



遠東發展有限公司

Far East Consortium International Limited

Stock Code 股份代號 : 035



2012-13

Interim Report 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)
Chris Cheong Thard HOONG, B. ENG., ACA
Denny Chi Hing CHAN
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B. ENG. (CIVIL)

Non-Executive Director

Daniel Tat Jung CHIU

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

EXECUTIVE COMMITTEE

David CHIU
Chris Cheong Thard HOONG
Denny Chi Hing CHAN
Dennis CHIU
Craig Grenfell WILLIAMS
Boswell Wai Hung CHEUNG

MANAGING DIRECTOR

Chris Cheong Thard HOONG

CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

AUTHORIZED REPRESENTATIVES

David CHIU
Boswell Wai Hung CHEUNG

LEGAL ADVISORS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS**Hong Kong**

Cathay United Bank Company, Limited
 China Citic Bank International Limited
 Chong Hing Bank Limited
 Dah Sing Bank, Limited
 DBS Bank (Hong Kong) Limited
 Hang Seng Bank Limited
 Industrial and Commercial Bank of
 China (Asia) Limited
 Nanyang Commercial Bank, Limited
 Public Bank (Hong Kong) Limited
 The Hongkong and Shanghai Banking
 Corporation Limited
 Wing Hang Bank, Limited

Malaysia

AmBank (M) Berhad
 OCBC Bank (Malaysia) Berhad
 Public Bank Berhad

Singapore

The Hongkong and Shanghai
 Banking Corporation Limited

Australia

Australia and New Zealand Banking
 Group Limited
 Commonwealth Bank of Australia
 Limited
 Westpac Banking Corporation

Mainland China

Agricultural Bank of China Limited
 China Construction Bank Corporation
 DBS Bank (China) Limited
 HSBC Bank (China) Company Limited
 Shanghai Pudong Development Bank
 Company, Limited

Shanghai Rural Commercial Bank
 Co., Ltd.
 Wing Hang Bank (China) Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

P.O. Box 1043, Ground Floor,
 Caledonian House, Mary Street,
 George Town,
 Grand Cayman, Cayman Islands,
 British West Indies

PRINCIPAL OFFICE

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

SHARE REGISTRAR

Tricor Standard Limited
 26th Floor, Tesbury Centre,
 28 Queen's Road East,
 Wanchai,
 Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
 Convertible Bond 2015 (Code: 4317)
 The Stock Exchange of Hong Kong
 Limited

WEBSITE

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

Note: This interim report was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the 2 versions, the English version shall prevail.

Interim Results Highlights

INTERIM RESULTS

The Board of Directors (“Board”) of Far East Consortium International Limited (“Company” or “FECIL”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30 September 2012 (“Interim Period 2013”). The Company’s Audit Committee has reviewed the results of the financial statements of the Group for the Interim Period 2013 prior to recommending them to the Board for approval.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the Interim Period 2013 of HK2 cents (Interim Period 2012: HK1 cent) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (“Shareholders”) whose names appear on the Company’s Register of Members on 2 January 2013. Interim Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting the listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 2 January 2013. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election on or around 11 January 2013. Dividend warrants and/or new share certificates will be posted on or around 8 February 2013.

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEWS

Financial review

1. Interim results

During the period from 1 April 2012 to 30 September 2012 (“Interim Period 2013”), net profit attributable to shareholders of the Company amounted to approximately HK\$610 million, representing an increase of approximately 626% as compared with the same period of last financial year. The increase was mainly due to (i) growth in hotel operating performance; (ii) gain on disposal of a subsidiary holding Dorsett Regency Hotel, Hong Kong located at Kennedy Town, Hong Kong; (iii) increase in gain on fair value of investment properties; and (iv) write back of an over provision of land appreciation tax (“LAT”).

Consolidated revenue during the Interim Period 2013 increased by 9.1% to approximately HK\$903 million. Revenue from recurring income business (property investment, hotel operation and car park operation) increased by 9.7% to approximately HK\$867 million, representing approximately 96.0% of the consolidated revenue for the Interim Period 2013. Sale of property development was approximately HK\$32 million. The remaining revenue was derived from treasury investment.

	Interim Period 2013 Revenue HK\$ million	Interim Period 2012 Revenue HK\$ million	Growth
Dorsett Group	554	499	11.0%
Car parks	281	259	8.5%
Property investment	32	32	—
Total recurring income business	867	790	9.7%

Revenue from the Group’s hotel division (Dorsett Hospitality International Limited, “Dorsett Group”) reached approximately HK\$554 million, representing an increase of 11.0% as compared with the same period of last financial year. This was primarily due to an increase in revenue per available room (“RevPAR”) as well as the increase in number of rooms during the Interim Period 2013.

Car park revenue reached approximately HK\$281 million, an increase of 8.5% during the Interim Period 2013. Revenue relating to property investment was approximately HK\$32 million, approximately the same as the same period of last financial year.

The Group continued to maintain and manage a portfolio of residential, office and commercial investment properties, a wide array of car park properties and well diversified hotel property portfolio which constituted the major components of the earnings base and served as key growth drivers for the recurring income business of the Group. The recurring income business will continue to provide a stable source of income and cash flow to the Group.

During the Interim Period 2013, sales of residential property were mainly derived from Bakerview located at Hunghom, Hong Kong. Looking forward, the scheduled completion of property development in Australia, Shanghai, Hong Kong, Singapore and Malaysia is expected to deliver a strong performance in the Group's property development business within the coming three to four years.

Gross profit for the Interim Period 2013 totalled to approximately HK\$412 million, representing an increase of 5.2% from the same period of last financial year. The Group recorded an overall gross profit margin of 45.6% for the Interim Period 2013 (Interim Period 2012: 47.4%). Gross profit margin of Dorsett Group was maintained at a similar level at 57.2% for the Interim Period 2013. Gross profit margin of the Group's car park business for the Interim Period 2013 was 21.2% (Interim Period 2012: 23.0%). Gross profit margin of the Group's property development and property investment were 47.6% and 55.4% respectively for the Interim Period 2013 compared to 68.7% and 52.5% respectively for the Interim Period 2012.

Administrative expenses increased by 28.2% to approximately HK\$287 million during the Interim Period 2013, as compared with the same period of last financial year. The increase was mainly due to sales commission in relation to disposal of interests in Parkway Centre in Singapore; increase in marketing and advertising expenses in relation to presale of the Group's property development projects; and increase in pre-operating hotel expenses.

During the Interim Period 2013, finance costs were approximately HK\$77 million, representing a decrease of 11.5% from the same period of last financial year. The decrease was mainly due to the decrease in interest costs relating to the convertible bonds in respect of which a principal amount of HK\$649.5 million was redeemed by the Company in March 2012. The decrease in the convertible bond finance costs is greater than the increase in finance costs for new loans drawn charged to income statement during the Interim Period 2013.

Gain on fair value of investment properties for the Interim Period 2013 was approximately HK\$126 million, represented an increase of HK\$56 million from the same period of last financial year.

The Group recorded a net positive figure of approximately HK\$109 million income tax expenses for the Interim Period 2013. The main reason was due to a write back of an over provision of PRC LAT during the Interim Period 2013.

2. *Liquidity, financial resources and net gearing*

The following table sets out the Group's bank and cash balances, bank loans and borrowings, and equity as at 30 September 2012.

	As at 30.9.2012 HK\$ million	As at 31.3.2012 HK\$ million
Bank and cash balances	2,293	1,744
Bank loans, convertible bonds and borrowings	7,135	6,416
Carrying amount of total equity	8,798	8,500
Add: hotel revaluation surplus	7,236	7,750
Total equity adjusting for hotel revaluation surplus	16,034	16,250
Net gearing ratio	30.2%	28.8%

As at 30 September 2012, the Group's total consolidated equity was HK\$8,798 million, an increase of 3.5% as compared with that as at 31 March 2012. Adjusting for a hotel asset disposal during the Interim Period 2013, fair value of hotel properties exceeding their carrying amount was approximately HK\$7,236 million as at 31 March 2012. This amount was not recognized in the Group's consolidated statement of financial position. Taking into account this revaluation surplus, the net gearing ratio of the Group as at 30 September 2012 was 30.2% (31 March 2012: 28.8%).

As at 30 September 2012, the Group has a total of approximately HK\$1 billion undrawn credit facilities. On 30 October 2012, the Group obtained an additional facility of AU\$172 million to finance the construction of its project in Melbourne, Australia.

The Group believes that it has sufficient financial resources and credit facilities to cater for any financial needs of its operating businesses.

3. *Capital expenditure*

The Group currently has a number of hotel property development projects in Hong Kong, Singapore, Mainland China and United Kingdom. Capital expenditure for expansion of the hotel portfolio is expected to be approximately HK\$682.4 million for the second half of FY2013. The capital expenditure shall be financed with our existing financial resources, banking facilities and internal funds as generated from our business operations.

Business review

1. *Property division*

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

Property investment comprises investments in retail shops and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. During the Interim Period 2013, revenue and gross profit of property investment reached approximately HK\$32 million and HK\$18 million respectively. In May 2012, the Group sold 51 strata units in Parkway Centre in Singapore for approximately SG\$53.4 million (approximately HK\$327 million). The sale provided the Group with additional cash flows to enable it to redeploy its resources to other value-accretive investment opportunities.

During the Interim Period 2013, valuation surplus of investment properties of approximately HK\$126 million was recognized. As at 30 September 2012, valuation of investment properties reached approximately HK\$2,296 million (31 March 2012: HK\$2,456 million). The decrease in valuation of investment properties was mainly due to the reclassification of a commercial property in Singapore, namely Pearl Centre, from investment property to other assets of non-current assets. The reclassification was carried out as the Group received a notice of land acquisition dated 29 August 2012 which specified that the local authority of the Singapore government intended to acquire the parcel of land where Pearl Centre is located for redevelopment purpose.

During the Interim Period 2013, revenue and gross profit from property development were approximately HK\$32 million and HK\$15 million respectively. This was mainly due to sale of residential property of Bakerview in Hong Kong. Cumulative contracted presales in relation to properties under development reached approximately HK\$6.6 billion as at 30 September 2012. The majority of the cash flow relating to the contracted presales has not been reflected in the balance sheet. A significant portion of the amount is expected to be received upon the completion of each project and upon full settlement.

A breakdown of the contracted property presale value as at 30 September 2012 is set out below:

Developments	Location	HK\$ million	Expected year of completion FY
Upper West Side — stage 1	Australia	2,399 ⁽ⁱ⁾	2013/4
Upper West Side — stage 2	Australia	2,263 ⁽ⁱ⁾	2015
The Royal Crest, Shanghai California Garden	Mainland China	419	2014
Star Ruby	Hong Kong	454	2015
Dorsett Regency Residences ⁽ⁱⁱ⁾	Singapore	504	2014
Dorsett Place Waterfront Subang ⁽ⁱⁱⁱ⁾	Malaysia	566	2017
Total		6,605	

Notes:

- (i) Include Goods and Services Tax
- (ii) Project carried out by Dorsett Group
- (iii) Project under a joint venture carried out by Dorsett Group and Mayland Valiant on a 50:50 sharing profit basis. For further details, please refer to the Company's circular dated 14 October 2011.

According to Hong Kong Financial Reporting Standard, revenue can only be recognized when sales of property development are completed. The above contracted presale value was therefore not reflected in the condensed consolidated income statement.

The Group has a diversified property development portfolio which is located in Australia, Shanghai, Guangzhou, Hong Kong, Kuala Lumpur and Singapore. To cater for the Group's development needs, the Group has established strong local teams. The diversification allows the Group to adopt a strategy to time property cycles in different regions and to buy land at relatively low costs during down cycles. Most of the property developments are focused on the mass residential market in Asia Pacific where the Group can be benefited from the growing affluence of the middle class.

Australia

The Group's major property development in Australia is Upper West Side which is located in the heart of Melbourne Central Business District. This is a residential development of approximately 1.3 million sq. ft. in total gross floor area ("GFA"), with more than 2,000 apartments to be completed in 4 stages.

Stage 1 of 700 apartments with approximately 400,000 sq. ft. in GFA was largely presold as at 30 September 2012. Completion is expected to be within the coming 12 months. Approximately 95% of Stage 2 (Madison at Upper West Side) which comprises 584 apartments with approximately 370,000 sq. ft. in GFA was presold as at 30 September 2012. Completion of Madison at Upper West Side is expected to be in financial year 2015. As at 30 September 2012, the contracted presale value in respect of stages 1 and 2 reached approximately HK\$2.4 billion and HK\$2.3 billion respectively. Stage 3 (Midtown at Upper West Side) which consists of approximately 180,000 sq. ft. in GFA with 282 apartments was launched for presale in November 2012. Stage 4 is currently under planning and design stage.

Mainland China

Shanghai

Shanghai California Garden is a township development, in respect of which approximately 4,000 residential units have been built and sold. The remaining development comprised approximately 4.8 million sq. ft. in GFA as at 30 September 2012. The project comprises a diversified portfolio of residences including low rise apartments, high rise apartments and townhouses. In May 2012, the Group launched the presale of 288 low rise apartments with approximately 270,000 sq. ft. in GFA under the new phase called "The Royal Crest". As at 30 September 2012, the presale value of The Royal Crest reached approximately HK\$419 million which represented about 71% of this phase. The next phase of The Royal Crest with approximately 250,000 sq. ft. in GFA

(approximately 180 apartments and 42 townhouses) is expected to be launched for presale within the coming 12 months. The completion of the 2 phases under The Royal Crest is expected to be in financial year 2014. Another 2 new developments consisting of approximately 960,000 sq. ft. in GFA in Shanghai California Garden are under construction. These 2 new developments consist of approximately 90 townhouses and 785 apartments. They are expected to be completed in financial years 2014 and 2015.

Guangzhou

Huadijiayuen is a residential property development located in Liwan district, consisting of approximately 1 million sq. ft. in GFA. Earthworks have been started and presale is expected to be launched in financial year 2014. Completion is expected to be in financial year 2015.

Hong Kong

No. 684, Clearwater Bay Road, Sai Kung

This is a residential redevelopment project converting 6 old villas into 4 villas, with a total GFA of approximately 20,000 sq. ft. The development is situated in the Sai Kung region and is completed and available for sale.

Star Ruby

This is a residential property development located at no. 1–11A, San Wai Street, Hunghom. Construction works commenced in financial year 2012. This development comprises of 124 high rise apartment units with approximately 66,000 sq. ft. in GFA. As at 30 September 2012, presale value reached approximately HK\$454 million. Completion is expected to be in financial year 2015.

No. 287–293, Sai Yeung Choi Street North, Sham Shui Po

This residential development consists of approximately 39,000 sq. ft. in GFA. Earthworks have been commenced in the last financial year. Presale is expected to be launched within the coming 12 months. Completion is expected to be in financial year 2015.

No. 90–100 Hill Road, Pok Fu Lam

The whole site of the development was fully acquired after public auction of the remaining unit was completed under Land (Compulsory Sale For Redevelopment) Ordinance, Chapter 545, Laws of Hong Kong in the second half of the financial year 2012. The development consists of approximately 45,000 sq. ft. in GFA. Currently the development is under planning stage.

Lot no. 3927, Tan Kwai Tsuen, Hung Shui Kiu, Yuen Long

This is a residential property development consisting of approximately 48,000 sq. ft. in GFA. Currently the Group plans to build more than 20 townhouses under this development. Completion is expected to be in financial year 2015.

Malaysia

Lot no. 470, Jalan Imbi, Kuala Lumpur

This is a residential development consisting of approximately 210,000 sq. ft. in GFA. The development is located close to a shopping district in Kuala Lumpur and is next to Dorsett Regency Kuala Lumpur Hotel. Completion of the development is expected to be in financial year 2016.

Dorsett Place Waterfront Subang

This project is a 50:50 joint venture between Dorsett Group and Mayland Valiant to build 1,989 units of hotel suite apartments of two 17-storey high apartment blocks with a car park providing 1,329 parking spaces. The total net floor area is approximately 1,000,000 sq. ft. Construction has been commenced and is expected to complete in financial year 2017.

Singapore

Dorsett Regency Residences

The development represents the residential component of the larger Dorsett Hotel development project on New Bridge Road. It comprises 68 serviced apartments. Presale amounting to approximately HK\$504 million was achieved and completion is expected to be in financial year 2014.

2. Hotel operation and management — Dorsett Hospitality International Limited

Revenue and gross profit for the Interim Period 2013 were approximately HK\$554 million and HK\$317 million respectively, representing an increase of 11.1% and 9.5% respectively from the same period of last financial year. During the Interim Period 2013, Dorsett Group's RevPAR for owned hotels increased by 4.9% to HK\$621 as compared with the same period of the last financial year. Average room rate increased by 5.8% whilst occupancy rate decreased by 1.2% from the same period of last financial year. The decrease in occupancy rate was partly due to the ramp up of Dorsett Kwun Tong opened in August 2012. Operating profit from Dorsett Group for the Interim Period 2013 was approximately HK\$101 million (Interim Period 2012: HK\$94 million).

The following table shows the operating data of our owned hotels during the interim periods.

	Six months ended		
	30 September 2012	2011	Change
Hong Kong			
Occupancy rate	93%	95%	-2.1%
Average room rate (HK\$)	941	857	9.8%
RevPAR (HK\$)	876	813	7.7%
Revenue (HK\$ million)	349	309	12.9%
Malaysia			
Occupancy rate	66%	73%	-9.6%
Average room rate (HK\$)	507	505	0.4%
RevPAR (HK\$)	337	371	-9.2%
Revenue (HK\$ million)	140	143	-2.1%
Mainland China			
Occupancy rate	72%	50%	44%
Average room rate (HK\$)	547	587	-6.8%
RevPAR (HK\$)	393	294	33.7%
Revenue (HK\$ million)	65	47	38.3%
Group Total			
Occupancy rate	81%	82%	-1.2%
Average room rate (HK\$)	768	726	5.8%
RevPAR (HK\$)	621	592	4.9%
Revenue (HK\$ million)	554	499	11.0%

In September 2012, the disposal of Hong Kong (SAR) Hotel Limited (“HKSAR”), which holding Dorsett Regency Hotel, Hong Kong located at Kennedy Town, Hong Kong, was completed. Out of the HK\$800 million proceeds, a sum of HK\$15 million was retained in escrow pending certain approval for internal alteration to the hotel property. The retention money may be recognized as a gain if such approval is obtained or forfeited by the purchaser if approval is not obtained by 28 March 2013. A gain of HK\$445 million from the above disposal was recognized for the Interim Period 2013.

In August 2012, Dorsett Kwun Tong (361 rooms) commenced operation. Dorsett Grand Chengdu (556 rooms) also went on trial operation. Adjusting for the disposal of Dorsett Regency Hotel, Hong Kong which consists of 209 rooms, the net increase in number of rooms during the Interim Period 2013 was approximately 700 rooms.

In order to further strengthen the Dorsett Group's hotel brand awareness and reinforce competitive advantage, several high level changes to the overall brand architecture were made. The English name of the Dorsett Group has been changed from "Kosmopolito Hotels International Limited" to "Dorsett Hospitality International Limited" and the Chinese name of the Dorsett Group has been changed from "麗悅酒店集團有限公司" to "帝盛酒店集團有限公司" with effect from 31 August 2012. The change of name is an important part of the brand alignment exercise, which will strengthen brand awareness for marketing efficiency and will be essential to Dorsett Group's further expansion through development, acquisition and management contracts.

To enhance its brand architecture, Dorsett Group has also consolidated its hotel portfolio, re-classifying hotels under three brands to cover different market segments — boutique range "d. Collection", a series of upscale, charismatic hotels in prime locations carefully chosen for their proximity to the pulse of each city; "Dorsett Hotels & Resorts", comprising the upscale Dorsett Grand Hotels which offer tasteful and rich hospitality experience as well as midscale Dorsett Hotels which are contemporary urban hotels in central locations; and the value-led "Silka Hotels" famed for convenience, speedy service and attractive room rates.

As at 30 September 2012, Dorsett Group operated 16 owned hotels (8 in Hong Kong, 5 in Malaysia and 3 in Mainland China) with approximately 4,600 rooms. Dorsett Group also managed 2 hotel operating contracts in Hong Kong, namely, The Mercer by Kosmopolito and Dorsett Regency Hotel, Hong Kong. Total rooms under management contracts were approximately 260 rooms.

Dorsett Group has 7 hotels in the development pipeline (2 in Hong Kong, 2 in Mainland China, 2 in United Kingdom and 1 in Singapore). When completed, total rooms of these 7 hotels will be approximately 2,400 rooms. These 7 hotels are expected to come into operation within the coming 3 years.

As at 31 March 2012, revaluation surplus based on independent valuation amounted to approximately HK\$7,750 million. Adjusting for the disposal of Dorsett Regency Hotel, Hong Kong during the Interim Period 2013, the revaluation surplus of the remaining portfolio was approximately HK\$7,236 million. This amount was not accounted for in the financial statements.

3. *Car park division*

Revenue for the Interim Period 2013 was approximately HK\$281 million, representing an increase of 8.5% from the same period of last financial year. Gross profit was maintained at similar level at 21.2% as compared with the same period of last financial year. The division recorded steady growth and is expected to continue to contribute to the recurring income of the Group.

The car park division manages both third party owned car parks and self owned car parks located in Australia, New Zealand and Hartamas shopping mall in Kuala Lumpur in Malaysia. As at 30 September 2012, the portfolio consisted of 261 car parks with approximately 47,000 parking bays under the Group's management. Of these, 20 were self owned car parks consisting of approximately 5,600 car parking bays. The remaining car parks were operating under management contracts entered into with third party car park owners. During the Interim Period 2013, the Group added a net total of approximately 10 new car parks under management although the total number of car park bays under management reduced by approximately 1,500. The reduction in parking bays under management was mainly due to termination of a contract relating to a less profitable car park. The Group expects growth to continue as more contracts are added to its management portfolio.

On 30 May 2012, the Group acquired an additional 2.3% of the total issued share capital of the car park division holding subsidiary, Care Park Group Pty Ltd ("Care Park") for a consideration of approximately HK\$11.3 million, pursuant to arrangement set out in a shareholder agreement between the Group and the non-controlling shareholders of Care Park. Following the transaction, the Group increased its shareholding in Care Park to 76.05%. The increase in shareholding will allow the Group to benefit more from the growth of Care Park.

Contingent Liabilities

During the year ended 31 March 2010, HKSAR initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK\$25,841,000. HKSAR was disposed of during the current period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 but adjourned to August 2013. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

Capital Commitments

	As at 30.9.2012 HK\$'000	As at 31.3.2012 HK\$'000
Capital expenditure contracted but not provided for in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	741,325	585,760
Others	22,656	4,421
	763,981	590,181
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	24,463	319,593
Others	15,678	19,274
	40,141	338,867
	804,122	929,048

Other Financial and Operational Information

1. Repurchase of 230 million shares (11.7% of issued share capital) at HK\$1.23 per share

At the end of July 2012, the repurchase of 230 million shares from Penta Investment Advisers Limited was completed and the repurchased shares were cancelled. The share repurchase was a good opportunity for the Company to utilize its surplus cash to enhance its earnings per share.

2. *Net asset value (adjusted for hotel revaluation surplus) as at 30 September 2012*

	HK\$ million
The Group's equity attributable to shareholders	7,672
Add: Hotel revaluation surplus (HK\$7,236 million x 73.25%)	5,300
<hr/>	
Total net asset value	12,972
<hr/>	
No. of shares issued ("million")	1,730
Net asset value ("NAV") per share (adjusted for hotel revaluation surplus)	HK\$7.50

SIGNIFICANT PROPERTY TRANSACTIONS POST 30 SEPTEMBER 2012

1. *Acquisition of a redevelopment site in Wong Tai Sin, Kowloon, Hong Kong*

On 8 November 2012, the Group entered into an agreement to acquire All Greatness Limited which had entered into property agreements for the acquisition of 90% undivided share of the properties erected on the New Kowloon Inland Lot No. 5035 located at Wong Tai Sin, Kowloon, Hong Kong ("Wong Tai Sin") in October 2012.

Pursuant to the property agreements, the Group has the right not to proceed with the transaction in the event that acquisition of 90% of ownership of the Wong Tai Sin site is not completed on the completion date on or before 20 December 2012. Subject to the completion of acquisition of the 90% of undivided shares of the Wong Tai Sin site, the Group considers that there is a reasonable prospect of acquiring full ownership of the Wong Tai Sin site, either through further negotiations with the remaining minority owners of the Wong Tai Sin site or by way of public auction under Land (Compulsory Sale For Redevelopment) Ordinance, Chapter 545, Laws of Hong Kong. In line with the Group's property development strategy, the Group intends to redevelop the Wong Tai Sin site into residential properties after acquiring 100% ownership. The development is likely to consist of approximately 90,000 sq. ft. in GFA.

2. Completion of acquisition of hotel site in London, United Kingdom

On 26 October 2012, Dorsett Group completed the acquisition of a property known as The Matrix Building, located at 9-13 Aldgate, High Street, London, United Kingdom for a consideration of approximately HK\$180 million. The building has a gross internal area of approximately 67,000 sq. ft. The Matrix Building is currently being used as an office building and Dorsett Group intended to redevelop it into a hotel. With the conversion of The Matrix Building into a hotel, and the completion of construction of Dorsett London (this site was acquired in financial year 2012), Dorsett Group will have two hotels operation in London, providing greater economies of scale for the Group in the United Kingdom.

PROSPECTS

Stimulus measures by government in major economies around the world and the low interest rate policy adopted by many central banks to stimulate the weak global economy have helped the property sector in Asia generally. On the other hand, governments in Mainland China, Hong Kong and Singapore have introduced measures to prevent overheating in the property sector.

Under this environment, the Group will strive to continue to improve its business and financial performance. The Group will continue its efforts in developing its current residential development pipeline and its current hotel development projects. The Group will also seek organic growth in the car park business.

Equipped with a healthy cash position, the Group is well positioned to expand its residential development and hotel portfolio. It will also continue with the strategy of recycling the Group's capital by disposing of smaller hotels and investing in larger ones with higher operational efficiencies. This approach will also allow the Group to unlock the significant revaluation surplus and improve overall return to our shareholders.

In the coming few years, with current presales and anticipated new projects in the pipeline, the Group expects the contribution from property development will be strong.

The management is confident that with geographical diversification and a balanced business portfolio in hotels, property development and investment, and car parks, the Group will be able to weather through cyclicalities in the business and deliver sustainable long term growth to its shareholders.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2012 was approximately 3,000. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits and both internal and external trainings appropriate to each individual's requirements.

DIRECTORS' INTERESTS

As at 30 September 2012, the interests of the directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	13,607,249	0.79%
	Interest of spouse	557,000 ⁽ⁱ⁾	0.03%
	Interest of controlled corporations	685,862,201 ⁽ⁱ⁾	39.65%
Dennis CHIU	Beneficial owner	10,373	0.00%
	Interest of controlled corporations	5,301,849 ⁽ⁱⁱ⁾	0.31%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 ⁽ⁱⁱⁱ⁾	0.22%
Chris Cheong Thard HOONG	Beneficial owner	261	0.00%
	Joint interest	369,756 ^(iv)	0.02%
Denny Chi Hing CHAN	Beneficial owner	208,586	0.01%

Notes:

- (i) 685,849,880 shares were held by Sumptuous Assets Limited and 12,321 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 557,000 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) 1,424,631 shares were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iii) These shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and were entirely duplicated and included in the interest of controlled corporations of Mr. Dennis CHIU.
- (iv) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 369,756 shares jointly held with his wife.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2012.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	7,400,000	0.43%
Denny Chi Hing CHAN	Beneficial owner	4,300,000	0.25%

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

* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 30 September 2012.

B. Associated corporations

B.1 Long position in the ordinary shares

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
David CHIU	Dorsett Hospitality International Limited ("Dorsett")	Interest of spouse Interest of controlled corporations	8,355 ⁽ⁱ⁾ 1,472,773,254 ⁽ⁱ⁾	0.00% 73.64%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 ⁽ⁱⁱ⁾	25.00%
Chris Cheong Thard HOONG	Dorsett	Joint Interest	4,000 ⁽ⁱⁱⁱ⁾	0.00%
Denny Chi Hing CHAN	Dorsett	Beneficial owner	3,000	0.00%
Dennis CHIU	Dorsett	Beneficial owner	30	0.00%
		Interest of controlled corporations	78,423 ^(iv)	0.00%
Daniel Tat Jung CHIU	Dorsett	Interest of controlled corporation	58,158 ^(v)	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	825 ^(vi)	8.25%

Notes:

- (i) 7,773,254 shares in Dorsett were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,465,000,000 shares in Dorsett were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 40.47% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in Dorsett. 8,355 shares in Dorsett were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.
- (iii) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 4,000 shares of Dorsett jointly held with his wife.
- (iv) 20,265 shares in Dorsett were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 58,158 shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (v) These shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the interest of controlled corporations of Mr. Dennis CHIU.
- (vi) These shares in Care Park Group Pty. Ltd. were held by Chartbridge Pty Ltd in its capacity as the trustee of The Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of The Craig Williams Family Trust, was deemed to be interested in these shares.

* The percentage represents the number of ordinary shares interested divided by the respective associated corporations' issued shares as at 30 September 2012.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of Dorsett's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	2,836,363	0.14%
Denny Chi Hing CHAN	Beneficial owner	3,545,454	0.18%

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

* The percentage represents the number of underlying shares interested divided by Dorsett's issued shares as at 30 September 2012.

Save as disclosed above, none of the directors of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2012.

SHARE OPTION SCHEME

(a) FECIL Share Option Schemes

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

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

The following table discloses movements in the Company's share options during the Interim Period 2013:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2012	Exercise period*
			Outstanding at 01.04.2012	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period			
Directors									
Chris Cheong	08.05.2009	1.500	1,850,000	-	-	-	1,850,000	16.09.2009-15.09.2019	
Thard HOONG			1,850,000	-	-	-	1,850,000	16.09.2010-15.09.2019	
			1,850,000	-	-	-	1,850,000	16.09.2011-15.09.2019	
			1,850,000	-	-	-	1,850,000	16.09.2012-15.09.2019	
			7,400,000	-	-	-	7,400,000		
Denny Chi Hing CHAN									
	21.10.2004	2.075	500,000	-	-	-	500,000	01.01.2007-20.10.2014	
			1,800,000	-	-	-	1,800,000	01.01.2008-20.10.2014	
			2,000,000	-	-	-	2,000,000	01.01.2009-20.10.2014	
			4,300,000	-	-	-	4,300,000		
Senior Management									
Bill Kwai Pui MOK ⁽¹⁾	21.10.2004	2.075	1,200,000	-	-	-	1,200,000	01.01.2007-20.10.2014	
			1,800,000	-	-	-	1,800,000	01.01.2008-20.10.2014	
			2,000,000	-	-	-	2,000,000	01.01.2009-20.10.2014	
			5,000,000	-	-	-	5,000,000		
Other employees in aggregate									
	21.10.2004	2.075	250,000	-	-	-	250,000	01.11.2004-20.10.2014	
			425,000	-	-	-	425,000	01.01.2006-20.10.2014	
			1,075,000	-	-	-	1,075,000	01.01.2007-20.10.2014	
			2,275,000	-	-	-	2,275,000	01.01.2008-20.10.2014	
			2,975,000	-	-	-	2,975,000	01.01.2009-20.10.2014	
			7,000,000	-	-	-	7,000,000		
Other employees in aggregate									
	25.08.2006	3.290	450,000	-	-	-	450,000	01.01.2009-24.08.2016	
			500,000	-	-	-	500,000	01.01.2010-24.08.2016	
			950,000	-	-	-	950,000		
Total			24,650,000	-	-	-	24,650,000		

Note:

- (i) Mr. Bill Kwai Pui MOK ceased to be a director of Dorsett upon his retirement at the conclusion of the Dorsett's annual general meeting held on 31 August 2012.
- * The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 22 to the consolidated financial statements.

(b) Dorsett Share Option Scheme

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

Details of the movement of share options under Dorsett Share Option Scheme during the Interim Period 2013 were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2012	Exercise period*
			Outstanding at 01.04.2012	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period			
Directors of Dorsett									
Bill Kwai Pui MOK ⁽¹⁾	11.10.2010	2.20	709,090	-	-	(709,090)	-	11.10.2011-10.10.2014	
			709,090	-	-	(709,090)	-	11.10.2012-10.10.2015	
			709,090	-	-	(709,090)	-	11.10.2013-10.10.2016	
			709,090	-	-	(709,090)	-	11.10.2014-10.10.2017	
			709,094	-	-	(709,094)	-	11.10.2015-10.10.2018	
			3,545,454	-	-	(3,545,454)	-		
Wai Keung LAI	11.10.2010	2.20	318,181	-	-	-	318,181	11.10.2011-10.10.2014	
			318,181	-	-	-	318,181	11.10.2012-10.10.2015	
			318,181	-	-	-	318,181	11.10.2013-10.10.2016	
			318,181	-	-	-	318,181	11.10.2014-10.10.2017	
			318,185	-	-	-	318,185	11.10.2015-10.10.2018	
			1,590,909	-	-	-	1,590,909		
Winnie Wing Kwan CHIU	11.10.2010	2.20	454,545	-	-	-	454,545	11.10.2011-10.10.2014	
			454,545	-	-	-	454,545	11.10.2012-10.10.2015	
			454,545	-	-	-	454,545	11.10.2013-10.10.2016	
			454,545	-	-	-	454,545	11.10.2014-10.10.2017	
			454,547	-	-	-	454,547	11.10.2015-10.10.2018	
			2,272,727	-	-	-	2,272,727		
Chris Cheong Thard HOONG	11.10.2010	2.20	567,272	-	-	-	567,272	11.10.2011-10.10.2014	
			567,272	-	-	-	567,272	11.10.2012-10.10.2015	
			567,272	-	-	-	567,272	11.10.2013-10.10.2016	
			567,272	-	-	-	567,272	11.10.2014-10.10.2017	
			567,275	-	-	-	567,275	11.10.2015-10.10.2018	
			2,836,363	-	-	-	2,836,363		

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 30.09.2012	Exercise period*
			Outstanding at 01.04.2012	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period		
Denny Chi Hing CHAN	11.10.2010	2.20	709,090	-	-	-	709,090	11.10.2011-10.10.2014
			709,090	-	-	-	709,090	11.10.2012-10.10.2015
			709,090	-	-	-	709,090	11.10.2013-10.10.2016
			709,090	-	-	-	709,090	11.10.2014-10.10.2017
			709,094	-	-	-	709,094	11.10.2015-10.10.2018
			3,545,454	-	-	-	3,545,454	
Employees in aggregate	11.10.2010	2.20	1,772,721	-	-	-	1,772,721	11.10.2011-10.10.2014
			1,772,721	-	-	-	1,772,721	11.10.2012-10.10.2015
			1,772,721	-	-	-	1,772,721	11.10.2013-10.10.2016
			1,772,721	-	-	-	1,772,721	11.10.2014-10.10.2017
			1,772,745	-	-	-	1,772,745	11.10.2015-10.10.2018
			8,863,629	-	-	-	8,863,629	
Total			22,654,536	-	-	(3,545,454)	19,109,082	

Note:

- (i) Mr. Bill Kwai Pui MOK ceased to be a director of Dorsett upon his retirement at the conclusion of the Dorsett's annual general meeting held on 31 August 2012.

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

Further information on Dorsett Share Option Scheme and the options granted by Dorsett is set out in note 22 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2012, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of directors of the Company as set out above) and as far as the directors of the Company are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	685,849,880 ⁽ⁱ⁾ (long position)	39.65%
Penta Investment Advisers Limited	Investment manager	276,654,697 ⁽ⁱⁱ⁾ (long position)	15.99%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.75%
	Interest of controlled corporations	140,942,693 ⁽ⁱⁱⁱ⁾ (long position)	8.15%
	Interest of spouse	1,624,301 ⁽ⁱⁱⁱ⁾ (long position)	0.09%
Penta Asia Long/ Short Fund, Ltd.	Beneficial owner	103,542,305 ^(iv) (long position)	5.99%

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) The long position in the shares of the Company was held by Penta Asia Domestic Partners, L.P. and Old Peak Ltd., controlled corporations of Penta Management (BVI) Ltd. which in turn was controlled by Penta Investment Advisers Limited. Among these shares, the interest in 13,415,764 shares were cash settled unlisted derivatives.
- (iii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.

(iv) Among these shares, the interest in 4,204,555 shares were cash settled unlisted derivatives.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2012.

Save as disclosed above, as at 30 September 2012, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions (the "Code Provisions") in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 September 2012, except for deviations from Code Provisions A.2.1 and A.6.7 of the CG Code described below.

Code Provision A.2.1: Tan Sri Dato' David CHIU currently 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.

Code Provision A.6.7: Due to their unavoidable business engagement, the non-executive director and one of the independent non-executive directors of the Company were unable to attend the extraordinary general meetings held on 20 July 2012 and the non-executive director of the Company was unable to attend the annual general meeting held on 31 August 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors by the Company, all directors have confirmed they had complied with the required standards set out in the Model Code throughout the Interim Period 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Interim Period 2013, the Company completed an off-market repurchase of a total of 230 millions shares of the Company from Penta Investment Advisers Limited at the price of HK\$1.23 per share and details of which are as follows:

Month of repurchase	Number of shares repurchased	Price per share HK\$	Aggregate consideration paid HK\$
July 2012	230,000,000	1.23	282,900,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's 3 independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the unaudited consolidated interim results of the Group for the Interim Period 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 December 2012 to Wednesday, 2 January 2013, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 December 2012.

CHANGES IN INFORMATION OF DIRECTORS

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

- (1) resignation of Mr. Dennis CHIU (an executive director of the Company) as a non-executive director of Far East Hotels and Entertainment Limited (a company listed on the Stock Exchange, stock code: 37) with effect from 29 November 2012.
- (2) appointment of Mr. Peter Man Kong WONG (an independent non-executive director of the Company) as an independent non-executive director of MGM China Holdings Limited (a company listed on the Stock Exchange, stock code: 2282) with effect from 1 December 2012.

By Order of the Board of
FAR EAST CONSORTIUM INTERNATIONAL LIMITED
Boswell Wai Hung CHEUNG
Chief Financial Officer and Company Secretary

Hong Kong, 28 November 2012

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 (collectively referred to as the "Group") set out on pages 32 to 66, which comprise the condensed consolidated statement of financial position as of 30 September 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 November 2012

Condensed Consolidated Income Statement

For the six months ended 30 September 2012

	Notes	Six months ended	
		30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Revenue	3	902,628	827,041
Cost of sales and services		(418,877)	(371,160)
Depreciation and amortisation of hotel and car park assets		(71,797)	(64,277)
Gross profit		411,954	391,604
Other income		13,353	10,490
Gain on disposal of a subsidiary	23	445,086	—
Other gains and losses	4	123,258	30,992
Administrative expenses		(287,412)	(224,218)
Share of results of associates		26,294	11,983
Share of results of jointly controlled entities		(4,066)	5,127
Finance costs	5	(76,786)	(86,767)
Profit before tax		651,681	139,211
Income tax credit (expense)	6	108,962	(28,344)
Profit for the period	7	760,643	110,867
Attributable to:			
Shareholders of the Company		610,421	84,458
Non-controlling interests		150,222	26,409
		760,643	110,867
Earnings per share	8		
— Basic (HK cents)		32.6	4.4
— Diluted (HK cents)		32.6	4.4

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Profit for the period	760,643	110,867
Other comprehensive income (expense):		
Revaluation increase (decrease) on available-for-sale investments	2,445	(32,735)
Exchange difference on translation of foreign operations	(21,359)	(65,826)
Reclassify to profit or loss on disposal of available-for-sale investments	(2,260)	(2,809)
Other comprehensive expense for the period	(21,174)	(101,370)
Total comprehensive income for the period	739,469	9,497
Total comprehensive income attributable to:		
Shareholders of the Company	596,897	(18,142)
Non-controlling interests	142,572	27,639
	739,469	9,497

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Non-current assets			
Investment properties	10	2,296,189	2,456,469
Property, plant and equipment	10	6,153,951	5,988,002
Prepaid lease payments		593,108	597,485
Other assets	11	299,094	—
Goodwill		68,400	68,400
Other intangible assets		815	2,100
Interests in associates	12	273,391	256,158
Interests in jointly controlled entities		86,567	90,966
Available-for-sale investments	13	6,784	16,190
Financial assets at fair value through profit or loss	14	16,502	7,750
Deposit for acquisition of property, plant and equipment		141,814	149,315
Amounts due from associates		70,744	70,784
Amount due from a jointly controlled entity		26,936	26,936
Amount due from an investee company		119,995	119,995
Other receivables	15	143,641	141,407
Pledged deposits		27,983	25,252
		10,325,914	10,017,209

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Current assets			
Properties for sale			
Completed properties		86,079	100,699
Properties for/under development		4,673,051	3,797,152
Other inventories		16,249	10,719
Prepaid lease payments		15,798	18,867
Debtors, deposits and prepayments	16	373,127	280,570
Tax recoverable		67,824	11,386
Available-for-sale investments	13	22,216	18,694
Financial assets at fair value through profit or loss	14	31,822	458
Derivative financial instruments	17	11,792	10
Pledged deposits		203,502	342,672
Restricted bank deposits		136,693	971
Bank balances and cash		1,924,589	1,374,980
		7,562,742	5,957,178
Assets classified as held for sale	18	90,742	418,928
		7,653,484	6,376,106

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Current liabilities			
Creditors and accruals	19	664,853	606,298
Obligations under finance leases		157	218
Amounts due to related companies		61,657	46,165
Amounts due to associates		14,119	12,877
Amounts due to non-controlling shareholders of subsidiaries		30,070	30,070
Dividends payable		86,488	—
Dividends payable to non-controlling interests		53,500	—
Customers' deposits received		657,907	197,140
Derivative financial instruments	17	22,255	1,245
Tax payable		218,516	345,774
Secured bank and other borrowings	20	4,579,473	1,764,289
		6,388,995	3,004,076
Liabilities associated with assets classified as held for sale	18	—	2,994
		6,388,995	3,007,070
Net current assets		1,264,489	3,369,036
Total assets less current liabilities		11,590,403	13,386,245

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Non-current liabilities			
Secured bank and other borrowings	20	2,523,507	4,620,800
Obligations under finance leases		774	474
Deferred tax liabilities		237,684	234,888
Convertible bonds		30,833	30,074
		2,792,798	4,886,236
Net assets			
		8,797,605	8,500,009
Capital and reserves			
Share capital	21	172,976	195,976
Share premium		2,557,386	2,822,611
Reserves		4,941,640	4,433,033
Equity attributable to shareholders of the Company		7,672,002	7,451,620
Non-controlling interests		1,125,603	1,048,389
Total equity			
		8,797,605	8,500,009

The condensed consolidated financial statements on pages 32 to 66 were approved and authorised for issue by the Board of Directors on 28 November 2012 and are signed on its behalf by:

Director

Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to shareholders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Asset revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	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
At 1 April 2011 (audited)	191,826	2,770,185	2,500	13,808	(1,320)	405,012	11,940	23,967	1,478,901	2,129,769	7,026,588	892,205	7,918,793
Profit for the period	—	—	—	—	—	—	—	—	—	84,458	84,458	26,409	110,867
Revaluation decrease on available-for-sale investments	—	—	—	—	(32,735)	—	—	—	—	—	(32,735)	—	(32,735)
Exchange difference on translation of foreign operations	—	—	—	—	—	(67,056)	—	—	—	—	(67,056)	1,230	(65,826)
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	(2,809)	—	—	—	—	—	(2,809)	—	(2,809)
Other comprehensive expense for the period	—	—	—	—	(35,544)	(67,056)	—	—	—	—	(102,600)	1,230	(101,370)
Total comprehensive income for the period	—	—	—	—	(35,544)	(67,056)	—	—	—	84,458	(18,142)	27,639	9,497
Repurchase of convertible bonds	—	—	—	—	—	—	—	(3,253)	—	1,270	(1,983)	—	(1,983)
Reversal of deferred tax on equity component on repurchase of convertible bonds	—	—	—	—	—	—	—	537	—	—	537	—	537
Recognition of equity-settled share-based payments	—	—	—	—	—	—	337	—	—	—	337	2,162	2,499
Dividends paid	—	—	—	—	—	—	—	—	—	(95,913)	(95,913)	—	(95,913)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(21,520)	(21,520)
At 30 September 2011 (unaudited)	191,826	2,770,185	2,500	13,808	(36,864)	337,956	12,277	21,251	1,478,901	2,119,584	6,911,424	900,486	7,811,910

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to shareholders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Asset revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	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
Profit for the period	—	—	—	—	—	—	—	—	—	363,644	363,644	140,014	503,658
Revaluation increase on available-for-sale investments	—	—	—	—	14,972	—	—	—	—	—	14,972	—	14,972
Exchange difference on translation of foreign operations	—	—	—	—	—	90,268	—	—	—	—	90,268	16,937	107,205
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	17,836	—	—	—	—	—	17,836	—	17,836
Other comprehensive income for the period	—	—	—	—	32,808	90,268	—	—	—	—	123,076	16,937	140,013
Total comprehensive income for the period	—	—	—	—	32,808	90,268	—	—	—	363,644	486,720	156,951	643,671
Shares issued in lieu of cash dividend, net of expenses	4,150	52,426	—	—	—	—	—	—	—	—	56,576	—	56,576
Repurchase/redemption of convertible bonds	—	—	—	—	—	—	—	(25,075)	—	36,476	11,401	—	11,401
Reversal of deferred tax on equity component on repurchase/redemption of convertible bonds	—	—	—	—	—	—	—	3,824	—	—	3,824	—	3,824
Recognition of equity-settled share-based payments	—	—	—	—	—	—	147	—	—	—	147	2,736	2,883
Lapse of share options transferred to retained profits	—	—	—	—	—	—	—	—	—	1,024	1,024	(1,024)	—
Dividends paid	—	—	—	—	—	—	—	—	—	(19,496)	(19,496)	—	(19,496)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(10,760)	(10,760)
At 31 March 2012 (audited)	195,976	2,822,611	2,500	13,808	(4,056)	428,224	12,424	—	1,478,901	2,501,232	7,451,620	1,048,389	8,500,009

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to shareholders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Asset revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	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
Profit for the period	—	—	—	—	—	—	—	—	—	610,421	610,421	150,222	760,643
Revaluation increase on available-for-sale investments	—	—	—	—	2,445	—	—	—	—	—	2,445	—	2,445
Exchange difference on translation of foreign operations	—	—	—	—	—	(13,709)	—	—	—	—	(13,709)	(7,650)	(21,359)
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	(2,260)	—	—	—	—	—	(2,260)	—	(2,260)
Other comprehensive expenses for the period	—	—	—	—	185	(13,709)	—	—	—	—	(13,524)	(7,650)	(21,174)
Total comprehensive income for the period	—	—	—	—	185	(13,709)	—	—	—	610,421	596,897	142,572	739,469
Repurchase of shares, net of expenses	(23,000)	(265,225)	23,000	—	—	—	—	—	—	(23,000)	(288,225)	—	(288,225)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	(3,097)	—	(3,097)	(12,254)	(15,351)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	134	—	—	—	134	1,557	1,691
Lapse of share options transferred to retained profits	—	—	—	—	—	—	—	—	—	1,161	1,161	(1,161)	—
Dividends paid	—	—	—	—	—	—	—	—	—	(86,488)	(86,488)	—	(86,488)
Dividends payable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(53,500)	(53,500)
At 30 September 2012 (unaudited)	172,976	2,557,386	25,500	13,808	(3,871)	414,515	12,558	—	1,475,804	3,003,326	7,672,002	1,125,603	8,797,605

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) gain on decrease in interest in indirect subsidiary, Dorsett Hospitality International Limited (“Dorsett”) (formerly name as Kosmopolito Hotels International Limited”) and (c) excess on acquisition of non-controlling interest in an indirect subsidiary, Care Park Group Pty Limited.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Note	Six months ended	
		30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Net cash used in operating activities		(300,255)	(123,270)
Investing activities			
Acquisition and development expenditure of property, plant and equipment		(539,866)	(508,769)
Net cash inflow from disposal of a subsidiary	23	765,691	—
Purchase of available-for-sale investments		(65,955)	(79,700)
Proceeds from disposal of available-for-sale investments		74,253	73,128
Placement of pledged bank deposits		(69,686)	(110,615)
Release of pledged bank deposits		206,125	83,203
Placement of restricted bank deposits		(135,722)	(10,061)
Proceeds from disposal of assets held for sale		325,867	—
Other investing activities		(6,064)	(36,337)
Net cash from (used in) investing activities		554,643	(589,151)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Note	Six months ended	
		30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Financing activities			
New bank and other borrowings raised		1,530,876	332,584
Repayment of bank and other borrowings		(818,702)	(267,659)
Repurchase of shares		(288,225)	—
Interest paid		(127,309)	(113,109)
Repurchase of convertible bonds		—	(26,161)
Other financing activities		1,611	429
Net cash from (used in) financing activities		298,251	(73,916)
Net increase (decrease) in cash and cash equivalents		552,639	(786,337)
Cash and cash equivalents at beginning of the period		1,374,980	1,986,347
Effect of foreign exchange rate changes		(3,030)	3,125
Cash and cash equivalents at end of the period		1,924,589	1,203,135
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		1,924,589	1,203,135

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

- amendments to HKFRS 7 Financial Instruments: Disclosure-Transfers of Financial Assets

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

3. SEGMENT INFORMATION

Segment revenue and profit

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group’s chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation and management, and car park operation in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

3. SEGMENT INFORMATION (CONTINUED)

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

	Segment revenue		Segment profit	
	Six months ended 30 September 2012 HK\$'000 (unaudited)	Six months ended 30 September 2011 HK\$'000 (unaudited)	Six months ended 30 September 2012 HK\$'000 (unaudited)	Six months ended 30 September 2011 HK\$'000 (unaudited)
Property development				
— Australia	864	1,939	(5,673)	3,264
— Hong Kong ("HK")	25,680	8,281	6,665	3,088
— Malaysia	279	—	(1,503)	—
— Other regions in the People's Republic of China ("PRC")	5,338	19,218	1,008	4,657
	32,161	29,438	497	11,009
Property investment				
— HK	15,457	13,806	139,301	89,555
— PRC	6,581	6,208	(13,817)	(2,901)
— Singapore	10,162	12,470	(12,570)	4,842
	32,200	32,484	112,914	91,496
Hotel operation and management				
— HK	349,333	308,647	559,912	111,988
— Malaysia	140,336	143,066	23,728	23,936
— PRC	64,728	47,277	(10,321)	(13,635)
— Singapore	—	—	(3,857)	(3,921)
— United Kingdom ("UK")	—	—	(120)	(12)
	554,397	498,990	569,342	118,356
Car park operation				
— Australia	272,180	249,826	22,492	17,425
— Malaysia	8,889	9,183	4,042	4,566
	281,069	259,009	26,534	21,991
Securities and financial product investments	2,799	6,735	(722)	(32,470)
Other operations	2	385	(5,113)	(6,872)
Segment revenue/segment profit	902,628	827,041	703,452	203,510
Unallocated corporate expenses			(29,163)	(24,179)
Finance costs			(22,608)	(40,120)
Profit before tax			651,681	139,211

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

3. SEGMENT INFORMATION (CONTINUED)**Segment assets**

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

	As at 30 September 2012 HK\$'000 (unaudited)	As at 31 March 2012 HK\$'000 (audited)
Property development		
— Australia	2,153,202	1,513,133
— HK	784,301	730,396
— Malaysia	386,599	382,398
— PRC	2,044,868	1,772,613
	5,368,970	4,398,540
Property investment		
— HK	1,981,580	1,730,192
— PRC	4,661	3,671
— Singapore	301,378	605,411
	2,287,619	2,339,274
Hotel operation and management		
— HK	4,109,648	3,592,814
— Malaysia	1,078,121	1,071,588
— PRC	2,037,307	1,927,506
— Singapore	884,919	694,845
— UK	394,325	261,043
	8,504,320	7,547,796

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

3. SEGMENT INFORMATION (CONTINUED)

Segment assets (Continued)

	As at 30 September 2012 HK\$'000 (unaudited)	As at 31 March 2012 HK\$'000 (audited)
Car park operation		
— Australia	710,447	707,176
— Malaysia	155,585	155,996
	866,032	863,172
Securities and financial product investments	60,299	50,763
Other operations	342,035	352,437
Segment assets	17,429,275	15,551,982
Unallocated corporate assets	550,123	841,333
Total assets	17,979,398	16,393,315

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

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Change in fair value of investment properties	125,950	69,999
Gain on disposal of available-for-sale investments	2,260	2,809
Change in fair value of financial assets at fair value through profit or loss	4,495	(14,440)
Change in fair value of derivative financial instruments	(9,447)	(27,376)
	123,258	30,992

5. FINANCE COSTS

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Interest on:		
Bank loans		
— wholly repayable within five years	108,508	73,816
— not wholly repayable within five years	9,349	23,568
Other loans wholly repayable within five years	6,428	698
Convertible bonds	1,086	23,242
Finance leases	11	16
Amortisation of front-end fee	12,757	6,923
Others	2,404	1,590
Total interest costs	140,543	129,853
Less: Amounts capitalised to properties under development:		
— properties for sale	(37,676)	(32,656)
— properties for owners' occupation	(24,713)	(9,788)
— investment properties	(1,368)	(642)
	76,786	86,767

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	26,011	7,971
PRC Enterprise Income Tax ("EIT")	49,204	6,292
PRC Land Appreciation Tax ("LAT")	1,283	3,542
Australia Income Tax	1,047	4,783
Malaysia Income Tax	3,126	1,690
Singapore Income Tax	—	178
Other jurisdictions	—	487
	80,671	24,943
Overprovision in prior years		
— PRC LAT	(192,268)	—
— Singapore Income Tax	(161)	—
	(192,429)	—
Deferred taxation	2,796	3,401
	(108,962)	28,344

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

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

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciated land value of the properties sold, less deduction in accordance with the relevant PRC Tax laws and regulations.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

During the period ended 30 September 2012, the local tax authority in PRC agreed to use the deemed levying rates to calculate the PRC LAT for certain property development projects of the Group, for which PRC LAT based on the progressive rates was provided for in the financial statements in previous years. The resulting overprovision of PRC LAT amounting to HK\$192,268,000 was reversed in the current period.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease payments	6,756	6,851
Less: Amount capitalised to properties under development for owners' occupation	(1,883)	(1,872)
	4,873	4,979
Amortisation of intangible assets	1,285	1,286
Depreciation	78,810	70,123
Share of taxation of associates (included in share of results of associates)	483	450
Share option expense	1,691	2,499
and after crediting:		
Dividend income from:		
Investments held for trading	165	1,235
Available-for-sale investments	169	495
	334	1,730
Bank interest income	1,107	2,779

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	610,421	84,458
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,875,549	1,918,263
Effect of dilutive potential ordinary shares — share options	—	785
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,875,549	1,919,048

The computations of diluted earnings per share for the period ended 30 September 2012 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computations did not assume the exercise of the Company's and its indirect subsidiary Dorsett's share options as the exercise prices of those options are higher than the average market prices of the Company's and the Dorsett's shares during the period.

8. EARNINGS PER SHARE (CONTINUED)

The computation of diluted earnings per share for the period ended 30 September 2011 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computation do not assume the exercise of the Dorsett's share options as the exercise prices of those options are higher than the average market prices of the Dorsett's shares.

9. DIVIDENDS

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2012 of HK5 cents (six months ended 30.9.2011: final dividend for the year ended 31 March 2011 of HK5 cents) per share	86,488	95,913

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK2 cents (six months ended 30.9.2011: HK1 cents) per share to the shareholders of the Company whose names appear in the register of member on 2 January 2013. Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the period.

10. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired certain property, plant and equipment amounting to HK\$223,794,000 (six months ended 30.9.2011: HK\$298,048,000) and incurred development expenditure on certain hotel properties amounting to HK\$301,367,000 (six months ended 30.9.2011: HK\$218,836,000). In addition, the Group transferred certain investment properties located in Singapore with the fair value of HK\$299,094,000 at 29 August 2012 to other assets (see note 11) upon receipt of Notice of Land Acquisition from the relevant government authority of Singapore on 29 August 2012.

10. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The fair value of the investment properties in Hong Kong and outside Hong Kong at 30 September 2012 are based on the valuation carried out on those dates by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang LaSalle Property Consultants Pte Limited, independent qualified professional valuers not connected with the Group, respectively. DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors. Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones LaSalle Property Consultants Pte Limited are member of the Royal Institution of Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

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

11. OTHER ASSETS

On 29 August 2012, the Group received Notice of Land Acquisition from the relevant government authority of Singapore (the "Government"). Pursuant to which, certain properties located in Singapore are under compulsory acquisition by the Government. These properties are expected to be possessed by the Government in August 2014. Accordingly, such properties were transferred from investment properties to other assets at their fair value of HK\$299,094,000 (see note 10) at the date of transfer, which becomes the deemed cost for subsequent accounting of such properties. The other assets are carried at cost, less impairment losses, if any.

12. INTERESTS IN ASSOCIATES

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Unlisted investments, at cost	90,026	95,600
Share of post-acquisition reserves, net of dividends received	183,365	160,558
	273,391	256,158

13. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Listed equity securities:		
Hong Kong	3,074	3,457
Overseas	—	795
	3,074	4,252
Unlisted securities:		
Equity securities	3,022	10,949
Debt securities	—	301
Club membership	688	688
Investment funds	22,216	18,694
	25,926	30,632
	29,000	34,884
Analysed for reporting purposes as:		
Non-current assets	6,784	16,190
Current assets	22,216	18,694
	29,000	34,884

Available-for-sale investments are stated at fair value except that the unlisted equity securities are measured at cost less impairment as the directors are of the opinion that their fair values cannot be measured reliably.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

13. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

The fair value of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair value of the debt securities are determined in accordance with generally accepted pricing models based on future cash flows discounted using market interest rates. The fair value of the investment funds is determined based on the quoted bid price available from the counterparties of which is determined based on the market price of the underlying listed securities.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Investments held for trading		
Equity securities listed in Hong Kong	6,302	162
Equity securities listed in PRC	3,090	296
Paper gold	8,916	—
	18,308	458
Financial assets designated at fair value through profit or loss		
Debt securities	13,514	—
Structured investments	16,502	7,750
	48,324	8,208
Analysed for reporting purposes as:		
Non-current assets	16,502	7,750
Current assets	31,822	458
	48,324	8,208

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The fair value of investments held for trading are determined based on quoted market bid price available on the relevant stock exchanges and the fair value of paper gold is determined based on quoted market price as at 30 September 2012. Debt securities and structured investments are designated by the Group as financial assets at fair value through profit or loss upon initial recognition. The fair values are determined using generally accepted pricing models based on discounting future cashflow using prices or rates from observable current market transactions. Key assumptions include prices of underlying listed shares and market interest rates.

15. OTHER RECEIVABLES

Included in other receivable are promissory notes with aggregate principal amount of US\$17,500,000 (equivalent to HK\$135,625,000) which represents the balance of the consideration receivable in connection with the disposal of certain properties located outside Hong Kong in February 2010 to an independent third party. The notes, together with the interest being accrued at the rate of 2% per annum in the first year and 4% per annum thereafter, and are due on maturity in February 2014. The notes are secured by first priority mortgage liens over the underlying properties disposed of and a pledge of the purchasers' equity interest in the entity holding the properties.

16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Trade debtors	73,520	73,300
Advance to contractors	27,480	26,085
Utility and other deposits	79,028	28,771
Value-added tax recoverables	5,419	1,104
Prepayment and other receivables	187,680	151,310
	373,127	280,570

Trade debtors mainly comprise of receivables from renting of properties and use of hotel facilities. No credit is provided to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. Credit period of 30 to 60 days are allowed to travel agents and corporate customers.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

16. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Sales of properties are settled according to the payment terms of individual contract but have to be fully settled before transfer of the legal titles.

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

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
30–60 days	64,189	63,441
61–90 days	3,439	4,192
Over 90 days	5,892	5,667
	73,520	73,300

17. DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2012		31.3.2012	
	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)
Interest rate swaps	—	(931)	—	(1,198)
Call/put options in listed equity securities	—	—	10	(47)
Foreign currency forward contracts	11,792	(21,324)	—	—
	11,792	(22,255)	10	(1,245)
Analysed for reporting of purpose as:				
Current assets	11,792	—	10	—
Current liabilities	—	(22,255)	—	(1,245)
	11,792	(22,255)	10	(1,245)

The derivative financial instruments are measured at fair value at the end of the reporting period. The fair value of the derivative financial instruments is estimated using discounted cash flow analysis with reference to the market rate of foreign currency and/or interest rate at the reporting date for remaining duration of the outstanding contracts.

18. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES

The assets classified as held for sale and associated liabilities comprising:

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Assets classified as held for sale:		
Investment property (note a)	—	328,861
Other property, plant and equipment (note b)	90,742	90,067
	90,742	418,928
Liabilities associated with assets held for sale:		
Rental deposit received	—	2,994

Notes:

- (a) On 16 March 2012, the Company entered into an agreement for the disposal of investment properties located outside Hong Kong at a consideration of HK\$328,861,000. The disposal was completed during the current interim period.
- (b) During the year ended 31 March 2011, the Company decided to dispose of certain properties in Hong Kong held under medium-term lease. The properties which were previously planned for owners' occupation is reclassified from property, plant and equipment to non-current assets held for sale.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

19. CREDITORS AND ACCRUALS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Trade creditors		
— construction cost and retention payable	205,045	195,985
— Others	64,193	59,387
	269,238	255,372
Construction cost and retention payable for capital assets	131,056	92,088
Rental and reservation deposit and receipt in advance	60,937	52,765
Other payable and accrued charges	203,622	206,073
	664,853	606,298

The following is an aged analysis of the trade creditors at the end of the reporting period:

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
0–60 days	188,611	162,478
61–90 days	10,569	5,747
Over 90 days	70,058	87,147
	269,238	255,372

20. SECURED BANK AND OTHER BORROWINGS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
The borrowings comprise:		
Bank loans	7,038,682	6,414,242
Other loans	86,100	—
	7,124,782	6,414,242
Less: front-end fee	(21,802)	(29,153)
	7,102,980	6,385,089
Analysed for reporting purposes as:		
Current liabilities	4,579,473	1,764,289
Non-current liabilities	2,523,507	4,620,800
	7,102,980	6,385,089

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

20. SECURED BANK AND OTHER BORROWINGS (CONTINUED)

The borrowings are repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
On demand or within one year	3,580,475	1,260,081
More than one year, but not exceeding two years	1,478,776	3,399,021
More than two years, but not exceeding five years	1,849,005	1,495,793
More than five years	216,526	259,347
	7,124,782	6,414,242

The carrying amount of borrowings include an amount of HK\$1,006,667,000 (31.3.2012: HK\$504,208,000) which is not repayable within one year is shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

Bank loans with aggregate carrying amount of HK\$157,805,000 (31.3.2012: HK\$129,022,000) bear interest at fixed rates ranging from 6.40% to 8.53% (31.3.2012: 5.75% to 8.53%) per annum. The remaining bank loans and other loans bear interest at floating rates ranging from 1.10% to 8.81% (31.3.2012: 0.62% to 11.41%) per annum.

21. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised:	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2011 (audited) and at 30 September 2011 (unaudited)	1,918,262,559	191,826
Issue of shares in lieu of cash dividend at HK\$1.45 per share	31,330,600	3,133
Issue of shares in lieu of cash dividend at HK\$1.09 per share	10,163,917	1,017
At 31 March 2012 (audited)	1,959,757,076	195,976
Repurchase of shares	(230,000,000)	(23,000)
At 30 September 2012	1,729,757,076	172,976

22. SHARE OPTION SCHEMES

The Company and its subsidiary, Dorsett each has a share option scheme under which the directors and full-time employees may be granted options to subscribe for shares in the Company and Dorsett. Particulars of the share option schemes are set out in the 2012 annual report of the Company.

No share options were granted by the Company and no share options issued by the Company were lapsed nor exercised during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

22. SHARE OPTION SCHEMES (CONTINUED)

No share option was granted by Dorsett during the period. Share options were granted by Dorsett on 11 October 2010 at an initial exercise price of HK\$2.20 per share, with vesting periods and exercisable period commencing from 11 October 2010 to 11 October 2015 and from 11 October 2011 to 10 October 2018, respectively, are as follows:

	1.4.2012 to 30.9.2012 '000 (unaudited)	1.4.2011 to 31.3.2012 '000 (audited)
At the beginning of the period/year	22,655	29,700
Lapsed during the period/year	(3,545)	(7,045)
At the end of the period/year	19,110	22,655

23. DISPOSAL OF A SUBSIDIARY

On 28 September 2012, the Group disposed of a hotel named "Dorsett Regency Hotel Hong Kong" through the disposal of its entire equity interest in Hong Kong (SAR) Hotel Limited ("HKSAR") to an independent third party (the "Purchaser") for a consideration of approximately HK\$800,000,000. HKSAR is the owner and operator of Dorsett Regency Hotel Hong Kong.

Pursuant to the supplementary agreement entered in relation for this transaction, included in the total consideration of HK\$800,000,000 a sum of HK\$15,000,000 (the "Relevant amount") shall be settled upon the approval of alteration of the usage of certain floor of Dorsett Regency Hotel Hong Kong to be obtained from the Building Department. Such Relevant amount shall be forfeited by the Purchaser if the approval cannot be obtained before 28 March 2013.

23. DISPOSAL OF A SUBSIDIARY (CONTINUED)

The net assets disposed of were as follows:

	HK\$'000 (unaudited)
Property, plant and equipment	318,892
Inventories	92
Deposits and prepayments	2,495
Bank balances and cash	407
Creditors and accruals	(874)
Net assets disposed of	321,012
Gain on disposal:	
Cash consideration	800,000
Contingent consideration	(15,000)
Transaction cost incurred	(18,902)
Consideration received	766,098
Net assets disposed of	(321,012)
Gain on disposal	445,086
Net cash inflow arising from disposal of a subsidiary	
Consideration received	766,098
Bank balances and cash disposed of	(407)
	765,691

24. CHARGE ON ASSETS

Bank and other loans with aggregate gross carrying amount of HK\$7,102,980,000 (31.3.2012: HK\$6,414,242,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (presented under the line items of investment properties, property, plant and equipment and prepaid lease payments, other assets, properties for sales, and non current asset held for sale) with an aggregate carrying amount of HK\$9,953,413,000 (31.3.2012: HK\$9,743,967,000) and a pledge of deposit of HK\$231,485,000 (31.3.2012: HK\$367,924,000) and together with a floating charge over other assets of the property owners and benefits accrued to those properties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

25. CONTINGENT LIABILITIES

During the year ended 31 March 2010, HKSAR initiated a law suit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK\$25,841,000. HKSAR was disposed of during the current period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 but adjourned to August 2013. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

26. CAPITAL COMMITMENTS

	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
Capital expenditure contracted but not provided for in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	741,325	585,760
Others	22,656	4,421
	763,981	590,181
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	24,463	319,593
Others	15,678	19,274
	40,141	338,867
	804,122	929,048

27. RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Provision of building management service by associates	1,905	1,990
Acquisition of property	8,500	—

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

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

27. RELATED PARTIES TRANSACTIONS (CONTINUED)

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

	Six months ended	
	30.9.2012 HK\$'000 (unaudited)	30.9.2011 HK\$'000 (unaudited)
Short-term benefits	8,230	16,837
Post-employment benefits	162	200
Share based payment	1,557	2,499
	9,949	19,536

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

28. EVENT AFTER THE END OF THE INTERIM PERIOD

On 8 November 2012, the Group entered into a conditional agreement with an independent third party to acquire entire equity interest in a company, which is engaged in property investment, at a consideration of HK\$4,091,000 together with the assignment of the shareholder's loan of HK\$4,091,000.



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