (LC) | % Change | 1H FY2024 (LC'million) | 1H FY2023 (LC'million) |
| Hong Kong (HK\$) | 86.8% | 71.3% | 702 | 1,238 | (43.3%) | 610 | 882 | (30.8%) | 338 | 519 |
| Malaysia (MYR) | 55.3% | 46.5% | 233 | 233 | - | 129 | 108 | 19.4% | 48 | 36 |
| Mainland China (RMB) | 69.7% | 48.4% | 376 | 247 | 52.2% | 262 | 120 | 118.3% | 105 | 55 |
| Singapore (SGD) ⁽ⁱ⁾ | 85.9% | 65.3% | 211 | 188 | 12.2% | 182 | 123 | 48.0% | 11 | 7 |
| United Kingdom (GBP) | 82.1% | 68.0% | 134 | 122 | 9.8% | 110 | 83 | 32.5% | 8 | 7 |
| Australia (AUD) ⁽ⁱⁱ⁾ | 54.8% | 72.0% | 348 | 370 | (5.9%) | 191 | 266 | (28.2%) | 40 | 19 |
| | | | (HK\$) | (HK\$) | | (HK\$) | (HK\$) | | (HK\$'million) | (HK\$'million) |
| Dorsett Group Total⁽ⁱⁱⁱ⁾ | 73.6% | 61.0% | 747 | 968 | (22.8%) | 550 | 591 | (6.9%) | 882 | 854 |
| Palasino Hotel Group^(iv) | 56.8% | 53.2% | 715 | 639 | 11.9% | 406 | 340 | 19.4% | 60 | 58 |

Notes:

- (i) Excludes Dao by Dorsett AMTD which is equity accounted.
- (ii) Excludes Dorsett Gold Coast which is equity accounted.
- (iii) Excludes Palasino Hotel Group but includes The Ritz-Carlton, Perth and The Ritz Carlton, Melbourne.
- (iv) Excludes Hotel Savannah, which is considered as facility integral to Palasino Group's casino and included under section headed "4. Gaming operations and management".

With the gradual lifting of COVID-19 related travel restrictions globally in early 2023, there has been an increase in both occupancy and average room rates at varying levels in most of the countries we operate. However, financial results for our hotel segment has yet to recover to the level we had considered to be normal prior to the Hong Kong protests in 2019 and COVID-19 from 2020 to 2022. Despite the strong rebound in business in the rest of the world, the majority of our earnings come from Hong Kong, where business has not fully recovered. This factor, combined with general inflation and an increase in financing costs, is reflected in our financial results for 1H FY2024.

In 1H FY2024, Dorsett Group's total revenue for hotel operations and management was approximately HK\$882 million, which remained stable when compared with approximately HK\$854 million in 1H FY2023 as strong performances in all other regions offset the weaker performance in Hong Kong, demonstrating the positive effect of Dorsett's geographic diversity. The overall OCC showed continued strength and rose 12.6 percentage points to approximately 73.6%, while ARR fell 23% to approximately HK\$747, resulting in our RevPAR recording a drop of 7% to approximately HK\$550. Despite this, the RevPAR still reflected growth of 11% and a 25% increase in total revenue compared to the same period in FY2020 before the onset of the COVID-19 pandemic.

Despite the lingering effects of geopolitical events and tension, low short-term economic visibility, and the expectation of sustained high interest rates which will continue to affect the performance of the economy as well as the hospitality industry, we expect business volumes to be sound in 2H FY2024, with various new initiatives being launched in different countries to boost the tourism industry, and we will continue to work diligently to tackle challenges in the overall macro environment.

Management Discussion and Analysis

Hong Kong

Although the business operations of the Group's hotels in Hong Kong have been steadily improving after the gradual lifting of Mainland China's COVID-19 related travel restrictions and Hong Kong's lifting of all COVID-19 related measures early this year, the overall revenues generated from hotels in Hong Kong in 1H FY2024 were still lower than the level attained in the comparative period in 1H FY2023, primarily due to the different revenue structure during the comparative period when our hotels in Hong Kong were operating as quarantine hotels or facilities under the quarantine schemes of the Hong Kong Government.

As a result, total revenue for Hong Kong hotel operations dropped 35% over the same period last year. It contributed approximately HK\$338 million which accounted for approximately 38% of the Group's hotel revenue. OCC in Hong Kong increased 15.5 percentage points to approximately 86.8% while ARR decreased by 43% to approximately HK\$702 as compared with the same period last year, resulting in a decrease of 31.0% in RevPAR to approximately HK\$610. Despite the impact of having a revenue structure, our hotels in Hong Kong have witnessed a growth of 9% on total revenue and 12% on RevPAR comparing with 1H FY2020, a period when COVID-19 was not a factor but social unrest was prevalent, with Hong Kong recording approximately 47 million total visitors for the first nine months of 2019.

On a brighter side, total visitors to Hong Kong in the first nine months of 2023 amounted to 23 million, of which 19 million were visitors from Mainland China, representing in both cases a year-on-year increase of over 93 times, together with vast business opportunities in Hong Kong to further integrate with the Mainland, we remain confident in the hospitality industry of our home market Hong Kong.

Malaysia

Hotel business in Malaysia continued their recovery and delivered a solid set of numbers during 1H FY2024. Total revenue from owned hotel operations for 1H FY2024 was approximately MYR48 million, which is 33.3% above the levels of 1H FY2023. ARR maintained at a similar level when compared to 1H FY2023 and OCC increased 8.8 percentage points to approximately 55.3%, resulting in a 19.4% increase of RevPAR to approximately MYR129.

With the gradual lifting of COVID-19 related restrictions in Mainland China and with many Chinese tourists starting to travel overseas, we expect the performance of our hotels to continue to improve in 2H FY2024.

Mainland China

Spurred by the gradual lifting of COVID-19 related restrictions, economic activities in Mainland China bounced back in early 2023. During 1H FY2024, our hotels in Mainland China have generally performed much better than they did in 1H FY2023. OCC rebounded to 69.7% and the overall ARR increased 52.2% to RMB376 per night. As a result, RevPAR rose by 118.3% to RMB262 per night for 1H FY2024.

Driven by this improvement in RevPAR and F&B, total revenue of our hotel portfolio in Mainland China in 1H FY2024 witnessed a 90.9% increase to RMB105 million. These significant increases in multiple terms also reflected the low base figures in the comparative period in same period last year due to the pandemic restrictions. To illustrate, the RevPAR was down 7% while total revenue was able to maintain at a similar level when compared with 1H FY2020, when hotel operation was unaffected by COVID-19.

Management Discussion and Analysis

Singapore

As a result of the tourism boom in Singapore, Dorsett Singapore, our 285 rooms hotel in downtown Singapore, has recorded an increase in ARR from approximately SGD188 to approximately SGD211, with RevPAR increased 48.0% to approximately SGD182. This allowed Dorsett Singapore to increase revenues significantly to approximately SGD11 million from SGD7 million, year-on-year. Comparing to 1H FY2020, Dorsett Singapore has recorded an increase of 43% in total revenue, and a 22% increase in RevPAR.

Looking forward, Singapore has a positive outlook on its hotel market performance. The market wide ARR is forecasted to further improve, with OCC to maintain or further improve in 2H FY2024.

UK

With the opening of Dao by Dorsett West London in July 2022 and the expiry of the Dorsett City London management contract in March 2023, the Group owns and manages 2 hotels in the UK and reported a rebound in business in 1H FY2024 compared to the challenging situation in the same period in 2023, as contracts with the government for quarantine guests returning from certain countries lapsed and general guests started coming back slowly.

Total revenue increased by 14.3% to approximately GBP8 million, with a 14.1 percentage points increase in OCC to approximately 82.1% and a 9.8% increase in ARR to approximately GBP134. As a result, RevPAR increased 32.5% when compared with 1H FY2023. It also represents a growth of 22% compared with 1H FY2020, pre-COVID. The outlook for our hotels in the UK is bright as the current value of the Pound Sterling provides an added incentive to visit the UK.

Australia

After disposing of the Sheraton Grand Mirage Resort on 3 November 2023, the Group owns 4 hotels in Australia, the wholly-owned The Ritz-Carlton, Perth, The Ritz-Carlton, Melbourne, and Dorsett Melbourne, as well as the partially-owned Dorsett Gold Coast.

During 1H FY2024, overall OCC in Australia dropped 17.2 percentage points to approximately 54.8% and ARR decreased 5.9% to approximately AUD348, resulting in a decrease of RevPAR to approximately AUD191, a 28.2% decrease when compared to the same period last year. These declines can be attributed to various factors, including a decrease in leisure business over the weekends at The Ritz-Carlton, Perth, as local staycation guests have the option to travel abroad since the gradual uplifting of COVID-19 restrictions globally. Moreover, since The Ritz-Carlton, Melbourne and Dorsett Melbourne were opened in March and April respectively this year, both hotels are still in a ramp-up period, and their growth is yet to be fully realised.

Despite these challenges, a remarkable 110.5% increase in total revenue was witnessed, reaching approximately AUD40 million. This growth can be attributed to the successful opening of The Ritz-Carlton, Melbourne and Dorsett Melbourne. In particular, Dorsett Melbourne has shown a notable increase in OCC starting from July 2023 and an overall improvement is expected in 2H FY2024.

Management Discussion and Analysis

Continental Europe – Palasino Hotel Group

Benefitting from an enlarged pool of resources and streamlined operations post pandemic, our Palasino Hotel Group has seen promising growth in 1H FY2024 as compared with the same period last year. Overall OCC increased 3.6 percentage points to approximately 56.8% and ARR increased 11.9% to approximately HK\$715, resulting in a 19.4% growth in RevPAR to approximately HK\$406. As a result, total revenue continues increased to approximately HK\$60 million in 1H FY2024 as compared to HK\$58 million in 1H FY2023.

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 124,000 bays as at 30 September 2023. Among the 406 car parks owned or under management by the "Care Park" brand, 24 were self-owned car parks with 8,556 car park bays. The remaining 115,176 car park bays in Australia, New Zealand, the UK, Hungary and Malaysia remain under management contracts with third-party car park owners.

In 1H FY2024, the revenue from Group's car park operations amounted to approximately HK\$356 million, a decrease of 5.2% as compared to the same period last year. This was mainly driven by our strategic measures to phase out those underperforming car parks. However, with our continuous commitment to refining operational efficiencies and implementing cost-saving measures, the car park operations are expected to achieve a steady growth during 2H FY2024.

4. Gaming operations and management

Europe

The Group operates its portfolio of one integrated land-based casino and two full-service land-based casinos in the Czech Republic under brand name of "Palasino" which features slot machines and gaming tables.

The Group's gaming revenue was primarily generated from slot machines whilst the remaining revenue were generated from table games. The Group's gaming operations in the Czech Republic have shown continuous growth, with a loyal customer base and consistent attendance. Performance of gaming operations has continued its growth trajectory, delivering satisfactory returns. In 1H FY2024, revenue from Palasino Group's gaming operations increased by approximately 14.0% to approximately HK\$151 million (net of gaming tax), when compared to 1H FY2023.

Palasino Group reactivated its online gaming licence in Malta recently and plans to launch its service in the coming few month(s). Looking ahead, the Group remains optimistic about its gaming business and ability to capitalise on growth opportunities in the region. The Group is currently exploring the opportunity for a capital market deal to unlock the full potential of Palasino Group to create additional value for shareholders. In FY2023, a pre-IPO investor had invested USD20 million for a 10% stake in Turbo Century Limited, the current holding company of Palasino Group in FY2023 and the Group submitted an application for the separate listing of Palasino to the Stock Exchange in September 2023.

Management Discussion and Analysis

The following tables set forth certain operating data of Palasino Group's casinos for the period ended 30 September 2023:

| | As at 30 September 2023 | As at 30 September 2022 |
|--|--|-------------------------------|
| Number of slot machines | 568 | 492 |
| Number of tables | 62 | 65 |
| | 1H FY2024 | 1H FY2023 |
| Table game revenue ⁽ⁱ⁾ (HK\$ million) | 34 | 35 |
| Slots revenue ⁽ⁱ⁾ (HK\$ million) | 107 | 90 |
| Table games hold percentage ⁽ⁱⁱ⁾ | 22.2% | 21.4% |
| Slot machine hold percentage ⁽ⁱⁱ⁾ | 5.2% | 4.7% |
| Average daily gross win per table (HK\$) ⁽ⁱⁱⁱ⁾ | 3,987 | 3,846 |
| Average slot win per machine per day (HK\$) ⁽ⁱⁱⁱ⁾ | 1,611 | 1,619 |

Notes:

- (i) Net of gaming tax
- (ii) A – slot machine drop (the total amount of slot machine bets made (coin in) in the slot machines)
 B – table game drop (the total amount of drop collected in the table games drop boxes plus any cash exchanged for chips at the cage)
 C – slot machine gross win (the total amount of slot machine bets made (coin in) minus slot machine bets paid out (coin out) that is retained as winnings)
 D – table game gross win (the amount of drop that is retained as winnings)
 Slot machine hold percentage = (C / A) x 100%
 Table games hold percentage = (D / B) x 100%
- (iii) Average slot win per machine per day = Slot machine gross win / ((opening number of machines + closing number of machines)/2)/ number of open days
- Average daily gross win per table = Table games gross win / ((opening number of tables + closing number of tables)/2)/ number of open days

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and currently has a 2.81% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, the Gold Coast and Brisbane.

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

- (i) strengthening the Group's relationship with The Star;
- (ii) forging a partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia; and
- (iii) allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth.

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, food and beverage outlets and more than 6,000 sq. m. of retail and dining space that will be operated by DFS Group, a global leader in retail operation.

The QWB Project is currently under construction, with its first stage expected to complete and open in FY2025.

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. BC Invest is building an asset management business (retail and institutional) to diversify its business model and financing sources and also extended its mortgage business to the domestic resident market.

Loans and advances maintained at approximately AUD4.2 billion as at 30 September 2023. BC Invest has strict lending rules, a highly diversified portfolio and a prudent weighted average loan-to-value ratio for Australia and the UK. Net interest margin was maintained at 1.23% for 1H FY2024. Though most of BC Invest's capital is provided by third parties, the Group has committed approximately AUD20 million and GBP23 million as at 30 September 2023, which was classified as investment securities. Including interest income from funding, BC Invest contributed approximately HK\$26 million to the Group's profit in 1H FY2024.

On 31 March 2023, BC Invest acquired the remaining portion of Mortgageport Management Pty. Ltd. ("Mortgageport") that it did not already own, resulting in full ownership of Mortgageport. Mortgageport is a leading non-bank lender, catering mostly to domestic borrowers. Including third party assets under management, BC Invest managed a total AUM of approximately AUD5.3 billion as at 30 September 2023.

On the funding side, BC Invest continued to diversify its funding sources by tapping into the RMBS market. In April 2023, it issued an RMBS that raised AUD507 million which is backed by first mortgage loans to Australian resident borrowers, including self-managed super fund ("SMSF") prime borrowers. This was followed by another RMBS transaction in August 2023 raising AUD456 million. These transactions featured a proportion of Australian domestic and SMSF prime borrowers. These issuances signal a shift towards a largely resident borrower RMBS program mix.

Post 1H FY2024 in October 2023, BC Invest successfully issued its ninth RMBS and raised AUD507 million. This transaction was backed by first mortgage loans to prime Australian resident borrowers, secured by mortgages over Australian residential properties.

Management Discussion and Analysis

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group recognises the importance of taking action towards a sustainable future and turning climate change initiatives into sustainable business opportunities. To achieve this, the Group is developing a net zero strategy roadmap in line with the latest science around climate change. The Group will ensure the strategy aligns with internationally recognised standards and best practices and develops business as usual emissions projections for the purpose of short and long-term goal setting. These projections will be used to identify and assess the most effective interventions for reducing the Group's environmental impact. Through this net zero strategy roadmap, the Group aims to reduce its carbon footprint and contribute to the global effort to combat climate change.

In July 2023, the Group obtained its second SLL facility for a tenor of 3 years, raising HK\$300 million in Hong Kong. Previously in March 2023, the Group also obtained a SLL facility raising HK\$700 million. Both facilities are tied to several key sustainability KPIs. Upon achieving the sustainability KPIs outlined in the SLL agreements, the Group will be eligible for interest savings, which can be reinvested into the Group's ESG initiatives and projects, further advancing the sustainability agenda. The Group anticipates the possibility of more upcoming SLL facilities in the future.

In addition, the Group has also donated HK\$1.5 million and provided 40,000 sq. ft. farmland to the Technological and Higher Education Institution of Hong Kong (THEi) for Chinese medicinal research centre, promoting the modernised use of Chinese medicine for cultural preservation.

OUTLOOK

Considering the volatility of the global economic environment, the Group takes a careful approach. In response to the mounting pressures on operating expenses and interest expenses, the Group is actively working on implementing measures to alleviate these challenges. Maintaining cost control and reducing debt levels remain top priorities in conjunction with the complete execution of the monetisation strategy. The Group will actively manage its liabilities by repaying or refinancing them through the bank market. The Group will focus on the timely and budget-conscious execution of ongoing projects, as well as the disposal of non-core assets. In particular, the Group has taken and will continue to take proactive initiatives as follows to reduce the debt levels and finance costs:

- focus on monetising existing completed inventory;
- recognition of other contracted presales such as the Kai Tak office project in Hong Kong;
- recycle capital by selling some non-core assets and mature car park assets to reduce the gearing without impacting long-term business performance;
- dispose of non-core hotel properties including those with minority interests, such as appointed sales agents to sell some non-Dorsett branded hotels including the Ritz-Carlton hotels in Perth and Melbourne and completed the sale of Sheraton Grand Mirage Resort in November 2023 through a joint venture;
- continue to engage with build-to-rent investors for certain upcoming projects in Shanghai and the UK; and
- capital raising for BC Invest.

Management Discussion and Analysis

In the next two years, the Group is poised for a significant transition. A number of milestone projects are reaching the completion and settlement stages. The Group will leverage the momentum gained from these milestone projects to embark on new endeavours.

During the period, we had a significant settlement from West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London, New Cross Central in Manchester and Hyll on Holland in Singapore. In the coming 12 to 24 months, we will see the completion of the three towers of Victoria Riverside in Manchester, Aspen at Consort Place in London, and Kai Tak office development in Hong Kong which will contribute to the Group's performance. The Group's cumulative attributable presales value and unbooked contracted sales stood at approximately HK\$14.1 billion as at 30 September 2023, providing significant visibility and capital for the years to come.

With the recent opening of two hotel properties in Melbourne, namely The Ritz-Carlton, Melbourne and Dorsett Melbourne, our portfolio has expanded with approximately 573 additional rooms. These additions have positively impacted the Group's hotel performance during 1H FY2024. Looking ahead, we maintain an optimistic outlook for consistent growth, as we anticipate an increase in demand from both business and leisure travellers. Furthermore, the Group has 8 more hotels currently in the development pipeline, scheduled to open within the next 36 months. We expect this ongoing pipeline of projects will further support our continued growth.

The Group's car park business will continue to grow steadily with continuing pursuit of new car park management contracts, whilst monetising the matured and non-core owned car parks to degear.

The Group's gaming business maintains robust performance, indicating its strength and success. The Group has submitted the application for the separate listing of Palasino to the Stock Exchange which we anticipate will unlock the capital value of the business and pave the way for numerous expansion opportunities in the future. Additionally, the Group reactivated its online gaming licence in Malta recently and plans to launch the service in the coming few month(s) to provide a new avenue to attract a broader customer base. In Australia, the impending opening of Queen's Wharf Brisbane is rapidly approaching and is expected to contribute to the Group's cash flows in FY2025.

BC Invest continues to demonstrate strong potential. By acquiring the remaining stake in Mortgageport and securing financing from leading credit providers, BC Invest has built an asset management business to further diversify its sources of capital. BC Invest is well positioned to capitalise on the mortgage financing market growth opportunity.

The Group maintains a healthy liquidity position of approximately HK\$4.6 billion as at 30 September 2023, with available undrawn credit facilities of approximately HK\$6.4 billion and 6 unencumbered hotel assets valued at approximately HK\$1.7 billion based on independent valuation assessed as at 31 March 2023. To ensure a reasonable gearing level, the Group will continue its strategy to monetise non-core assets and allocate the proceeds towards existing debt repayment and lower the debts level.

In conclusion, the Group has an exciting lineup of significant projects set to be completed in the next couple of years, spanning across property development, hospitality, and gaming divisions. The recurring income businesses are expected to maintain steady growth during this period. Although the economic environment presents uncertainties and challenges that may pose obstacles, the Group remains confident in its ability to deliver satisfactory results while prioritising the well-being of all stakeholders and executing 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 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) impairment loss under expected credit loss ("ECL") model recognised (reversed) 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) impairment loss under ECL model recognised (reversed) 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 the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 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 2023 and was not recognised in the Group's consolidated financial statements divided by the number of shares issued as at 30 September 2023 and 31 March 2023. 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 2023 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 2023 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 2023 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.

The following tables set forth the reconciliations of the Group's non-GAAP financial measures for the six months ended 30 September 2023 and comparative figures to the nearest measures prepared in accordance with HKFRS:

| | 1H FY2024 HK\$'000 | 1H FY2023 HK\$'000 |
|--|-------------------------------|-------------------------------|
| Profit for the period attributable to shareholders of the Company | 232,238 | 570,533 |
| Less: Change in fair value of investment properties (after tax) | (38,672) | 11,573 |
| Change in fair value of derivative financial instruments | (1,589) | (16,465) |
| Add: Change in fair value of financial assets at FVTPL | 48,753 | 61,794 |
| Loss on disposal of debt instruments at FVTOCI | 25,619 | 41,888 |
| Impairment loss under ECL model recognised (reversed) on trade debtors | 8,679 | (3,618) |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | - | 15,435 |
| Depreciation and impairment ⁽ⁱ⁾ | 231,571 | 215,892 |
| Adjusted cash profit (Non-GAAP) | 506,599 | 897,032 |
| Adjusted cash profit margin (Non-GAAP) | 8.0% | 29.6% |
| | 1H FY2024 HK\$'000 | 1H FY2023 HK\$'000 |
| Gross profit | 1,974,724 | 1,071,884 |
| Depreciation ⁽ⁱⁱ⁾ | 182,360 | 157,758 |
| Adjusted gross profit (Non-GAAP) | 2,157,084 | 1,229,642 |
| Adjusted gross profit margin (Non-GAAP) | 34.3% | 40.6% |

Non-GAAP Financial Measures

| | As at 30 September 2023 HK\$'million | As at 31 March 2023 HK\$'million |
|---|---|---|
| Equity attributable to shareholders of the Company | 11,004 | 12,355 |
| Hotel revaluation surplus ⁽ⁱⁱⁱ⁾ | 19,140 | 19,236 |
| Adjusted net asset value attributable to shareholders (Non-GAAP) | 30,144 | 31,591 |
| Number of shares issued (million) | 2,706 | 2,706 |
| Adjusted net asset value per share (Non-GAAP) | HK\$11.14 | HK\$11.67 |

| | As at 30 September 2023 HK\$'million | As at 31 March 2023 HK\$'million |
|--|---|---|
| Total assets | 48,791 | 53,423 |
| Hotel revaluation surplus ⁽ⁱⁱⁱ⁾ | 19,140 | 19,236 |
| Adjusted total assets (Non-GAAP) | 67,931 | 72,659 |

| | As at 30 September 2023 HK\$'million | As at 31 March 2023 HK\$'million |
|---|---|---|
| Total equity | 14,038 | 15,648 |
| Hotel revaluation surplus ⁽ⁱⁱⁱ⁾ | 19,140 | 19,236 |
| Adjusted total equity (Non-GAAP) | 33,178 | 34,884 |
| Net debts | 24,291 | 25,729 |
| Adjusted net gearing ratio (net debts to adjusted total equity) (Non-GAAP) | 73.2% | 73.8% |

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 2023 including the Dorsett Melbourne which was completed before 31 March 2023 and opened in April 2023, and excluding Dorsett Bukit Bintang which was disposed before 30 September 2023.

Other Information

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had approximately 4,300 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 2023, 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 | 0.94% |
| | Interest of spouse | 20,789,895 ⁽ⁱ⁾ | 0.77% |
| | Interest of controlled corporations | 1,362,198,582 ⁽ⁱ⁾ | 50.34% |
| Cheong Thard HOONG | Beneficial owner | 15,196,692 | 0.56% |
| | Joint interest | 545,802 ⁽ⁱⁱ⁾ | 0.02% |
| Dennis CHIU | Beneficial owner | 5,981 | 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 | 92,388 | 0.00% |

Notes:

- (i) 1,362,179,858 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 Mrs. 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 2023.

Other Information

A.2 Debentures

As at 30 September 2023, 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, Mrs. 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 USD7,940,000 of which USD4,000,000 was held by Tan Sri Dato' David CHIU and USD3,940,000 was held by his spouse, Mrs. Nancy CHIU NG.

As at 30 September 2023, Ms. Wing Kwan Winnie CHIU has 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 USD1,000,000; 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 USD3,000,000.

B. ASSOCIATED CORPORATIONS

B.1 Long position in the ordinary shares

| Name of directors | 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 | 792,383 | 3.46% ⁽ⁱⁱⁱ⁾ |
| Craig Grenfell WILLIAMS | BC Invest Care Park Group Pty. Ltd. ("Care Park") | Beneficial owner Beneficiary of a discretionary trust | 254,112 959 ^(iv) | 1.11% ⁽ⁱⁱⁱ⁾ 9.59% ^(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 2023.
- (iii) The percentage represents the number of ordinary shares interested divided by BC Invest's issued shares as at 30 September 2023.
- (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 2023.

Other Information

B.2 Long position in the underlying shares of BC Invest – physically settled unlisted derivatives

| Name of directors | Capacity | Number of underlying shares in respect of the purchase rights granted | Approximate % of BC Invest's issued share capital ⁽ⁱ⁾ |
|-----------------------|------------------|---|--|
| Cheong Thard HOONG | Beneficial owner | 457,502 | 2.00% |
| Wing Kwan Winnie CHIU | Beneficial owner | 114,376 | 0.50% |

Note:

- (i) The percentage represents the number of underlying shares interested divided by BC Invest's issued shares as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, 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 2023, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2023. The number of share options available for grant under the FECIL Share Option Schemes as at 1 April 2023 and 30 September 2023 were both 241,961,867.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 September 2023 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 2023, 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 | 1,362,179,858 ⁽ⁱ⁾ (long position) | 50.34% |
| Deacon Te Ken CHIU | Beneficial owner | 13,022,647 (long position) | 0.48% |
| | Interest of controlled corporations | 140,942,693 ⁽ⁱⁱ⁾ (long position) | 5.21% |
| | 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 2023.

Save as disclosed above, as at 30 September 2023, 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 2023, 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 2023, 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 2023.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of 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 of the Company for receiving such notifications.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2023, the Company, through its wholly-owned subsidiary, repurchased on the Stock Exchange and subsequently cancelled the 5.1% USD Medium Term Notes 2024 in the aggregate principal amount of USD5,250,000 for an aggregate consideration of USD5,118,285.

The Company also redeemed the outstanding principal amount (USD131,800,000) of the 4.5% USD Medium Term Notes 2023 at principal amount upon maturity on 13 May 2023.

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 2023.

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, standards 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 2023.

CHANGE IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, change in information of directors of the Company, as notified to the Company, subsequent to the date of the Company's 2023 Annual Report is set out below:

Mr. Wai Hon Ambrose LAM, an independent non-executive director of the Company, was appointed as a non-executive director of Sunac China Holdings Limited (a company listed on the Stock Exchange, stock code: 1918) with effect from 20 November 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Interim Dividend, the Register of Members of the Company will be closed from Friday, 29 December 2023 to Wednesday, 3 January 2024, 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 28 December 2023.

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

Hong Kong, 29 November 2023

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 58 to 92, which comprise the condensed consolidated statement of financial position as of 30 September 2023 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
29 November 2023

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2023

| | NOTES | Six months ended | |
|---|-------|--------------------------------------|--------------------------------------|
| | | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Revenue | 5 | 6,295,000 | 3,025,979 |
| Cost of sales and services | | (4,093,029) | (1,734,470) |
| Depreciation and amortisation of hotel and car park assets | | (227,247) | (219,625) |
| Gross profit | | 1,974,724 | 1,071,884 |
| Other income | | 90,544 | 587,835 |
| Other gains and losses | 6 | 25,477 | (130,529) |
| Administrative expenses | | | |
| – Hotel operations and management | | (240,907) | (208,102) |
| – Others | | (335,451) | (309,756) |
| Pre-operating expenses | | | |
| – Hotel operations and management | | (8,892) | (413) |
| Professional fees in relation to proposed listing of a subsidiary | | (14,452) | – |
| Selling and marketing expenses | | (427,756) | (94,393) |
| Share of results of associates | | 618 | (1,955) |
| Share of results of joint ventures | | (11,915) | 188,859 |
| Finance costs | 7 | (514,568) | (243,057) |
| Profit before tax | | 537,422 | 860,373 |
| Income tax expense | 8 | (194,403) | (192,579) |
| Profit for the period | 9 | 343,019 | 667,794 |
| Attributable to: | | | |
| Shareholders of the Company | | 232,238 | 570,533 |
| Owners of perpetual capital notes | | 103,836 | 104,078 |
| Other non-controlling interests | | 6,945 | (6,817) |
| | | 110,781 | 97,261 |
| | | 343,019 | 667,794 |
| Earnings per share | 10 | | |
| – Basic (HK cents) | | 8.6 | 21.4 |
| – Diluted (HK cents) | | 8.6 | 21.4 |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Profit for the period | 343,019 | 667,794 |
| 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 | (1,033,433) | (2,705,156) |
| Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of a foreign operation | (8,485) | - |
| Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI") | (39,061) | (138,691) |
| Reclassification adjustment on disposal of debt instruments at FVTOCI | 25,619 | 41,888 |
| Impairment loss under expected credit loss ("ECL") model recognised on debt instruments at FVTOCI | - | 15,435 |
| Share of other comprehensive (expense) income of an associate | (275) | 20,558 |
| <i>Item that will not be reclassified to profit or loss:</i> | | |
| Fair value change on equity instruments at FVTOCI | (296,175) | (161,570) |
| Other comprehensive expense for the period | (1,351,810) | (2,927,536) |
| Total comprehensive expense for the period | (1,008,791) | (2,259,742) |
| Total comprehensive (expense) income attributable to: | | |
| Shareholders of the Company | (1,100,484) | (2,338,553) |
| Owners of perpetual capital notes | 103,836 | 104,078 |
| Other non-controlling interests | (12,143) | (25,267) |
| | 91,693 | 78,811 |
| | (1,008,791) | (2,259,742) |

Condensed Consolidated Statement of Financial Position

At 30 September 2023

| | NOTES | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--|--------|--------------------------------------|------------------------------------|
| Non-current Assets | | | |
| Investment properties | 12 | 8,529,905 | 8,113,310 |
| Property, plant and equipment | 12 | 12,111,025 | 12,312,279 |
| Goodwill | | 68,400 | 68,400 |
| Interests in associates | | 1,664,417 | 1,731,289 |
| Interests in joint ventures | | 2,490,531 | 2,435,355 |
| Investment securities | 13 | 533,812 | 634,452 |
| Deposits for acquisition of property, plant and equipment | | 86,676 | 94,972 |
| Amounts due from joint ventures | | 1,666,640 | 1,574,905 |
| Amounts due from associates | | 62,864 | 62,864 |
| Amount due from an investee company | | 119,995 | 119,995 |
| Loan receivables | | 193,490 | 222,078 |
| Pledged deposits | 21 | 4,774 | 4,661 |
| Deferred tax assets | | 285,930 | 215,793 |
| Other assets | | 26,872 | 28,346 |
| Other receivables | 14 (a) | 73,365 | – |
| | | 27,918,696 | 27,618,699 |
| Current Assets | | | |
| Properties for sale | | | |
| Completed properties | | 6,001,768 | 4,146,644 |
| Properties under development | | 8,246,815 | 12,806,635 |
| Other inventories | | 13,174 | 13,548 |
| Debtors, deposits and prepayments | 14 (a) | 593,638 | 706,147 |
| Customers' deposits under escrow | | 363,830 | 389,175 |
| Contract assets | 14 (b) | 937,941 | 233,410 |
| Contract costs | | 178,109 | 295,903 |
| Amounts due from joint ventures | | 162,344 | 210,870 |
| Amounts due from associates | | 61,295 | 11,406 |
| Amount due from a shareholder of non-wholly owned subsidiary | | 22,504 | 253,701 |
| Amount due from a related company | | 826 | 826 |
| Tax recoverable | | 88,497 | 61,978 |
| Investment securities | 13 | 1,373,584 | 1,479,816 |
| Loan receivables | | 2,751 | 5,889 |
| Derivative financial instruments | | 32 | 3,643 |
| Pledged deposits | 21 | 63,663 | 708,739 |
| Cash and cash equivalents | | 2,698,888 | 4,431,485 |
| | | 20,809,659 | 25,759,815 |
| Property held for sale | | 62,177 | 44,266 |
| | | 20,871,836 | 25,804,081 |

Condensed Consolidated Statement of Financial Position

At 30 September 2023

| | NOTES | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--|-------|--------------------------------------|------------------------------------|
| Current Liabilities | | | |
| Creditors and accruals | 15 | 2,126,722 | 2,047,897 |
| Contract liabilities | | 656,250 | 592,871 |
| Lease liabilities | | 63,722 | 57,693 |
| Amount due to a related company | | 1,012 | 953 |
| Amounts due to associates | | 7,742 | 7,848 |
| Amount due to a joint venture | | 23,620 | – |
| Amounts due to shareholders of non-wholly owned subsidiaries | | 163,039 | 168,084 |
| Derivative financial instruments | | – | 7,964 |
| Tax payable | | 556,649 | 642,132 |
| Dividend payable | | 270,591 | – |
| Notes | 16 | 2,908,817 | 3,987,584 |
| Bank and other borrowings | 17 | 12,166,095 | 17,401,147 |
| | | 18,944,259 | 24,914,173 |
| Net Current Assets | | 1,927,577 | 889,908 |
| Total Assets less Current Liabilities | | 29,846,273 | 28,508,607 |
| Non-current Liabilities | | | |
| Lease liabilities | | 283,151 | 322,461 |
| Notes | 16 | 475,417 | 475,061 |
| Bank and other borrowings | 17 | 13,346,958 | 10,410,161 |
| Deferred tax liabilities | | 1,021,079 | 971,752 |
| Other liabilities | 18 | 681,898 | 680,960 |
| | | 15,808,503 | 12,860,395 |
| Net Assets | | 14,037,770 | 15,648,212 |
| Capital and Reserves | | | |
| Share capital | 19 | 270,591 | 270,591 |
| Share premium | | 4,712,161 | 4,712,161 |
| Reserves | | 6,021,741 | 7,372,413 |
| Equity attributable to shareholders of the Company | | 11,004,493 | 12,355,165 |
| Owners of perpetual capital notes | 20 | 2,903,319 | 2,903,563 |
| Other non-controlling interests | | 129,958 | 389,484 |
| | | 3,033,277 | 3,293,047 |
| Total Equity | | 14,037,770 | 15,648,212 |

The condensed consolidated financial statements on pages 58 to 92 were approved and authorised for issue by the Board of Directors on 29 November 2023 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 2023

| | 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 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 Changes in Equity

For the six months ended 30 September 2023

| | Attributable to shareholders of the Company | | | | | | | | | | Owners of | | | 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 | Sub-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 2023 | 270,591 | 4,712,161 | 35,964 | 54,727 | (999,049) | (2,118,154) | 103,016 | 727,549 | 9,568,360 | 12,355,165 | 2,903,563 | 389,484 | 3,293,047 | 15,648,212 |
| Profit for the period | - | - | - | - | - | - | - | - | 232,238 | 232,238 | 103,836 | 6,945 | 110,781 | 343,019 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | (1,014,345) | - | - | - | (1,014,345) | - | (19,088) | (19,088) | (1,033,433) |
| Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operation | - | - | - | - | - | (8,485) | - | - | - | (8,485) | - | - | - | (8,485) |
| Fair value change on debt instruments at FVTOCI | - | - | - | - | (39,061) | - | - | - | - | (39,061) | - | - | - | (39,061) |
| Reclassification adjustment on disposal of debt instruments at FVTOCI | - | - | - | - | 25,619 | - | - | - | - | 25,619 | - | - | - | 25,619 |
| Fair value change on equity Instruments at FVTOCI | - | - | - | - | (296,175) | - | - | - | - | (296,175) | - | - | - | (296,175) |
| Share of other comprehensive income of an associate | - | - | - | - | - | - | (275) | - | - | (275) | - | - | - | (275) |
| Other comprehensive expense for the period | - | - | - | - | (309,617) | (1,022,830) | (275) | - | - | (1,332,722) | - | (19,088) | (19,088) | (1,351,810) |
| Total comprehensive (expense) income for the period | - | - | - | - | (309,617) | (1,022,830) | (275) | - | 232,238 | (1,100,484) | 103,836 | (12,143) | 91,693 | (1,008,791) |
| Distribution to owners of perpetual capital notes | - | - | - | - | - | - | - | - | - | - | (104,080) | - | (104,080) | (104,080) |
| Dividend to non-controlling interest (Note i) | - | - | - | - | - | - | - | - | - | - | - | (226,980) | (226,980) | (226,980) |
| Dividends recognised as distribution (note 11) | - | - | - | - | - | - | - | - | (270,591) | (270,591) | - | - | - | (270,591) |
| Acquisition of additional interest in a non-controlling interest (Note ii) | - | - | - | - | - | (427) | - | 23,399 | (2,569) | 20,403 | - | (20,403) | (20,403) | - |
| At 30 September 2023 (unaudited) | 270,591 | 4,712,161 | 35,964 | 54,727 | (1,308,666) | (3,141,411) | 102,741 | 750,948 | 9,527,438 | 11,004,493 | 2,903,319 | 129,958 | 3,033,277 | 14,037,770 |

Notes:

- (i) For the six months ended 30 September 2023, a non-wholly owned subsidiary of the Company settled dividend payable amounting approximately SGD\$39 million (equivalent to approximately HK\$227 million) through current account with its non-controlling shareholder.
- (ii) On 26 June 2023, FEC Care Park Holdings (Australia) Pty Ltd ("FEC Care Park"), an indirect wholly-owned subsidiary of the Group entered into the settlement deeds with various parties to dismiss the claims under legal proceedings, pursuant to which effective interest in Care Park Group Pty Ltd was increased from 77.75% to 90.41%. Details are set out in the Company's announcement dated 26 June 2023.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

| | NOTE | Six months ended | |
|--|------|--------------------------------------|--------------------------------------|
| | | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Operating activities | | | |
| Profit before tax | | 537,422 | 860,373 |
| Adjustments for: | | | |
| Share of results of joint ventures | | 11,915 | (188,859) |
| Depreciation of property, plant and equipment | | 234,824 | 227,682 |
| Change in fair value of investment properties | | (40,207) | 12,390 |
| Loss on disposal of debt instruments at FVTOCI | | 25,619 | 41,888 |
| Gain on disposal of subsidiaries | 6 | (41,344) | - |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | | - | 15,435 |
| Finance costs | | 514,568 | 243,057 |
| Others | | 25,762 | 40,442 |
| Operating cash flows before movement from working capital | | 1,268,559 | 1,252,408 |
| Decrease (increase) in properties for sale | | 2,522,944 | (2,093,805) |
| Decrease in debtors, deposits and prepayments | | 122,053 | 101,625 |
| Decrease (increase) in loan receivables | | 31,724 | (48,279) |
| Increase in contract assets | | (711,640) | - |
| Decrease in contract costs | | 107,421 | 1,876 |
| Increase (decrease) in creditors and accruals | | 159,396 | (281,000) |
| Decrease in customers' deposits under escrow | | 19,842 | 98,603 |
| Increase in contract liabilities | | 73,211 | 48,366 |
| Cash from (used in) operations | | 3,593,510 | (920,206) |
| Income tax paid | | (419,054) | (106,878) |
| Net cash from (used in) operating activities | | 3,174,456 | (1,027,084) |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

| | NOTE | Six months ended | |
|---|------|--------------------------------------|--------------------------------------|
| | | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Investing activities | | | |
| Acquisition and development expenditure of property, plant and equipment | | (489,133) | (192,452) |
| Proceeds from disposal of property, plant and equipment | | 95,618 | 50,187 |
| Development expenditure of investment properties | | (548,680) | (225,509) |
| Proceeds from disposal of investment properties | | 553 | 1,165 |
| Capital investment in joint ventures | | (142,465) | (24,983) |
| Dividend income received from joint ventures | | 9,224 | 4,952 |
| Advance to joint ventures | | (92,408) | (250,030) |
| Repayment from joint ventures | | 47,765 | 294,553 |
| Return of capital from a joint venture | | 18,504 | - |
| Purchase of equity investments at FVTPL | | (2,545) | (16,388) |
| Proceeds from disposal of equity investments at FVTPL | | 723 | - |
| Purchase of equity investments at FVTOCI | | (207,592) | - |
| Proceeds from disposal of equity investments at FVTOCI | | - | 150,911 |
| Purchase of debt instruments at FVTOCI | | (491,714) | (664,837) |
| Proceeds from sale/redemption of debt instruments at FVTOCI | | 495,062 | 668,979 |
| Proceeds from sale of debt instruments at fair value through profit or loss ("FVTPL") | | 46,255 | 115,321 |
| Proceeds from redemption of convertible bonds | | - | 110,500 |
| Purchase of investment funds | | (155,982) | (17,484) |
| Proceeds from sale of investment funds | | 94,497 | 92,109 |
| Net cash inflow on disposal of subsidiaries | 6 | 88,651 | - |
| Placement of pledged bank deposits | | (47,342) | (260,354) |
| Release of pledged bank deposits | | 680,363 | 353,647 |
| Deposits received for disposal of a subsidiary | | - | 338,000 |
| Cash paid for structured financing arrangement | 6 | - | (388,367) |
| Other investing activities | | (50,979) | 17,605 |
| Net cash (used in) from investing activities | | (651,625) | 157,525 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

| | Six months ended | |
|--|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Financing activities | | |
| New bank and other borrowings raised | 4,813,710 | 4,410,649 |
| Repayment of bank and other borrowings | (6,810,423) | (3,016,314) |
| Repurchase of notes | (41,030) | (88,942) |
| Repayment of notes | (1,018,955) | – |
| Interest paid | (987,330) | (425,195) |
| Repayment of lease liabilities | (26,973) | (22,623) |
| Distribution to owners of perpetual capital notes | (104,080) | (104,078) |
| Other financing activities | 25,144 | (5,469) |
| Net cash (used in) from financing activities | (4,149,937) | 748,028 |
| Net decrease in cash and cash equivalents | (1,627,106) | (121,531) |
| Cash and cash equivalents at beginning of the period | 4,431,485 | 6,902,605 |
| Effect of foreign exchange rate changes | (105,491) | (569,565) |
| Cash and cash equivalents at end of the period | 2,698,888 | 6,211,509 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash | 2,698,888 | 6,211,509 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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 2023, 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 ("USD"), which has strengthened relative to many major currencies. This affected 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 Renminbi, United Kingdom and Australia to HK\$, leading to a significant exchange differences arising on translation of foreign operations amounting to HK\$1,033,433,000.

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 new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 31 March 2023.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

| | |
|--|--|
| HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendment to HKAS 1 and HKFRS Practices Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform – Pillar Two Model Rules |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

Except as described below, the application of the new and 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 March 2024.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 March 2024.

Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

Accounting policies (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 March 2023, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;
- (ii) the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of HK\$63,470,000 and deferred tax liabilities of HK\$63,470,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 April 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to HKFRSs (continued)

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules (continued)

For certain entities of the Group where the Pillar Two legislation is enacted or substantially enacted but not yet in effect, the Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending 31 March 2024.

For other entities operating in jurisdictions where the Pillar Two legislations has not been enacted or substantially enacted, the Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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 2023

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 30.9.2023 HK\$'000 (unaudited) | Six months ended 30.9.2022 HK\$'000 (unaudited) | Six months ended 30.9.2023 HK\$'000 (unaudited) | Six months ended 30.9.2022 HK\$'000 (unaudited) |
| Property development | | | | |
| – Australia | 3,043,190 | 233,145 | 665,864 | 103,123 |
| – Hong Kong ("HK") | 12,409 | 240,053 | (4,101) | 83,859 |
| – Malaysia | 8,185 | 7,011 | 2,878 | 1,990 |
| – Other regions in the People's Republic of China excluding HK ("PRC") | 41,219 | 113,316 | 24,348 | 603,419 |
| – Singapore | 1,208,943 | 280,296 | 69,051 | 21,869 |
| – United Kingdom ("UK") | 432,101 | 623,108 | 97,128 | 230,624 |
| | 4,746,047 | 1,496,929 | 855,168 | 1,044,884 |
| Property investment | | | | |
| – Australia | 9,823 | 6,119 | 21,235 | 2,579 |
| – HK | 19,556 | 17,097 | 50,583 | 1,486 |
| – PRC | 21,006 | 30,227 | 2,212 | 6,716 |
| – UK | 3,893 | 3,466 | 4,219 | 3,468 |
| | 54,278 | 56,909 | 78,249 | 14,249 |
| Hotel operations and management | | | | |
| – Australia | 207,784 | 102,758 | (63,473) | 25,788 |
| – HK | 338,098 | 518,541 | 50,982 | 200,346 |
| – Malaysia | 74,092 | 57,579 | 12,934 | 9,105 |
| – PRC | 115,933 | 64,451 | 13,356 | (13,926) |
| – Singapore | 66,484 | 41,356 | 32,361 | 27,994 |
| – UK | 79,804 | 69,153 | (12,030) | 15,629 |
| – Europe (other than UK) | 60,294 | 57,664 | (1,566) | (1,489) |
| | 942,489 | 911,502 | 32,564 | 263,447 |
| Car park operations and facilities management | | | | |
| – Australia and New Zealand | 273,134 | 303,207 | 51,523 | (16,555) |
| – Europe | 73,468 | 61,090 | 2,895 | 1,499 |
| – Malaysia | 9,498 | 11,142 | (866) | (1,983) |
| | 356,100 | 375,439 | 53,552 | (17,039) |
| Gaming operations | | | | |
| – Australia | – | – | (8) | (13) |
| – Czech Republic | 150,642 | 132,110 | 34,138 | 35,074 |
| | 150,642 | 132,110 | 34,130 | 35,061 |
| Securities and financial product investments in HK | 16,690 | 35,790 | (35,749) | (85,791) |
| Provision of mortgage services | | | | |
| – Australia | 24,325 | 13,763 | 23,037 | 22,534 |
| – HK | 4,429 | 3,537 | 3,952 | 3,317 |
| | 28,754 | 17,300 | 26,989 | 25,851 |
| Segment revenue/segment profit | 6,295,000 | 3,025,979 | 1,044,903 | 1,280,662 |
| Unallocated corporate income and expenses and other gains and losses | | | 11,188 | (52,610) |
| Net foreign exchange loss | | | (4,101) | (124,622) |
| Finance costs | | | (514,568) | (243,057) |
| Profit before tax | | | 537,422 | 860,373 |

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 2023

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, other gains and losses, net foreign exchange loss, professional fees in relation to proposed listing of a subsidiary, 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 cash and cash equivalents.

| | As at 30.9.2023 HK\$'000 (unaudited) | As at 31.3.2023 HK\$'000 (audited) |
|--|---|---|
| Property development | | |
| – Australia | 6,095,051 | 8,246,033 |
| – HK | 5,884,615 | 5,691,556 |
| – Malaysia | 171,089 | 368,436 |
| – PRC | 2,453,269 | 2,885,768 |
| – Singapore | 1,905,342 | 2,409,442 |
| – UK | 5,301,865 | 4,735,242 |
| | 21,811,231 | 24,336,477 |
| Property investment | | |
| – Australia | 388,950 | 311,129 |
| – HK | 5,477,752 | 5,019,107 |
| – PRC | 3,634 | 5,620 |
| – UK | 33,631 | 33,465 |
| | 5,903,967 | 5,369,321 |
| Hotel operations and management | | |
| – Australia | 4,583,886 | 4,675,309 |
| – HK | 5,206,706 | 5,022,024 |
| – Malaysia | 816,117 | 847,602 |
| – PRC | 1,904,016 | 2,055,649 |
| – Singapore | 544,148 | 571,463 |
| – UK | 1,010,850 | 1,024,777 |
| – Europe (other than UK) | 299,435 | 320,435 |
| | 14,365,158 | 14,517,259 |
| Car park operations and facilities management | | |
| – Australia and New Zealand | 884,249 | 1,044,931 |
| – Europe | 335,848 | 377,143 |
| – Malaysia | 130,780 | 132,745 |
| | 1,350,877 | 1,554,819 |
| Gaming operations | | |
| – Australia | 246,672 | 356,361 |
| – Czech Republic | 264,252 | 286,373 |
| | 510,924 | 642,734 |
| Securities and financial product investments in HK | 1,219,867 | 1,563,492 |
| Provision of mortgage services | | |
| – Australia | 616,754 | 776,805 |
| – HK | 197,684 | 228,593 |
| | 814,438 | 1,005,398 |
| Segment assets | 45,976,462 | 48,989,500 |
| Unallocated corporate assets | 2,814,070 | 4,433,280 |
| Total assets | 48,790,532 | 53,422,780 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (continued)

Segment assets (continued)

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

5. REVENUE

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Sales of properties | 4,676,585 | 1,349,649 |
| Construction revenue | 54,875 | 136,349 |
| Hotel revenue | | |
| – room revenue | 838,997 | 812,888 |
| – food and beverage | 82,944 | 64,356 |
| Car park income | | |
| – parking revenue | 311,579 | 326,792 |
| – management fee | 45,506 | 49,214 |
| Gaming revenue | 194,279 | 172,059 |
| Less: gaming tax | (67,351) | (58,448) |
| Net gaming revenue from gaming operation | 126,928 | 113,611 |
| Provision of property management services | 12,636 | 20,229 |
| Other operations | 7,757 | 3,770 |
| Revenue from contracts with customers | 6,157,807 | 2,876,858 |
| Leasing of properties – operating lease | 91,749 | 95,563 |
| Loan interest income | 4,429 | 3,537 |
| Interest income from financial instruments | 40,222 | 49,183 |
| Dividend income from financial instruments | 793 | 838 |
| | 6,295,000 | 3,025,979 |
| Timing of revenue recognition from contracts with customers | | |
| – At a point in time | 3,685,271 | 1,265,588 |
| – Over time | 2,472,536 | 1,611,270 |
| | 6,157,807 | 2,876,858 |

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 2023

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 2023 | | | | | |
|--|--|-----------------|----------|----------|--------------|------------------|
| | Segment | Leasing of | Food and | | Interest and | Consolidation |
| | revenue | properties | beverage | Gaming | dividend | |
| HK\$'000 | and car | HK\$'000 | HK\$'000 | income | HK\$'000 | |
| | park income | HK\$'000 | | HK\$'000 | HK\$'000 | HK\$'000 |
| Property development* | 4,746,047 | (14,587) | - | - | - | 4,731,460 |
| Hotel operations | 942,489 | (36,505) | (73,397) | 6,410 | - | 838,997 |
| Car park operations | 356,100 | 985 | - | - | - | 357,085 |
| Gaming operations | 150,642 | - | (17,304) | (6,410) | - | 126,928 |
| Provision of property management services | - | 12,636 | - | - | - | 12,636 |
| Food and beverage | - | - | 82,944 | - | - | 82,944 |
| Other operations | - | - | 7,757 | - | - | 7,757 |
| Revenue from contracts with customers | 6,195,278 | (37,471) | - | - | - | 6,157,807 |
| Leasing of properties | 54,278 | 37,471 | - | - | - | 91,749 |
| Provision of mortgage services | 28,754 | - | - | - | (24,325) | 4,429 |
| Interest income and dividend income from financial instruments | 16,690 | - | - | - | 24,325 | 41,015 |
| Total revenue | 6,295,000 | - | - | - | - | 6,295,000 |

| | For the six months ended 30 September 2022 | | | | | |
|--|--|-----------------|----------|----------|--------------|------------------|
| | Segment | Leasing of | Food and | | Interest and | Consolidation |
| | revenue | properties | beverage | Gaming | dividend | |
| HK\$'000 | and car | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | park income | HK\$'000 | | HK\$'000 | income | HK\$'000 |
| Property development* | 1,496,929 | (10,931) | - | - | - | 1,485,998 |
| Hotel operations | 911,502 | (48,987) | (55,399) | 5,772 | - | 812,888 |
| Car park operations | 375,439 | 567 | - | - | - | 376,006 |
| Gaming operations | 132,110 | - | (12,727) | (5,772) | - | 113,611 |
| 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 |

* 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 2023

6. OTHER GAINS AND LOSSES

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Change in fair value of investment properties | 40,207 | (12,390) |
| Loss on disposal of debt instruments at FVTOCI | (25,619) | (41,888) |
| Gain on disposal of subsidiaries (Note (a)) | 41,344 | - |
| Change in fair value of financial assets at FVTPL | (48,753) | (61,794) |
| Change in fair value of derivative financial instruments | 1,589 | 16,465 |
| Gain on disposal of property, plant and equipment | 29,463 | 3,224 |
| Net foreign exchange loss | (4,101) | (124,622) |
| Reversal of impairment loss on property, plant and equipment | 26 | 1,390 |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | - | (15,435) |
| (Impairment loss) reversal of impairment loss under ECL model recognised on trade debtors | (8,679) | 3,618 |
| Gain arising from structured financing arrangement (Note (b)) | - | 100,903 |
| | 25,477 | (130,529) |

Notes:

- (a) On 15 May 2023, the Company has entered into a sales and purchase agreement with Alvord Global Limited (the "Purchaser"), whereby the Group has agreed to sell and the Purchaser has agreed to purchase the entire issued shares and paid-up shares of Well Distinct Limited and its subsidiaries, wholly owned subsidiaries of the Group, for an aggregate consideration of approximately MYR120,303,000 (equivalent to HK\$200,146,000), of which HK\$89,141,000 has been settled before the end of the reporting period and the remaining considerations amounting to HK\$111,005,000 bearing interest at 4% per annum will be settled within 3 years from the date of the agreement, with HK\$37,640,000 being classified as current asset and HK\$73,365,000 being classified as non-current asset. The disposal has been completed on 27 September 2023.
- (b) 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.

A gain of HK\$100,903,000 had been recognised during the six months ended 30 September 2022. 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 had been completed on 5 October 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

7. FINANCE COSTS

| | Six months ended | |
|--|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Interest on: | | |
| Bank borrowings | 871,360 | 356,214 |
| Other loans | 2,156 | 4,704 |
| Interest on notes | 93,296 | 120,853 |
| Interest on lease liabilities | 5,831 | 5,666 |
| Amortisation of front-end fee | 15,058 | 5,568 |
| Others | 11,161 | 16,601 |
| Total interest costs | 998,862 | 509,606 |
| Less: amounts capitalised to: | | |
| – properties for sale (properties under development) | (417,176) | (239,557) |
| – owners' occupation (properties, plant and equipment) | (67,118) | (26,992) |
| | 514,568 | 243,057 |

Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 4.5% to 5.63% (six months ended 30.9.2022: 2.39% to 5.25%) per annum to expenditure on the qualifying assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

8. INCOME TAX EXPENSE

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| The income tax expense comprises: | | |
| Current tax: | | |
| Hong Kong Profits Tax | 36,601 | 75,331 |
| PRC Enterprise Income Tax ("PRC EIT") | 6,678 | 18,511 |
| PRC Land Appreciation Tax ("PRC LAT") | 3,582 | 19,343 |
| Australia Income Tax | 172,762 | 10,543 |
| Malaysia Income Tax | 1,404 | 1,125 |
| Singapore Income Tax | 3,411 | 4,885 |
| UK income tax | 33,554 | - |
| Czech Republic Income Tax | 9,269 | 8,395 |
| | 267,261 | 138,133 |
| Dividend withholding tax and interest withholding tax | 78,669 | - |
| Under provision in prior years: | | |
| Hong Kong Profits Tax | 3,707 | 6,021 |
| | 349,637 | 144,154 |
| Deferred taxation | (155,234) | 48,425 |
| | 194,403 | 192,579 |

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%, 25% and 19% (31.3.2023: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profit, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

9. PROFIT FOR THE PERIOD

| | Six months ended | |
|--|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Profit for the period has been arrived at after charging: | | |
| Depreciation of property, plant and equipment (including depreciation of leased properties of HK\$26,645,000 (six months ended 30.9.2022: HK\$42,673,000)) | 234,824 | 227,682 |
| and after crediting (included in other income): | | |
| Bank interest income | 33,534 | 26,210 |
| Government grants | 120 | 17,578 |
| Compensation income included in other income (Note) | - | 475,320 |

Note: Amount represented the compensation in relation to settlement agreement entered on 27 July 2021 between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") at a total consideration of RMB408,000,000 (equivalent to approximately HK\$475,320,000). Pursuant to the Settlement Agreement, the Group was obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000. Based on the external legal counsel opinion, the Group had fulfilled all the obligations as stipulated in the settlement agreement and recognised the full compensation amount as other income during 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\$232,238,000 (six months ended 30.9.2022: HK\$570,533,000) and the number of shares calculated as follows:

| | Six months ended | |
|---|----------------------------------|----------------------------------|
| | 30.9.2023 '000 (unaudited) | 30.9.2022 '000 (unaudited) |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | 2,705,905 | 2,661,581 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

11. DIVIDENDS

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Dividends recognised as distribution during the period: | | |
| Final dividend for the year ended 31 March 2023 of HK10 cents (six months ended 30 September 2022: final dividend for the year ended 31 March 2022 of HK16 cents) per share | 270,591 | 387,139 |

The 2023 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\$1.7125 per share (six months ended 30.9.2022: HK\$1.888 per share) which was the average of the closing prices per share for the four consecutive trading days up to and including 11 September 2023.

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 September 2022: HK4.0 cents) per share, in an aggregate amount of approximately HK\$108,236,000 (six months ended 30 September 2022: HK\$107,545,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on 3 January 2024. The aggregate amount of HK\$108,236,000 has been calculated on the basis of approximately 2,705,905,000 ordinary shares in issue as at 30 September 2023.

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

During the period ended 30 September 2023, the Group acquired certain property, plant and equipment amounting to HK\$188,955,000 (six months ended 30.9.2022: HK\$37,297,000) and incurred development expenditure on development of certain hotel properties amounting to HK\$245,272,000 (six months ended 30.9.2022: HK\$238,540,000).

During the period ended 30 September 2023, the Group has acquired investment properties amounted to HK\$81,667,000 (six months ended 30.9.2022: nil) and incurred development expenditure of investment properties amounting to HK\$516,592,000 (six months ended 30.9.2022: HK\$237,286,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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

The fair value of the investment properties at 30 September 2023 and 31 March 2023 have been arrived at on the basis of valuations carried out on these date by the following independent firms of qualified professional valuers not connected to the Group:

| Location of the investment properties | Independent qualified professional valuers | Qualification |
|---------------------------------------|---|--|
| Australia | CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd. | Member of the Australian Property Institute |
| HK/PRC | Cushman & Wakefield Limited Knight Frank Petty Ltd. | Member of the Hong Kong Institute of Surveyors |
| Singapore | Savills Valuation and Professional Services (S) Pte. Ltd. Knight Frank Pte. Ltd. | Member of the Singapore Institute of Surveyors and Valuers |
| UK | Hallams Property Consultants LLP Thwaites Real Estate Ltd. | Royal Institution of Chartered Surveyors |

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 2023

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 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, 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 2023

13. INVESTMENT SECURITIES

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|-------------------------------------|---|------------------------------------|
| (i) Financial assets at FVTPL | | |
| (a) Investments held for trading | | |
| Listed equity securities | 9,321 | 15,465 |
| (b) Debt instruments at FVTPL | | |
| Listed debt securities | – | 46,030 |
| (c) Equity instruments at FVTPL | | |
| Unlisted equity securities | 19,258 | 17,136 |
| (d) Investment funds | 766,691 | 750,345 |
| | 795,270 | 828,976 |
| (ii) Financial assets at FVTOCI | | |
| (a) Debt instruments at FVTOCI | | |
| Listed debt securities | 538,554 | 481,900 |
| Unlisted debt securities | 326,900 | 447,031 |
| | 865,454 | 928,931 |
| (b) Equity instruments at FVTOCI | | |
| Equity securities listed overseas | 246,672 | 356,361 |
| Total | 1,907,396 | 2,114,268 |
| | 30.9.2023 HK\$'000 | 31.3.2023 HK\$'000 |
| Analysed for reporting purposes as: | | |
| Non-current assets | 533,812 | 634,452 |
| Current assets | 1,373,584 | 1,479,816 |
| | 1,907,396 | 2,114,268 |

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

14. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS

(a) Debtors, deposits and prepayments

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--|---|------------------------------------|
| Trade debtors | | |
| – Contracts with customers | 287,679 | 295,607 |
| – Lease receivables | 62,305 | 64,854 |
| Less: allowance for expected credit losses | (80,337) | (71,658) |
| | 269,647 | 288,803 |
| Utility and other deposits | 48,419 | 44,469 |
| Prepayment and other receivables | 199,824 | 217,928 |
| Other tax recoverable | 38,108 | 154,947 |
| Consideration receivables (note 6(a)) | 111,005 | – |
| | 667,003 | 706,147 |
| Analysed for reporting purpose as: | | |
| Non-current assets | 73,365 | – |
| Current assets | 593,638 | 706,147 |
| | 667,003 | 706,147 |

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:

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--------------|---|------------------------------------|
| 0–60 days | 222,652 | 192,824 |
| 61–90 days | 3,878 | 5,784 |
| Over 90 days | 43,117 | 90,195 |
| | 269,647 | 288,803 |

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

14. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS (continued)

(b) Contract assets

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

15. CREDITORS AND ACCRUALS

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--|---|------------------------------------|
| Trade creditors | | |
| – Construction cost and retention payable | 940,508 | 872,698 |
| – Others | 108,379 | 194,169 |
| | 1,048,887 | 1,066,867 |
| Construction cost and retention payable for capital assets | 271,581 | 276,908 |
| Rental deposits and rental receipts in advance | 32,207 | 21,144 |
| Other tax payables | 111,771 | 128,321 |
| Other payables and accrued charges | 662,276 | 554,657 |
| | 2,126,722 | 2,047,897 |

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

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|--------------|---|------------------------------------|
| 0–60 days | 972,322 | 970,251 |
| 61–90 days | 1,010 | 1,064 |
| Over 90 days | 75,555 | 95,552 |
| | 1,048,887 | 1,066,867 |

16. NOTES

During the current interim period, notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 to independent third party has been settled. An aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 to independent third party is expected to be settled with funds generated internally and draw down from banking facilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

17. BANK AND OTHER BORROWINGS

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|------------------------------------|---|------------------------------------|
| Bank loans | 25,385,309 | 27,426,716 |
| Other loans | 202,768 | 469,940 |
| | 25,588,077 | 27,896,656 |
| Less: front-end fee | (75,024) | (85,348) |
| | 25,513,053 | 27,811,308 |
| Analysed for reporting purpose as: | | |
| Secured | 20,047,971 | 22,033,434 |
| Unsecured | 5,540,106 | 5,863,222 |
| | 25,588,077 | 27,896,656 |
| Current liabilities | 12,166,095 | 17,401,147 |
| Non-current liabilities | 13,346,958 | 10,410,161 |
| | 25,513,053 | 27,811,308 |

| | Bank loans | | Other loans | |
|--|--------------------|-----------|--------------------|-----------|
| | 30.9.2023 | 31.3.2023 | 30.9.2023 | 31.3.2023 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (audited) | (unaudited) | (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 | 5,311,391 | 4,005,806 | 126,528 | 392,340 |
| More than one year, but not exceeding two years | 5,235,815 | 3,728,548 | - | - |
| More than two years, but not exceeding five years | 7,648,201 | 6,176,733 | - | - |
| More than five years | 386,702 | 427,280 | 76,240 | 77,600 |
| | 18,582,109 | 14,338,367 | 202,768 | 469,940 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

17. BANK AND OTHER BORROWINGS (continued)

| | Bank loans | | Other loans | |
|---|--------------------------------------|--|--------------------------------------|------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) (Note) | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
| The carrying amounts of the borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable: | | | | |
| Within one year | 4,851,435 | 8,878,811 | - | - |
| More than one year, but not exceeding two years | 90,862 | 2,067,010 | - | - |
| More than two years, but not exceeding five years | 1,722,446 | 1,995,086 | - | - |
| More than five years | 63,433 | 62,094 | - | - |
| | 6,728,176 | 13,003,001 | - | - |
| | 25,310,285 | 27,341,368 | 202,768 | 469,940 |

Note: As at 31 March 2023, out of the amount of HK\$7,113,073,000 of bank loans with breach of certain of the terms of the bank loans agreements, the amount of HK\$3,378,296,000 represented bank loans with original repayment term of more than one year which were reclassified from non-current liabilities to current liabilities as of 31 March 2023, which were primarily as a result of exceeding required gearing ratio of the Group. Subsequent to 31 March 2023 and before 30 September 2023, the bankers had either agreed not to demand immediate repayment or the directors of the Company had reached successful conclusion with relevant bankers for the negotiation of the terms. As at 30 September 2023, the relevant bank loans are classified based on the original repayment term.

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 2023, the Group had received deposit of HK\$676,000,000 (31.3.2023: HK\$676,000,000) from the Purchaser. In the opinion of the management of the Group, the transaction is expected to be completed in last quarter of 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

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 2022 (audited) | 2,419,618,679 | 241,962 |
| Bonus issue of shares (Note (a)) | 241,961,867 | 24,196 |
| At 30 September 2022 (unaudited) | 2,661,580,546 | 266,158 |
| Issue of shares in lieu of cash dividend (Note (b)) | 44,324,636 | 4,433 |
| At 31 March 2023 (audited) and 30 September 2023 (unaudited) | 2,705,905,182 | 270,591 |

Notes:

- (a) The Company had issued 241,961,867 bonus shares 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 ranked pari passu in all respects with the existing ordinary shares of the Company.
- (b) On 17 February 2023 and 24 October 2022, the Company issued and allotted 17,283,812 and 27,040,824 new fully paid shares of HK\$0.10 each at HK\$1.888 and HK\$2.122 per share, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2023 interim dividend and 2022 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2023 and 14 September 2022, respectively. These new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

21. CHARGE ON ASSETS

Bank borrowing of HK\$20,047,971,000 (31.3.2023: HK\$22,033,434,000) and lease liabilities of HK\$1,040,000 (31.3.2023: HK\$1,195,000) 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:

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|---|---|------------------------------------|
| Investment properties | 6,276,082 | 5,750,701 |
| Property, plant and equipment (excluding right-of-use assets) | 6,572,204 | 6,876,128 |
| Right-of-use assets | 2,060,608 | 2,110,319 |
| Properties for sale | 8,775,237 | 13,299,911 |
| Bank deposits | 68,437 | 713,400 |
| Investment securities | 31,090 | 38,738 |
| Total | 23,783,658 | 28,789,197 |

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\$345,833,000 (31.3.2023: HK\$378,959,000) are recognised with related right-of-use assets of HK\$248,815,000 (31.3.2023: HK\$272,055,000) as at 30 September 2023. 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.

22. CAPITAL COMMITMENTS

| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) |
|---|---|------------------------------------|
| Capital expenditure contracted for but not provided in respect of: | | |
| Acquisition, development and refurbishment of properties | | |
| – hotel and office properties | 231,838 | 534,409 |
| – investment properties | 450,602 | 572,250 |
| Capital injection to investment funds | 69,798 | 99,065 |
| | 752,238 | 1,205,724 |
| The Group's share of the capital commitment relating to its joint ventures and associates, but not recognised at the end of the reporting date is as follows: | | |
| Commitment to contribute funds for the acquisition, development and refurbishment of hotel properties | 419,081 | 436,739 |
| Commitment to provide a credit facility to a joint venture | 171,933 | 75,227 |
| | 591,014 | 511,966 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

23. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

| | Six months ended | |
|---|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Provision for sales and marketing services by a joint venture | 623 | 3,396 |
| Interest income from unlisted debt securities issued by a joint venture | 24,325 | 13,763 |
| Interest received from a joint venture | 548 | 816 |

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

| | Six months ended | |
|--------------------------|--------------------------------------|--------------------------------------|
| | 30.9.2023 HK\$'000 (unaudited) | 30.9.2022 HK\$'000 (unaudited) |
| Short-term benefits | 8,254 | 5,517 |
| Post-employment benefits | 80 | 84 |
| | 8,334 | 5,601 |

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

24. 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

24. 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 |
|---|--------------------------------------|---|----------------------|---|
| | 30.9.2023 HK\$'000 (unaudited) | 31.3.2023 HK\$'000 (audited) | | |
| 1a) Listed equity securities classified as financial assets at FVTPL | 9,321 | 15,465 | Level 1 | Quoted bid prices in an active market. |
| 1b) Listed equity securities classified as equity instruments at FVTOCI | 246,672 | 356,361 | Level 1 | Quoted bid prices in an active market. |
| 1c) Unlisted equity securities classified as financial assets at FVTPL | 19,258 | 17,136 | Level 2 | Reference to market value provided by brokers/financial institution. |
| 2a) Listed debt securities classified as financial assets at FVTPL | - | 46,030 | Level 1 | Quoted bid prices in an active market. |
| 2b) Unlisted debt securities classified as financial assets at FVTOCI | 326,900 | 447,031 | Level 2 | Reference to market value provided by brokers/financial institution. |
| 2c) Listed debt securities classified as financial assets at FVTOCI | 538,554 | 481,900 | Level 1 | Quoted bid prices in an active market. |
| 3a) Investment funds classified as financial assets at FVTPL | 468,892 | 446,585 | Level 2 | Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds. |
| 3b) Investment funds classified as financial assets at FVTPL | 297,799 | 303,760 | Level 3 | Reference to the net asset value of the unlisted equity investment provided by the external counterparties taking into consideration of discount for lack of marketability. |
| 4a) Cross currency swap contracts classified as derivative financial instruments | Assets - - Liabilities - - | Assets - - Liabilities - (7,964) | 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. |
| 4b) Interest rate swap contracts classified as derivative financial instruments | Assets - 32 Liabilities - - | Assets - 3,643 Liabilities - - | 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. |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

24. 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)

There were no transfers between level 1, 2 and 3 during the period ended 30 September 2023 and 30 September 2022.

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.

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 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) |
| As 1 April 2023 | - | - | 303,760 | - |
| Addition | - | - | 26,074 | - |
| Disposal | - | - | (4,310) | - |
| Fair value movement | - | - | (27,520) | - |
| Exchange loss | - | - | (205) | - |
| As 30 September 2023 | - | - | 297,799 | - |

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

25. CONTINGENT LIABILITIES

In relation to the contingent liabilities of Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (“DBC”), an associate of the Group, as disclosed in note 51 to the Group’s annual financial statements for the year ended 31 March 2023, Multiplex Construction Qld Pty Ltd further lodged an adjudication application during the six months ended 30 September 2023. The adjudication was applied with the Queensland Building and Construction Commission under the Building Industry Fairness (Security of Payment) Act 2017 (Qld) for payment claim for extensions of time, entitlements to liquidated damages and damages. DBC is currently reviewing the adjudication application and will respond in accordance with the process in the relevant legislation. Up to the date of approval for issuance of the condensed consolidated financial statements, the adjudication is still in progress. However, the directors of the Company expect that the case will not have significant financial impact to the Group.

26. EVENTS AFTER THE REPORTING PERIOD

In June 2023, Destination Gold Coast Investments Pty Ltd (“DGCI”), a joint venture of the Group, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for A\$192 million. The transaction was completed in November 2023, the management of the Group is in the process of assessing the financial impact of the transaction and the expected gain to be recorded by DGCI during the year ending 31 March 2024, of which 25% would be shared by the Group.

On 24 October 2023, the Company issued and allotted 78,169,766 new fully paid shares of HK\$0.10 each at HK\$1.7125 per share, to the shareholders who elected to receive shares in the Company in lieu of cash for the 2023 final dividend pursuant to the scrip dividend scheme announced by the Company on 11 September 2023. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.



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