



# 遠東發展有限公司

## Far East Consortium International Limited

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

Stock Code 股份代號：035

2013-14  
INTERIM  
REPORT  
中期報告

# Contents

Corporate Information	2
Interim Results Highlights	4
Management Discussion and Analysis	5
Other Information	21
Report on Review of Condensed Consolidated Financial Statements	32
Condensed Consolidated Statement of Profit or Loss	33
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	34
Condensed Consolidated Statement of Financial Position	35
Condensed Consolidated Statement of Changes In Equity	38
Condensed Consolidated Statement of Cash Flows	40
Notes to the Condensed Consolidated Financial Statements	42

# 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

## **AUTHORISED REPRESENTATIVES**

David CHIU  
Boswell Wai Hung CHEUNG

## **LEGAL ADVISORS**

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

## **AUDITOR**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

# Corporate Information

## PRINCIPAL BANKERS

### Hong Kong

Bank of Communications Co., Ltd.  
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

Public Bank Berhad

### Singapore

The Hongkong and Shanghai  
Banking Corporation Limited

### Australia

Australia and New Zealand Banking  
Group Limited  
Commonwealth Bank of Australia  
Limited  
Oversea-Chinese Banking  
Corporation Limited  
United Overseas Bank Limited

### Mainland China

Agricultural Bank of China Limited  
Bank of China  
Bank of Communications Co., Ltd.  
China Construction Bank Corporation  
Dah Sing Bank (China) 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 Bonds 2015 (Code: 4317)  
5.875% CNY Bonds 2016  
(Code: 85915)  
The Stock Exchange of Hong Kong  
Limited

## WEBSITE

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

# Interim Results Highlights

## **INTERIM RESULTS**

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

## **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend for the six months ended 30 September 2013 of HK3 cents (30 September 2012: HK2 cents) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 2 January 2014. Interim Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 2 January 2014. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election (if applicable) on or around 10 January 2014. Dividend warrants and/or new share certificates will be posted on or around 14 February 2014.

# Management Discussion and Analysis

## FINANCIAL AND BUSINESS REVIEWS

### Financial review

#### 1. Interim results

During the period from 1 April 2013 to 30 September 2013 (“Interim Period 2014”), net profit attributable to shareholders of the Company amounted to approximately HK\$613 million, representing an increase of approximately 0.5% as compared with the same period of last financial year. In the last interim period, a HK\$445 million gain was recognized on disposal of a subsidiary holding Dorsett Regency Hotel, Hong Kong located at Kennedy Town, Hong Kong and there was a tax write back of approximately HK\$192 million. Neither item was repeated in the Interim Period 2014 but the Group was able to maintain its net profit attributable to shareholders of the Company due to (i) completion of Dorsett Residences Singapore; (ii) sales of the remaining units of Upper West Side Stage 1 in Australia; (iii) a gain of approximately HK\$259 million on compensation on compulsory acquisition of Pearl’s Centre in Singapore; and (iv) increase in fair value of approximately HK\$267 million on investment properties mainly in Singapore, Australia and Hong Kong.

Consolidated revenue during the Interim Period 2014 increased by 98.8% to approximately HK\$1,795 million.

Major business	Interim Period 2014 Revenue HK\$ million	Interim Period 2013 Revenue HK\$ million	Growth
Property development	365	32	1,040.6%
Dorsett Group	1,089	554	96.6%
Car parks	299	281	6.4%
Property investment	29	32	(9.4%)
Others (incl. treasury investment)	13	4	225%
<b>Total revenue</b>	<b>1,795</b>	903	98.8%

## Management Discussion and Analysis

Sales of property development increased by 1,040.6% to approximately HK\$365 million, mainly due to the recognition of sales of the remaining units of both Upper West Side Stage 1 in Australia and California Garden in Shanghai, Mainland China.

Revenue from Dorsett Group reached approximately HK\$1,089 million, representing an increase of 96.6% as compared with interim period 2013. This was mainly due to completion of a residential property development, namely Dorsett Residences Singapore which contributed revenue of approximately HK\$498 million and increase in sales of hotel operation which was driven primarily by increase in number of rooms.

Car park revenue reached approximately HK\$299 million, an increase of 6.4% for the Interim Period 2014, mainly driven by organic growth. Revenue relating to property investment decreased for approximately HK\$3 million.

Gross profit for the Interim Period 2014 amounted to approximately HK\$671 million, representing an increase of 62.9% as compared with the interim period 2013. The growth in gross profit was mainly attributable to an increase in sales from residential property developments, namely Dorsett Residences Singapore, remaining units of Upper West Side Stage 1 in Australia and California Garden in Shanghai, Mainland China.

Administrative expenses increased by HK\$26 million to approximately HK\$251 million, mainly due to increase in staff cost in relation to hotel operations.

During the Interim Period 2014, finance costs increased by HK\$58 million to approximately HK\$135 million, mainly due to the increase in interest costs relating to the bonds issued by the Company in March 2013 and Dorsett Group in April 2013.

## Management Discussion and Analysis

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

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 30 September 2013.

	As at 30.9.2013 HK\$ million	As at 31.3.2013 HK\$ million
Bank loans, bonds and borrowings		
Due within 1 year	<b>3,876</b>	4,714
Due 1 – 2 years	<b>1,283</b>	1,266
Due 2 – 5 years	<b>4,613</b>	1,749
Due more than 5 years	<b>96</b>	171
	<b>9,868</b>	7,900
Investment securities	<b>(1,605)</b>	(138)
Bank and cash balances	<b>(2,436)</b>	(3,132)
Net debts <sup>(i)</sup>	<b>5,827</b>	4,630
Carrying amount of the total equity	<b>9,508</b>	9,150
Add: hotel revaluation surplus	<b>9,459</b>	9,459
Total equity adjusting for hotel revaluation surplus	<b>18,967</b>	18,609
Net gearing ratio (net debts to total equity)	<b>30.7%</b>	24.9%

Note:

(i) Total bank loans, bonds and borrowings less investment securities, bank and cash balances

In order to better manage the Group's liquidity position, the Group has allocated a portion of its cash position in marketable debt securities. Investment securities shown on the condensed consolidated statement of financial position represent primarily debt securities.



## Management Discussion and Analysis

Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$9,459 million as at 31 March 2013, the Group's total consolidated equity as at 30 September 2013 was approximately HK\$18,967 million, an increase of 1.9% as compared with that as at 31 March 2013. Compared with the net debts<sup>(i)</sup> as at 30 September 2013, the net gearing ratio of the Group was 30.7%.

The carrying amounts of the borrowings include an amount of approximately HK\$1,647 million (as at 31 March 2013: HK\$1,115 million) which were not repayable within one year based on scheduled repayment dates. However, it has been shown as current liabilities as the counter parties have discretionary rights to demand immediate repayment.

In April 2013, Dorsett Group issued a 5-year bond due in 2018 with an aggregate principal amount of CNY850 million at a fixed rate of 6% per annum. Dorsett Group entered into CNY/USD cross currency swap contracts in relation to the bond with the effect of lowering the effective interest rate to approximately 5.0% per annum. The net proceeds of the issue amounted to approximately CNY840 million (approximately HK\$1.05 billion) which will be used for future acquisitions and expansion, and for general corporate purposes.

In June 2013, Dorsett Group executed a 5-year loan facility amounting to HK\$1.75 billion to refinance Dorsett Group's existing syndicated loan due in September 2013. The new loan facility only required 2 hotel assets in Hong Kong to be pledged and resulted in 4 hotel assets with market value of approximately HK\$2.8 billion in Hong Kong to be released and become unencumbered upon refinancing.

In July 2013, the Group obtained an additional credit facility of AU\$81 million to finance the construction of its projects in Melbourne, Australia.

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

## Management Discussion and Analysis

### 3. Net asset value (adjusted for hotel revaluation surplus)

	As at 30.9.2013 HK\$ million	As at 31.3.2013 HK\$ million
Equity attributable to shareholders of the Company	<b>8,328</b>	8,013
Add: Hotel revaluation surplus (adjusted for minority shareholders' interests) (HK\$9,459 million x 73.25%)	<b>6,929</b>	6,929
Total net asset value	<b>15,257</b>	14,942
No. of shares issued ("million")	<b>1,773</b>	1,769
Adjusted net asset value per share	<b>HK\$8.61</b>	HK\$8.45

### 4. Capital expenditure

The Group's capital expenditures consist of expenditures for acquisition, development and refurbishment of hotel properties. During Interim Period 2014, the Group's capital expenditures amounted to approximately HK\$574.2 million mainly attributable to the acquisition of Lushan hotel property in Jiangxi, Mainland China, acquisition of the Walkabout building in Sherpherd's Bush, London and construction works on Dorsett Shepherds Bush London, Dorsett Tsuen Wan, Hong Kong and Silka Tsuen Wan, Hong Kong. These capital expenditures were funded through a combination of bank borrowings and internal resources.

# Management Discussion and Analysis

## 5. *Contingent liabilities*

- (a) During the six months period ended 30 September 2013, Management Corporation Strata Title No. 512 (“MCST 512”) filed a notice of appeal against Collector’s Awards granted to Tang City Holdings Pte. Ltd. (“Tang City”), a subsidiary of the Company in Singapore and commenced proceedings in Suit 847/2013 in Singapore against Tang City, claiming for the benefit and/or revenue relating to the alleged unauthorised additions to the floor area in the Singapore properties, namely Pearl’s Centre under Compulsory Acquisition amounted to S\$23.5 million (equivalent to HK\$144.7 million). There is no final judgement up to the date of this report. In the opinion of the directors, after obtaining legal advice from lawyer, MCST 512’s appeal and MCST 512’s action in Suit 847/2013 do not have strong basis and are unlikely to succeed. As such, no provision for potential liability has been made in the condensed consolidated financial statements.
- (b) During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited (“HKSAR Hotel”) initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14.4 million. In response to the claim, the contractor has filed counter claims against HKSAR Hotel for an amount of HK\$25.8 million. HKSAR Hotel was disposed during the prior period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. Both the defendant and the plaintiff have filed the closing submission and the reply submission in September and October 2013. There is no final judgement up to the date of this report. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

# Management Discussion and Analysis

## 6. Capital commitments

	As at 30.9.2013 HK\$'000	As at 31.3.2013 HK\$'000
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	<b>649,194</b>	768,622
Others	<b>17,069</b>	12,180
	<b>666,263</b>	780,802
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	<b>23,114</b>	27,673
Others	<b>16,474</b>	16,474
	<b>39,588</b>	44,147
	<b>705,851</b>	824,949

# Management Discussion and Analysis

## **Business review**

### **1. Property division**

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

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. During the Interim Period 2014, a fair valuation gain of investment properties of approximately HK\$267 million was recognized. As at 30 September 2013, valuation of investment properties reached approximately HK\$2,767 million (31 March 2013: HK\$2,432 million). The increase in valuation of investment properties was mainly attributable to the completion of retail properties located at Dorsett Residences in Singapore and Upper West Side Stage 1 in Melbourne, Australia.

In April 2013, the Group accepted the offer of compensation under the Land Acquisition Act of Singapore, by the Collector of Land Revenue of the government of Singapore for the compulsory acquisition of the Group's interest in Pearl's Centre in Singapore. Together with the ex-gratia payments, the total compensation sum was approximately S\$89 million. Based on the offer of compensation, the Group recorded a gain of approximately HK\$259 million on the compensation in relation to the compulsory acquisition.

The Group has a diversified portfolio in property development which is located in Australia, Shanghai, Guangzhou, Hong Kong, Kuala Lumpur and Singapore. To cater for the Group's local development needs, the Group has established strong local teams for property development at these locations. The diversification allows the Group to take advantage of the different property cycles in different regions. This strategy has resulted in a relatively low land cost base for the Group's property development projects. The Group's property developments are focused on mass residential market in Asia Pacific where the Group can benefit from the growing affluence of the middle class.

During the Interim Period 2014, the Group acquired a number of new sites (see below sections for different regions) which resulted an increase in development pipeline. As at 30 September 2013, the Gross Floor Area ("GFA") in the Group's property development pipeline reached approximately 12 million square feet ("sq. ft."), which is sufficient for the Group's development in the coming 6 to 7 years.

## Management Discussion and Analysis

Cumulative contracted presales in relation to properties under development reached approximately HK\$4.7 billion as at 30 September 2013. As revenue will only be recognized when sales of property development are completed, the presales were not reflected in the consolidated statement of profit or loss. In addition, a significant amount of cash flow associated with the presales will only be generated as and when the projects are completed.

A breakdown of the contracted property sale value (not recognised) as at 30 September 2013 is set out below:

Developments	Location	HK\$ million	Expected year of completion FY
Upper West Side, Stage 1	Australia	43	2013/4
Upper West Side, Stage 2	Australia	1,811	2015
Upper West Side, Stage 3	Australia	792	2016
Star Ruby	Hong Kong	518	2015
Sevilla Crest	Hong Kong	169	2015
Clearwater Bay 684	Hong Kong	160	2014
The Royal Crest	Mainland China	601	2014
Dorsett Place Waterfront Subang <sup>(i)</sup>	Malaysia	649	2017
<b>Total</b>		<b>4,743</b>	

Note:

- (i) Project under a joint venture carried out by Dorsett Group and Mayland Valiant on a 50:50 profit sharing basis.

Currently, the Group has 15 active projects of approximately 4.8 million sq. ft. in GFA under various stages of development across the regions. Subsequent to 30 September 2013, the Group started marketing of the following projects: (i) View Pavilion, Shanghai, Mainland China; (ii) Manhattan at Upper West Side, Melbourne, Australia; and (iii) Dorsett Residences Bukit Bintang, Kuala Lumpur, Malaysia.

## Management Discussion and Analysis

### *Australia*

The Group's focus in Australia is the Upper West Side project which is a high rise residential development located at central business district of Melbourne. The total development consists of more than 1.3 million sq. ft. in GFA to be completed in 4 stages. In April 2013, a piece of land with site area of approximately 12,000 sq. ft. adjacent to the current Upper West Side development was acquired and added to the residential development portfolio. In June 2013, the Group further acquired another piece of land (opposite to the current Upper West Side development) with site area of approximately 1.176 hectare for AU\$75 million. With these 2 acquisitions, approximately 3,400 residential apartments are expected to be added to the development pipeline of the Group.

Upper West Side Stage 1 consists of 700 apartments. As at 30 September 2013, more than 97% of the apartments had been settled. Upper West Side Stage 2 (named "Madison at Upper West Side") consists of 584 apartments. As at 30 September 2013, contracted presale value of the Stage 2 reached approximately HK\$1,811 million, representing approximately 98% of Stage 2 development. Completion of Stage 2 is expected to be in the financial year ending 31 March 2015.

Upper West Side Stage 3 (named "Midtown at Upper West Side") consists of 282 apartments. As at 30 September 2013, contracted presale value of the Stage 3 reached approximately HK\$792 million, representing approximately 94% of the Stage 3 development. Construction works has been commenced and the development is expected to be completed in the financial year ending 31 March 2016.

Upper West Side Stage 4 (named "Manhattan at Upper West Side") consists of 641 apartments. The presale was launched in October 2013 and its completion is expected to take place in the financial year ending 31 March 2017.

# Management Discussion and Analysis

## *Mainland China*

In Shanghai, the Group's California Garden is a township development, of which approximately 4,000 residential units have been built and sold. This development comprises a diversified portfolio of residences including low rise apartments, high rise apartments and houses. One of the phases, namely "The Royal Crest" consisting 288 low rise residential apartments (approximately 270,000 sq. ft. in GFA) was launched and 100% presold during the last financial year. The total presale value was approximately HK\$601 million. The development is expected to be completed in the current financial year.

In October 2013, the Group launched the presale of another phase of California Garden, namely "View Pavilion". It consists of 306 high rise apartments and expected to be completed in the financial year ending 31 March 2016. Presale of Phase 16 consisting of 479 high rise apartments and 90 townhouses and The Royal Crest II consisting of 180 high rise apartments and 42 townhouses will come next.

In Guangzhou, the Huadijiyuan project, located in Liwan district, consists of approximately 1 million sq. ft. in GFA. Construction works has been commenced and 5 blocks of residential buildings with approximately 600 high rise apartments are being constructed. Subject to approval, presale is planned to be launched in the first half of financial year 2015 and completion is expected to take place in the financial year 2016.

## *Hong Kong*

The Group has been actively building up its development pipeline in Hong Kong. The Group continues to increase its land bank through acquisition of redevelopment sites as well as participating in government tendering.

Following the acquisition of a residential development site located at Wong Tai Sin, Kowloon which consists of approximately 91,000 sq. ft. in GFA in November 2012, the Group acquired a residential development site located at Sha Tau Kok, New Territories through a government tender in October 2013 at the price of HK\$143 million. This development consists of approximately 130,000 sq. ft. in GFA with a plan of no less than 240 low rise apartments. Currently, this development is under planning stage.



## Management Discussion and Analysis

Star Ruby is a residential property development located at Hunghom, Kowloon. This development comprises of 124 high rise apartments with approximately 66,000 sq. ft. in GFA. As at 30 September 2013, presale value reached approximately HK\$518 million, representing approximately 75% of the development. Completion is expected to take place in financial year 2015.

Sevilla Crest is a residential property development located at Sham Shui Po, Kowloon. This residential development consists of approximately 39,000 sq. ft. in GFA. As at 30 September 2013, presale value reached HK\$169 million, representing 35% of the development. Completion is expected to take place in financial year 2015.

No. 684, Clearwater Bay Road is a residential development located at Sai Kung, New Territories. It consists of 4 villas, with a total GFA of approximately 20,000 sq. ft.. The project was sold through disposal of a subsidiary for HK\$160 million in October 2013.

The Group's development project at No. 90-100 Hill Road, Pok Fu Lam, Hong Kong consists of approximately 45,000 sq. ft. in GFA. The project is now under construction following the Group's complete acquisition of the entire ownership of the site.

An approval has recently been received for a residential development located at Fung Lok Wai, Yuen Long, New Territories. This residential development shall have a total floor area of approximately 1.6 million sq. ft. and comprise approximately 1,958 residential units. The Group has approximately 25.33% interests of the development.

### *Malaysia*

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high rise apartments with approximately 220,000 sq. ft. in GFA. Marketing of this development started in October 2013. Completion is expected to take place in financial year ending 31 March 2017.

Dorsett Place Waterfront Subang is a 50:50 joint venture between Dorsett and Mayland Valiant. This development is adjacent to Grand Dorsett Subang in Kuala Lumpur and comprises 1,989 high rise apartments. The total net floor area is approximately 1,000,000 sq. ft.. Presale value as at 30 September 2013 amounted to approximately HK\$649 million, representing approximately 30% of the development. Completion is expected to take place in financial year 2017.

## Management Discussion and Analysis

### 2. Hotel operation and management – Dorsett Hospitality International Limited

The Group, through its 73.91% (as at the date of this report) owned listed subsidiary, Dorsett Hospitality International Limited (“Dorsett” and its subsidiaries, the “Dorsett Group”), operates its hotel business. The following table shows the operating data of Dorsett’s owned hotels during the interim periods.

	Six months ended 30 September 2013		2012
<b>Hong Kong</b>			
Occupancy rate	<b>94%</b>		93%
Average room rate (HK\$)	<b>887</b>		941
RevPAR (HK\$)	<b>831</b>		876
Revenue (HK\$ million)	<b>330</b>		349
<b>Malaysia</b>			
Occupancy rate	<b>67%</b>		66%
Average room rate (HK\$)	<b>516</b>		507
RevPAR (HK\$)	<b>343</b>		337
Revenue (HK\$ million)	<b>149</b>		140
<b>Mainland China</b>			
Occupancy rate	<b>51%</b>		72%
Average room rate (HK\$)	<b>555</b>		547
RevPAR (HK\$)	<b>281</b>		393
Revenue (HK\$ million)	<b>80</b>		65
<b>Singapore</b>			
Occupancy rate	<b>59%</b>		–
Average room rate (HK\$)	<b>1,242</b>		–
RevPAR (HK\$)	<b>736</b>		–
Revenue (HK\$ million)	<b>26</b>		–
<b>Group Total</b>			
Occupancy rate	<b>75%</b>		81%
Average room rate (HK\$)	<b>749</b>		768
RevPAR (HK\$)	<b>561</b>		621
Revenue (HK\$ million)	<b>585</b>		554

## Management Discussion and Analysis

The Dorsett Group recorded an overall revenue per available room (“RevPAR”) of HK\$561 for the Interim Period 2014, representing a decline of 9.7% attributable to the weak performance of the newly opened Dorsett Grand Chengdu hotel in Mainland China and the decline of RevPAR in Hong Kong due to the drop of average room rate (“ARR”). The decline was however partially offset by the marginal improvement of RevPAR in Malaysia and strong RevPAR performance by the newly opened Dorsett Singapore.

The RevPAR in Hong Kong, which is Dorsett Group’s key market and revenue contributor, was affected by slowdown in growth on tourist arrivals, the adverse impact from the new regulation on zero fare tour group, renovation of its flagship hotels, Cosmopolitan and Lan Kwai Fong, and increasing supply of hotel room inventories. Despite the challenges, concerted sales and marketing efforts and strong commitment from our operation teams managed to record a marginal increase of 1% on the occupancy rate (“OCC”) to 94%. The ARR was however declined by 5.7% to HK\$887 and as a result, the RevPAR in Hong Kong came in at HK\$831, representing a drop of 5.1%.

In Malaysia, RevPAR performance improved marginally by 1.8% to HK\$343 largely attributable to the strong performance of Dorsett Grand Labuan. The OCC for Malaysia operation improved marginally by 1% and the ARR improved by 1.8% as compared with the corresponding period. RevPAR in Mainland China declined by 28.5% to HK\$281. The drop was solely due to the weak performance of the newly opened Dorsett Grand Chengdu and partially offset by the strong RevPAR performance of Dorsett Shanghai and Dorsett Wuhan.

Dorsett Group continued to expand its hotel portfolio and its network coverage. In August 2013, Dorsett Group entered into a transaction to acquire a hotel property in Jiangxi province, Mainland China for RMB176 million. The hotel property is located within the vicinity of the famous Lushan National Park in Jiujiang city, which is one of the most famous tourist destinations in Mainland China. The transaction was completed in October 2013 and Dorsett Group will officially open the hotel in January 2014 with approximately 300 rooms. In line with Dorsett Group’s “Chinese Wallet” strategy to capture the market share for the increasing outbound Chinese travelers, in September 2013, Dorsett Group entered into a transaction to acquire the “Walkabout” pub and restaurant building, which is located just next to the Dorsett Shepherds Bush London hotel that is currently under construction. Dorsett Group intends to convert the property into hotel rooms which will complement the operation of its soon to be opened Dorsett Shepherds Bush London hotel.

## Management Discussion and Analysis

Dorsett Shepherds Bush London and Dorsett Tsuen Wan, Hong Kong are scheduled to open in the coming 6 months. Dorsett Shepherds Bush London consists of 317 rooms and Dorsett Tsuen Wan consists of 547 rooms. Together with the hotel acquired in Lushan, Mainland China in August 2013, total number of more than 1,100 rooms will be added to the current operating rooms capacity in the coming 6 months.

As at 30 September 2013, Dorsett Group operated 17 owned hotels (8 in Hong Kong, 5 in Malaysia, 3 in Mainland China and 1 in Singapore) with approximately 4,900 rooms and managed 2 third party hotel management contracts in Hong Kong with approximately 240 rooms.

Dorsett Group has 8 hotels in the development pipeline (2 in Hong Kong, 3 in Mainland China and 3 in United Kingdom). When all the pipeline hotels come into operation, the Dorsett Group will operate 25 owned hotels with more than 7,400 rooms.

Subsequent to the Interim Period 2014, Dorsett Group entered into hotel management contracts (with its connected parties) to manage 4 hotels with approximately 1,000 rooms in total in Malaysia. The hotel management contracts will provide the platform to further expand Dorsett Group's network in South East Asia and provide steady income stream in the future. One of the 4 hotel management contracts is for Sri Jati serviced apartments which is owned by the Group (outside Dorsett Group). Sri Jati will be redeveloped into a hotel with 154 rooms.

### **3. Car park division**

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 2013, the portfolio consisted of 288 car parks with more than 51,000 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. Third party owners included local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

During the Interim Period 2014, the Group added a net total of approximately 10 new car parks under management with an increase of approximately 1,500 parking bays. The division recorded steady growth and is expected to continue to contribute to the recurring income of the Group. The car park division has expanded its business to include building and property management and is exploring expansion opportunity of its car park business into Mainland China via a joint venture arrangement.

# Management Discussion and Analysis

## **PROSPECTS**

The global economy is showing signs of recovery following the adoption of highly accommodative interest rate policy and quantitative easing in many major economies. The liquidity and a low interest rate environment have indirectly benefitted the Asian economy. As far as the property sector is concerned, market has demonstrated stability following cooling measures imposed by governments in Hong Kong, Singapore and Mainland China.

Looking forward, quantitative easing in the United States is expected to taper in the months ahead. With this backdrop, the Group will maintain a cautious approach in its business management such as seeking achievement of certain presale level before commencement of construction work. The Group will also be diligent and selective in seeking attractive opportunities to expand its residential and hotel development pipeline in order to maintain its growth momentum.

The Group expects contribution from its residential development and hotel division to remain healthy in the coming few years given the Group's current strong residential development and hotel pipeline. The Group will continue to seek organic growth in its car park division including expansion into other new areas.

The management is confident that with a good geographical diversification and a balanced business mix, the Group will be able to weather through cyclicalities in the business and deliver long term sustainable growth to its shareholders.

# Other Information

## EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2013 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 2013, 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	0.77%
	Interest of spouse	557,000 <sup>(i)</sup>	0.03%
	Interest of controlled corporations	719,250,057 <sup>(i)</sup>	40.57%
Chris Cheong Thard HOONG	Beneficial owner	2,000,273	0.11%
	Joint interest	386,329 <sup>(ii)</sup>	0.02%
Denny Chi Hing CHAN	Beneficial owner	1,722,982	0.10%
Dennis CHIU	Beneficial owner	10,733	0.00%
	Interest of controlled corporations	5,365,703 <sup>(iii)</sup>	0.30%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 <sup>(iv)</sup>	0.22%

## Other Information

Notes:

- (i) 719,237,736 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) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 386,329 shares jointly held with his wife.
- (iii) 511,745 shares were held by Chiu Capital N.V. and 976,740 shares were held by Chiu Capital N V Limited, companies 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.
- (iv) 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.

\* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2013.

### ***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	10,400,000	0.59%
Denny Chi Hing CHAN	Beneficial owner	6,300,000	0.36%

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

\* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 30 September 2013.

### ***A.3 Debentures***

As at 30 September 2013, Tan Sri Dato' David CHIU owned the 5.875% CNY Bonds 2016 issued by the Company in the principal amount of CNY12,700,000 through his controlled corporation, Precious Stone Properties Limited.

## Other Information

### B. Associated corporations

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

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
David CHIU	Dorsett	Interest of spouse Interest of controlled corporations	8,355 <sup>(i)</sup> 1,472,773,254 <sup>(i)</sup>	0.00% 73.64%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 <sup>(ii)</sup>	25.00%
Chris Cheong Thard HOONG	Dorsett	Joint Interest	4,000 <sup>(iii)</sup>	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 <sup>(iv)</sup>	0.00%
Daniel Tat Jung CHIU	Dorsett	Interest of controlled corporation	58,158 <sup>(v)</sup>	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	825 <sup>(vi)</sup>	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 41.4% 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.



## Other Information

- (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 Limited, a company controlled by Mr. Dennis CHIU, and 58,158 shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and 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 2013.

### ***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 2013.

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 2013.

## Other Information

### SHARE OPTION SCHEME

#### (a) FECIL Share Option Schemes

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

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

The following table discloses movements in the Company's share options during the Interim Period 2014:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period*
			Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2013	
<b>Directors</b>								
Chris Cheong Thard HOONG	08.05.2009	1,500	1,850,000	-	(1,850,000)	-	-	16.09.2009-15.09.2019
			1,850,000	-	(150,000)	-	1,700,000	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
	27.03.2013	2,550	750,000	-	-	-	750,000	01.03.2014-28.02.2020
			1,000,000	-	-	-	1,000,000	01.03.2015-28.02.2020
			1,250,000	-	-	-	1,250,000	01.03.2016-28.02.2020
			2,000,000	-	-	-	2,000,000	01.03.2017-28.02.2020
			12,400,000	-	(2,000,000)	-	10,400,000	
Denny Chi Hing CHAN	21.10.2004	2,075	500,000	-	(500,000)	-	-	01.01.2007-20.10.2014
			1,800,000	-	(1,000,000)	-	800,000	01.01.2008-20.10.2014
			2,000,000	-	-	-	2,000,000	01.01.2009-20.10.2014
	27.03.2013	2,550	525,000	-	-	-	525,000	01.03.2014-28.02.2020
			700,000	-	-	-	700,000	01.03.2015-28.02.2020
			875,000	-	-	-	875,000	01.03.2016-28.02.2020
			1,400,000	-	-	-	1,400,000	01.03.2017-28.02.2020
			7,800,000	-	(1,500,000)	-	6,300,000	

## Other Information

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 30.09.2013	Exercise period*	
			Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period			
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	-	(150,000)	-	925,000	01.01.2007-20.10.2014	
			2,275,000	-	(250,000)	-	2,025,000	01.01.2008-20.10.2014	
			2,975,000	-	-	-	2,975,000	01.01.2009-20.10.2014	
	25.08.2006	3,290	450,000	-	-	-	450,000	01.01.2009-24.08.2016	
			500,000	-	-	-	500,000	01.01.2010-24.08.2016	
	27.03.2013	2,550	1,125,000	-	-	-	1,125,000	01.03.2014-28.02.2020	
			1,500,000	-	-	-	1,500,000	01.03.2015-28.02.2020	
			1,875,000	-	-	-	1,875,000	01.03.2016-28.02.2020	
			3,000,000	-	-	-	3,000,000	01.03.2017-28.02.2020	
				15,450,000	-	(400,000)	-	15,050,000	
	<b>Total</b>			35,650,000	-	(3,900,000)	-	31,750,000	

\* 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 24 to the condensed consolidated financial statements.

### (b) Dorsett Share Option Scheme

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

## Other Information

Details of the movement of share options under Dorsett Share Option Scheme during the Interim Period 2014 were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2013	Exercise period*
			Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2013		
<b>Directors of Dorsett</b>									
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		
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		
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		
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		

## Other Information

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2013	Exercise period*
			Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2013		
Other employees in aggregate	11.10.2010	2.20	1,663,631	-	-	(109,090)	1,554,541	11.10.2011-10.10.2014	
			1,663,631	-	-	(109,090)	1,554,541	11.10.2012-10.10.2015	
			1,663,631	-	-	(109,090)	1,554,541	11.10.2013-10.10.2016	
			1,663,631	-	-	(109,090)	1,554,541	11.10.2014-10.10.2017	
			1,663,651	-	-	(109,094)	1,554,557	11.10.2015-10.10.2018	
			8,318,175	-	-	(545,454)	7,772,721		
<b>Total</b>			18,563,628	-	-	(545,454)	18,018,174		

\* 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 24 to the condensed 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.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2013, 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	719,237,736 <sup>(i)</sup> (long position)	40.57%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.73%
	Interest of controlled corporations	140,942,693 <sup>(ii)</sup> (long position)	7.95%
	Interest of spouse	1,624,301 <sup>(ii)</sup> (long position)	0.09%

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.

\* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2013.

Save as disclosed above, as at 30 September 2013, 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.

## Other Information

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2013, except for deviations from Code Provisions A.2.1, A.6.7 and E.1.2 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 business engagement, the non-executive director and two independent non-executive directors of the Company were unable to attend the annual general meeting held on 29 August 2013.

Code Provision E.1.2: Due to his unavoidable business engagement, Tan Sri Dato’ David CHIU, the Chairman and Chief Executive Officer of the Company, was unable to attend the annual general meeting held on 29 August 2013. In view of his absence, Tan Sri Dato’ David CHIU had arranged for other directors and management, who are well-versed in the Company’s business and affairs, to attend the meeting and communicate with Shareholders.

### **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 2014.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## Other Information

### **AUDIT COMMITTEE**

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2013.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 24 December 2013 to Thursday, 2 January 2014, 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 Monday, 23 December 2013.

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

Hong Kong, 27 November 2013



# 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 33 to 76, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

## **CONCLUSION**

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

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
27 November 2013

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2013

	Notes	Six months ended	
		30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Revenue	4	<b>1,794,549</b>	902,628
Cost of sales and services		<b>(1,035,596)</b>	(418,877)
Depreciation and amortisation of hotel and car park assets		<b>(87,923)</b>	(71,797)
Gross profit		<b>671,030</b>	411,954
Other income		<b>31,184</b>	13,353
Gain on disposal of a subsidiary	25	–	445,086
Other gains and losses	5	<b>495,031</b>	123,258
Administrative expenses			
– Hotels operation and management		<b>(148,275)</b>	(135,181)
– Others		<b>(102,432)</b>	(89,802)
Pre-opening expenses			
– Hotels operation and management		<b>(2,786)</b>	(8,484)
Selling and marketing expenses		<b>(36,629)</b>	(53,945)
Share of results of associates		<b>3,243</b>	26,294
Share of results of joint ventures		<b>(1,453)</b>	(4,066)
Finance costs	6	<b>(135,016)</b>	(76,786)
Profit before tax		<b>773,897</b>	651,681
Income tax (expense) credit	7	<b>(68,931)</b>	108,962
Profit for the period	8	<b>704,966</b>	760,643
Attributable to:			
Shareholders of the Company		<b>613,077</b>	610,421
Non-controlling interests		<b>91,889</b>	150,222
		<b>704,966</b>	760,643
Earnings per share	9		
– Basic (HK cents)		<b>34.6</b>	32.6
– Diluted (HK cents)		<b>34.5</b>	32.6

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Profit for the period	<b>704,966</b>	760,643
<b>Other comprehensive income (expense)</b>		
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange difference on translation of foreign operations	<b>(123,507)</b>	(21,359)
Revaluation increase on available-for-sale investments	<b>938</b>	2,445
Fair value adjustment on cross currency swap contracts designated as cash flows hedge (note 22)	<b>45,676</b>	–
Reclassify to profit or loss on disposal of available-for-sale investments	<b>2,766</b>	(2,260)
Reclassification from hedging reserve to profit or loss (note 22)	<b>(44,429)</b>	–
Other comprehensive expense for the period	<b>(118,556)</b>	(21,174)
Total comprehensive income for the period	<b>586,410</b>	739,469
Total comprehensive income attributable to:		
Shareholders of the Company	<b>502,188</b>	596,897
Non-controlling interests	<b>84,222</b>	142,572
	<b>586,410</b>	739,469

# Condensed Consolidated Statement of Financial Position

At 30 September 2013

	Notes	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
<b>Non-current Assets</b>			
Investment properties	11	2,766,960	2,431,917
Property, plant and equipment	11	7,045,577	6,653,119
Prepaid lease payments		582,833	595,036
Other assets	12	–	296,250
Goodwill		68,400	68,400
Interests in associates	13	318,851	315,608
Interests in joint ventures		45,662	47,115
Investment securities	14	11,704	146,604
Derivative financial instruments designated as hedging instruments	22	29,247	–
Deposit for acquisition of property, plant and equipment		184,218	133,864
Amounts due from associates		70,784	70,744
Amount due from a joint venture		27,608	27,295
Amount due from an investee company		119,995	119,995
Other receivables	16	31	45
Pledged deposits		6,130	34,788
Deferred tax assets		36,129	5,000
		<b>11,314,129</b>	<b>10,945,780</b>
<b>Current Assets</b>			
Properties for sale			
Completed properties		90,671	295,582
Properties for/under development		5,068,440	4,142,719
Other inventories		8,999	9,034
Prepaid lease payments		16,112	16,034
Debtors, deposits and prepayments	15	586,376	412,836
Other receivables	16	649,054	142,365
Tax recoverable		69,569	87,212
Investment securities	14	1,605,344	137,982
Derivative financial instruments	17	3,184	5,354
Pledged deposits		147,285	141,516
Restricted bank deposits		228,067	257,117
Deposit in a financial institution		91,822	100,000
Time deposits		–	12,500
Bank balances and cash		1,968,972	2,620,653
		<b>10,533,895</b>	<b>8,380,904</b>
Assets classified as held for sale	18	91,924	91,410
		<b>10,625,819</b>	<b>8,472,314</b>

# Condensed Consolidated Statement of Financial Position

At 30 September 2013

	Notes	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
<b>Current Liabilities</b>			
Creditors and accruals	19	1,013,605	837,209
Customers' deposits received		754,138	958,346
Obligations under finance leases		847	158
Amounts due to related companies		46,517	62,660
Amounts due to associates		14,214	12,453
Amounts due to non-controlling shareholders of subsidiaries		30,070	30,070
Dividend payable		195,009	–
Dividend payable to non-controlling interests		42,800	–
Derivative financial instruments	17	6,008	20,290
Tax payable		196,735	185,506
Secured bank and other borrowings	20	3,875,142	4,713,839
		<b>6,175,085</b>	6,820,531
Net current assets		<b>4,450,734</b>	1,651,783
Total assets less current liabilities		<b>15,764,863</b>	12,597,563
<b>Non-current Liabilities</b>			
Secured bank and other borrowings	20	3,672,026	1,904,089
Obligations under finance leases		3,933	1,010
Convertible bonds		31,744	31,169
Bonds	21	2,284,660	1,250,000
Derivative financial instruments designated as hedging instruments	22	–	7,593
Deferred tax liabilities		264,259	253,242
		<b>6,256,622</b>	3,447,103
<b>Net Assets</b>		<b>9,508,241</b>	9,150,460

# Condensed Consolidated Statement of Financial Position

At 30 September 2013

	Notes	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
<b>Capital and Reserves</b>			
Share capital	23	<b>177,281</b>	176,891
Share premium		<b>2,624,478</b>	2,617,925
Reserves		<b>5,526,397</b>	5,217,714
<hr/>			
Equity attributable to shareholders of the Company		<b>8,328,156</b>	8,012,530
Non-controlling interests		<b>1,180,085</b>	1,137,930
<hr/>			
<b>Total Equity</b>		<b>9,508,241</b>	9,150,460

The condensed consolidated financial statements on pages 33 to 76 were approved and authorised for issue by the Board of Directors on 27 November 2013 and are signed on its behalf by:

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedging reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 April 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
Profit for the period	-	-	-	-	-	-	-	-	-	610,421	610,421	150,222	760,643
Exchange difference on translation of foreign operations	-	-	-	-	-	(13,709)	-	-	-	(13,709)	(13,709)	(7,650)	(21,359)
Revaluation increase on available-for-sale investments	-	-	-	-	2,445	-	-	-	-	2,445	2,445	-	2,445
Reclassify to profit or loss on disposal of available-for-sale investments	-	-	-	-	(2,260)	-	-	-	-	(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 recognised as distribution	-	-	-	-	-	-	-	-	(86,488)	(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
Profit for the period	-	-	-	-	-	-	-	-	-	292,625	292,625	25,102	317,727
Revaluation increase on available-for-sale investments	-	-	-	-	745	-	-	-	-	745	745	-	745
Exchange difference on translation of foreign operations	-	-	-	-	-	29,996	-	-	-	29,996	29,996	7,591	37,587
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	-	-	-	-	-	-	(7,593)	-	(7,593)	(7,593)	-	(7,593)
Reclassify to profit or loss on disposal of available-for-sale investments	-	-	-	-	(578)	-	-	-	-	(578)	(578)	-	(578)
Reclassification from hedging reserve to profit or loss	-	-	-	-	-	-	-	(6,000)	-	(6,000)	(6,000)	-	(6,000)
Other comprehensive income for the period	-	-	-	-	167	29,996	-	(13,593)	-	-	16,570	7,591	24,161
Total comprehensive income for the period	-	-	-	-	167	29,996	-	(13,593)	-	292,625	309,195	32,693	341,888
Shares issued in lieu of cash dividend, net of expenses	3,415	50,664	-	-	-	-	-	-	-	54,079	54,079	-	54,079
Share issued upon exercise of share option	500	9,875	-	-	-	-	-	-	-	10,375	10,375	-	10,375
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,001	-	-	2,001	1,034	3,035	3,035
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(35,122)	(35,122)	(35,122)	-	(35,122)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(21,400)	(21,400)
At 31 March 2013 (audited)	176,891	2,617,925	25,500	13,808	(3,704)	444,511	14,559	(13,593)	1,475,804	3,260,829	8,012,530	1,137,930	9,150,460

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedging reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Profit for the period	-	-	-	-	-	-	-	-	-	613,077	613,077	91,889	704,966
Exchange difference on translation of foreign operations	-	-	-	-	-	(117,901)	-	-	-	-	(117,901)	(5,606)	(123,507)
Revaluation increase on available-for-sale investments	-	-	-	-	938	-	-	-	-	-	938	-	938
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	-	40,358	-	-	40,358	5,318	45,676
Reclassify to profit or loss on disposal of available-for-sale investments	-	-	-	-	2,766	-	-	-	-	-	2,766	-	2,766
Reclassification from hedging reserve to profit or loss	-	-	-	-	-	-	-	(37,050)	-	-	(37,050)	(7,379)	(44,429)
Other comprehensive expenses for the period	-	-	-	-	3,704	(117,901)	-	3,308	-	-	(110,889)	(7,667)	(118,556)
Total comprehensive income for the period	-	-	-	-	3,704	(117,901)	-	3,308	-	613,077	502,188	84,222	586,410
Share issued upon exercise of share option	390	6,553	-	-	-	-	-	-	-	-	6,943	-	6,943
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,255	-	-	-	1,255	982	2,237
Lapse of share options transferred to retained profits	-	-	-	-	-	-	-	-	-	249	249	(249)	-
Dividends recognised as distribution	-	-	-	-	-	-	-	-	-	(195,009)	(195,009)	-	(195,009)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(42,800)	(42,800)
At 30 September 2013 (unaudited)	177,281	2,624,478	25,500	13,808	-	326,610	15,814	(10,285)	1,475,804	3,679,146	8,328,156	1,180,085	9,508,241

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 a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett") and (c) excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Note	Six months ended	
		30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
<b>Net cash used in operating activities</b>		<b>(2,059,101)</b>	(300,255)
<b>Investing activities</b>			
Acquisition and development expenditure of property, plant and equipment		<b>(574,202)</b>	(539,866)
Deposit paid for acquisition of property, plant and equipment		<b>(50,354)</b>	7,501
Net cash inflow from disposal of a subsidiary	25	–	765,691
Purchase of available-for-sale investments		–	(65,955)
Proceeds from disposal of available-for-sale investments		<b>151,170</b>	74,253
Placement of pledged bank deposits		<b>(28,240)</b>	(69,686)
Release of pledged bank deposits		<b>51,129</b>	206,125
Release (placement) of restricted bank deposits		<b>29,050</b>	(135,722)
Proceeds from disposal of assets held for sale		–	325,867
Other investing activities		<b>59,073</b>	(13,565)
<b>Net cash (used in) from investing activities</b>		<b>(362,374)</b>	554,643

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Note	Six months ended	
		30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
<b>Financing activities</b>			
Proceeds from issuance of the bonds, net of transaction costs		<b>1,050,172</b>	–
Repurchase of the bonds		<b>(48,172)</b>	–
New bank and other borrowings raised		<b>3,183,289</b>	1,530,876
Repayment of bank and other borrowings		<b>(2,185,340)</b>	(818,702)
Repurchase of shares		–	(288,225)
Interest paid		<b>(226,395)</b>	(127,309)
Other financing activities		<b>(7,517)</b>	1,611
<b>Net cash from financing activities</b>		<b>1,766,037</b>	298,251
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(655,438)</b>	552,639
<b>Cash and cash equivalents at beginning of the period</b>		<b>2,720,653</b>	1,374,980
Effect of foreign exchange rate changes		<b>(4,421)</b>	(3,030)
<b>Cash and cash equivalents at end of the period</b>		<b>2,060,794</b>	1,924,589
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		<b>1,968,972</b>	1,924,589
Deposit in a financial institution		<b>91,822</b>	–
		<b>2,060,794</b>	1,924,589

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 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 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

### Application of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new or revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 30.

The directors consider that HKFRS 13 do not have material impact on the amounts reported in condensed consolidated financial statements but result in more extensive disclosures in the condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

## 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 maker. 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 and car park operations of the Group excluding Dorsett and its subsidiaries and operations of Dorsett and its subsidiaries, including hotel operation and management, property development and securities and financial product investments in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION (Continued)

### Segment revenue and profit (Continued)

	Segment revenue Six months ended		Segment profit Six months ended	
	30 September 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (unaudited)	30 September 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (unaudited)
Property development				
– Australia	300,365	864	147,658	(5,673)
– Hong Kong (“HK”)	13,781	25,680	(7,072)	6,665
– Malaysia	86	279	(1,297)	(1,503)
– Other regions in the People’s Republic of China excluding HK (“PRC”)	51,150	5,338	35,461	1,008
	365,382	32,161	174,750	497
Property investment				
– HK	16,536	15,457	88,175	139,301
– PRC	6,735	6,581	(16,947)	(13,817)
– Singapore	6,024	10,162	254,638	(12,570)
	29,295	32,200	325,866	112,914
Operations of Dorsett and its subsidiaries, including hotel operation and management, property development and securities and financial product investments				
– HK	336,063	349,333	63,607	559,912
– Malaysia	149,174	140,336	29,412	23,728
– PRC	79,684	64,728	(19,119)	(10,321)
– Singapore (Note)	523,937	–	274,147	(3,857)
– United Kingdom (“UK”)	–	–	508	(120)
	1,088,858	554,397	348,555	569,342
Car park operation				
– Australia	290,383	272,180	29,930	22,492
– Malaysia	8,394	8,889	3,125	4,042
	298,777	281,069	33,055	26,534
Securities and financial product investments	12,235	2,799	(15,600)	(722)
Other operations	2	2	(3,436)	(5,113)
Segment revenue/segment profit	1,794,549	902,628	863,190	703,452
Unallocated corporate expenses			(30,213)	(29,163)
Finance costs			(59,080)	(22,608)
Profit before taxation			773,897	651,681

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION (Continued)

### Segment revenue and profit (Continued)

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

Note: The segment revenue and segment profit of this segment for the six months ended 30 September 2013 include the sales of properties in Singapore amounting to HK\$498,392,000 (2012: nil) and HK\$275,215,000 (2012: nil) respectively.

### Segment assets

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

	As at 30 September 2013 HK\$'000 (unaudited)	As at 31 March 2013 HK\$'000 (audited)
Property development		
– Australia	2,139,401	1,196,815
– HK	1,386,826	1,220,918
– Malaysia	369,397	373,007
– PRC	2,490,810	2,430,818
	<b>6,386,434</b>	5,221,558
Property investment		
– HK	2,219,408	2,151,464
– PRC	3,325	6,887
– Singapore	507,200	297,758
	<b>2,729,933</b>	2,456,109

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 3. SEGMENT INFORMATION (Continued)

### Segment assets (Continued)

	As at 30 September 2013 HK\$'000 (unaudited)	As at 31 March 2013 HK\$'000 (audited)
Operations of Dorsett and its subsidiaries, including hotel operation and management, property development and securities and financial product investments		
– HK	<b>5,029,298</b>	3,640,069
– Malaysia	<b>1,054,110</b>	1,077,778
– PRC	<b>2,169,609</b>	2,059,279
– Singapore	<b>937,495</b>	943,753
– UK	<b>654,247</b>	558,740
	<b>9,844,759</b>	8,279,619
Car park operation		
– Australia	<b>653,845</b>	721,398
– Malaysia	<b>150,669</b>	154,050
	<b>804,514</b>	875,448
Securities and financial product investments	<b>856,922</b>	300,204
Other operations	<b>317,807</b>	294,022
Segment assets	<b>20,940,369</b>	17,426,960
Unallocated corporate assets	<b>999,579</b>	1,991,134
Total assets	<b>21,939,948</b>	19,418,094

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 4. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, gross rental from leasing of properties, income from hotel operation and management, car park operation and provision of property management services, interest income from financial instruments and other operations as set out as follows:

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000	HK\$'000
Sale of properties	<b>850,197</b>	28,848
Leasing of properties	<b>36,316</b>	29,281
Hotel operation and management	<b>584,792</b>	554,397
Car park operations	<b>299,134</b>	280,885
Provision of property management services	<b>6,200</b>	6,416
Interest income from financial instruments	<b>13,676</b>	2,799
Other operations	<b>4,234</b>	2
	<b>1,794,549</b>	902,628

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Gain on compensation from relevant government Authority of Singapore (note)	<b>258,960</b>	–
Gain arising on transfer of completed properties for sales to investment properties (note 11)	<b>130,870</b>	–
Change in fair value of investment properties	<b>135,702</b>	125,950
(Loss) gain on disposal of available-for-sale investments	<b>(2,766)</b>	2,260
Gain on partial repurchase of bonds (note 21)	<b>2,067</b>	–
Change in fair value of financial assets at fair value through profit or loss	<b>(44,354)</b>	4,495
Change in fair value of derivative financial instruments	<b>9,891</b>	(9,447)
Net foreign exchange gain	<b>4,661</b>	–
	<b>495,031</b>	123,258

Note: On 24 April 2013, the Group accepted compensation totalling S\$88,900,000 (equivalent to HK\$554,736,000) offered by the relevant authority of Singapore (the "Singapore Government") in connection with compulsory acquisition of certain properties of the Group located in Singapore ("Singapore Properties under Compulsory Acquisition"). The carrying amount of such properties being derecognised, which were previously classified as other assets was amounting HK\$295,776,000 at 24 April 2013. The difference between the compensation amount accepted by the Group and the carrying amount was recognised in the profit or loss. Up to 30 September 2013, the Group received compensation of S\$6,645,000 (equivalent to HK\$40,601,000) from the Singapore Government and the remaining balance of S\$82,255,000 (equivalent to HK\$506,690,000) to be received by the Group is included in other receivables (note 16).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 6. FINANCE COSTS

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Interest on:		
Bank borrowings		
– wholly repayable within five years	<b>147,729</b>	108,508
– not wholly repayable within five years	<b>8,532</b>	9,349
Other loans wholly repayable within five years	<b>1,794</b>	6,428
Convertible bonds	<b>1,120</b>	1,086
Finance leases	<b>8</b>	11
Interest on bonds	<b>68,570</b>	–
Less: Net interest income from cross currency swap contracts	<b>(13,623)</b>	–
Amortisation of front-end fee	<b>8,531</b>	12,757
Others	<b>3,384</b>	2,404
<b>Total interest costs</b>	<b>226,045</b>	140,543
Less: Amounts capitalised to properties under development:		
– investment properties	<b>(1,570)</b>	(1,368)
– properties for owners' occupation	<b>(22,996)</b>	(24,713)
– properties for sale	<b>(66,463)</b>	(37,676)
	<b>135,016</b>	76,786

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 7. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	<b>26,423</b>	26,011
PRC Enterprise Income Tax ("EIT")	<b>8,653</b>	49,204
PRC Land Appreciation Tax ("LAT")	<b>2,369</b>	1,283
Australia Income Tax	<b>11,817</b>	1,047
Malaysia Income Tax	<b>1,531</b>	3,126
Singapore Income Tax	<b>25,080</b>	–
	<b>75,873</b>	80,671
Overprovision in prior years		
PRC LAT (note)	–	(192,268)
Singapore Income Tax	<b>(427)</b>	(161)
	<b>(427)</b>	(192,429)
Deferred taxation	<b>(6,515)</b>	2,796
	<b>68,931</b>	(108,962)

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

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

PRC LAT is levied at 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.

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

Note: 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 that have been sold and recognised as revenue in the consolidated financial statements in previous years, for which PRC LAT based on the progressive rates was provided for. The resulting overprovision of PRC LAT amounting to HK\$192,268,000 was reversed in prior period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	<b>5,649</b>	6,756
Less: Amount capitalised to properties under development for owners' occupation	–	(1,883)
	<b>5,649</b>	4,873
Amortisation of intangible assets	–	1,285
Depreciation	<b>87,111</b>	78,810
Share of taxation of associates (included in share of results of associates)	<b>641</b>	483
Share option expense	<b>2,237</b>	1,691
and after crediting:		
Dividend income from:		
Investments held for trading	<b>5,995</b>	165
Available-for-sale investments	<b>85</b>	169
	<b>6,080</b>	334
Bank interest income	<b>4,242</b>	1,107

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the period attributable to the shareholders of the Company of HK\$613,077,000 (30.9.2012: HK\$610,421,000) and the number of shares calculated as follows:

	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,770,155</b>	1,875,549
Effect of dilutive potential ordinary shares – company's share options	<b>4,690</b>	–
<hr/>		
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,774,845</b>	1,875,549

The computation of diluted earnings per share for the period ended 30 September 2013 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 during the period.

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 10. DIVIDENDS

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2013 of HK11 cents (six months ended 30.9.2012: final dividend for the year ended 31 March 2012 of HK5 cents) per share	<b>195,009</b>	86,488

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK3 cents (six months ended 30.9.2012: HK2 cents) per share to the shareholders of the Company whose names appear on the register of members on 2 January 2014. Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the period.

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

During the period ended 30 September 2013, the Group acquired certain property, plant and equipment amounting to HK\$71,086,000 (six months ended 30.9.2012: HK\$223,794,000) and incurred development expenditure on certain hotel properties amounting to HK\$523,103,000 (six months ended 30.9.2012: HK\$301,367,000). In addition, the Group has transferred certain inventory of properties with carrying amount of HK\$59,125,000 to investment properties at fair value of HK\$188,802,000 upon change in use, which was evidenced by the commencement of operating leases. The gain arising on transfer of inventories of properties to investment properties amounted to HK\$130,870,000 has been recognised in the condensed consolidated statement of profit or loss accordingly (note 5).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

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

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at the date of transfer and 30 September 2013 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd., independent firms of qualified professional valuers not connected to the Group, respectively. 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 capitalization 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 sales transactions and market value of similar completed properties in the relevant locations.

## **12. OTHER ASSETS**

On 29 August 2012, the Group received Notice of Land Acquisition from the Singapore Government in respect of the Singapore Properties under Compulsory Acquisition (see note 5). These properties are expected to be possessed by the Singapore Government in August 2014. Accordingly, such properties were transferred from investment properties to other assets at their fair value of S\$47,400,000 (equivalent to HK\$296,250,000) at the date of transfer, which becomes the deemed cost accounting for such properties at 31 March 2013. Upon acceptance by the Group of the offer of compensation from the Singapore Government, such properties were given up and the carrying amount was derecognised and resulted in gain on compensation amounted to HK\$258,960,000 recognised in the condensed consolidated statement of profit or loss accordingly (note 5).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 13. INTERESTS IN ASSOCIATES

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Unlisted investments, at cost	<b>86,539</b>	86,539
Share of post-acquisition reserves, net of dividends received	<b>232,312</b>	229,069
	<b>318,851</b>	315,608

## 14. INVESTMENT SECURITIES

### (i) Available-for-sale investments

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Listed equity securities:		
Hong Kong	<b>3,262</b>	3,172
Overseas	–	7,865
	<b>3,262</b>	11,037
Unlisted:		
Equity securities	<b>4</b>	4
Debt securities	–	98,571
Club membership	<b>688</b>	688
Investment funds	–	41,120
	<b>692</b>	140,383
	<b>3,954</b>	151,420

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 14. INVESTMENT SECURITIES (Continued)

### (ii) Financial assets at fair value through profit or loss

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Investments held for trading		
Equity securities listed overseas	<b>13,313</b>	23,386
Listed debt securities	<b>392,538</b>	–
Unlisted debt securities	<b>10,630</b>	–
Convertible bonds	<b>35,902</b>	–
Investment funds	<b>1,152,961</b>	–
Financial assets designated at fair value through profit or loss		
Listed debt securities	–	102,030
Structured deposits	<b>7,750</b>	7,750
	<b>1,613,094</b>	133,166
<b>Total</b>	<b>1,617,048</b>	284,586
Analysed for reporting purposes as:		
Non-current assets	<b>11,704</b>	146,604
Current assets	<b>1,605,344</b>	137,982
	<b>1,617,048</b>	284,586

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. Investment funds represented pooled investments, comprising of equity and debt securities in various markets.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Trade debtors	156,410	79,902
Advance to contractors	14,519	14,029
Utility and other deposits	16,004	22,270
Value-added tax recoverable	5,383	6,331
Receivables from stakeholders	203,276	108,498
Prepayment and other receivables	190,784	166,806
Balance of proceeds from disposal of a subsidiary (note 25)	–	15,000
	<b>586,376</b>	412,836

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

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements. Trade debtors of S\$12,040,000 (equivalent to HK\$74,289,000) represents the portion of the proceeds that have been settled by property buyers which held in escrow account and the funds would be remitted to the Group upon the issuance of relevant certificate by the government authority, which is expected to be taken place within one year after the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade debtors, net of allowance of doubtful debts, based on payment terms set out in the sales and purchase agreement or invoice date, at the end of the reporting period:

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
0 – 60 days	<b>145,830</b>	70,863
61 – 90 days	<b>3,814</b>	2,818
Over 90 days	<b>6,766</b>	6,221
	<b>156,410</b>	79,902

## 16. OTHER RECEIVABLES

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Compensation receivable (note 5)	<b>506,690</b>	–
Promissory notes receivable and accrued interest	<b>142,365</b>	142,365
Second mortgage loans	<b>30</b>	74
	<b>649,085</b>	142,439
Less: Amount due within one year and classified under current assets		
– Other receivables	<b>(649,054)</b>	(142,365)
– Debtors, deposits and prepayments	–	(29)
	<b>31</b>	45

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 16. OTHER RECEIVABLES (Continued)

Compensation of S\$82,255,000 (equivalent to HK\$506,690,000) is due for settlement upon the surrender of the title deeds of the Singapore Properties under the Compulsory Acquisition and delivery of possession of such properties to the Singapore Government in August 2014.

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 to an independent third party in February 2010. The notes, together with interest being accrued at the rate of 2% per annum in the first year and 4% per annum thereafter, are due on maturity in February 2014. The notes are secured by first priority mortgage liens over the properties disposed of and a pledge of the purchasers' equity interest in the entity holding the properties.

Second mortgage loans and interest receivable are secured by the properties of the borrowers. The loans bear interest at prime rate with an effective interest rate as at 30 September 2013 of 5.00% per annum (31.3.2013: 5.00%) and are repayable by instalments in accordance to their respective repayment terms.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 17.DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2013		31.3.2013	
	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)
Interest rate swaps	–	(323)	–	(680)
Call/put options in foreign currencies	3,184	(5,685)	5,534	(10,774)
Cross currency swap contracts	–	–	–	(8,836)
	<b>3,184</b>	<b>(6,008)</b>	5,534	(20,290)
Analysed for reporting of purpose as:				
Current assets	3,184	–	5,534	–
Current liabilities	–	(6,008)	–	(20,290)
	<b>3,184</b>	<b>(6,008)</b>	5,534	(20,290)

## 18.ASSETS CLASSIFIED AS HELD FOR SALE

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

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Assets classified as held for sale:		
Other property, plant and equipment (note)	<b>91,924</b>	91,410

Note: 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 assets classified as held for sale. Such property was sold to an independent third party after the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 19. CREDITORS AND ACCRUALS

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	<b>154,428</b>	152,576
– Others	<b>79,517</b>	72,690
	<b>233,945</b>	225,266
Construction cost and retention payable for capital assets	<b>118,272</b>	94,711
Rental and reservation deposit and receipt in advance	<b>34,450</b>	49,304
Consideration payable in respect of acquisition of properties	<b>323,550</b>	–
Payable to brokers for the purchase of share	–	43,951
Other payable and accrued charges	<b>303,388</b>	423,977
	<b>1,013,605</b>	837,209

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

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
0 – 60 days	<b>153,509</b>	140,680
61 – 90 days	<b>6,681</b>	1,374
Over 90 days	<b>73,755</b>	83,212
	<b>233,945</b>	225,266

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 20. SECURED BANK AND OTHER BORROWINGS

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Bank loans	<b>7,577,350</b>	6,571,300
Other loans	–	62,500
	<b>7,577,350</b>	6,633,800
Less: front-end fee	<b>(30,182)</b>	(15,872)
	<b>7,547,168</b>	6,617,928
Analysed for reporting purposes as:		
Current liabilities	<b>3,875,142</b>	4,713,839
Non-current liabilities	<b>3,672,026</b>	1,904,089
	<b>7,547,168</b>	6,617,928

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

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
On demand or within one year	<b>2,236,406</b>	3,614,915
More than one year, but not exceeding two years	<b>2,203,390</b>	1,757,649
More than two years, but not exceeding five years	<b>2,900,561</b>	1,090,249
More than five years	<b>236,993</b>	170,987
	<b>7,577,350</b>	6,633,800



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 20. SECURED BANK AND OTHER BORROWINGS (Continued)

During the current period, the Group entered into a loan facility of HK\$1,750,000,000 bear interest at Hong Kong Interbank Offered Rate plus a margin and is repayable in June 2018.

The carrying amount of borrowings include an amount of HK\$1,647,313,000 (31.3.2013: HK\$1,114,796,000) which is not repayable within one year based on scheduled repayment dates has been shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

Bank loans and other loans with aggregate carrying amount of HK\$7,547,168,000 (31.3.2013: HK\$6,602,928,000) bear interest at floating rates ranging from 1.1% to 8.65% (31.3.2013: 1.1% to 8.53%) per annum. At 31 March 2013, the remaining bank loans with carrying amount of HK\$15,000,000 bore interest at fixed rates of 8.53% per annum.

## 21. BONDS

### 2016 Bonds

On 4 March 2013, the Company issued bonds with aggregate principal amount of RMB1,000,000,000 (equivalent to HK\$1,250,000,000) at the issue price of 100% of the principal amount with a maturity of three years due on 4 March 2016 (the "2016 Bonds") to independent third parties. The 2016 Bonds are denominated and settled in RMB, bear interest at rate of 5.875% per annum payable semi-annually in arrears on 4 March and 4 September in each year. Details of the 2016 Bonds were set out in the 2013 annual report of the Company.

### 2018 Bonds

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK\$1,062,500,000) at the issue price of 100% of the principal amount with a maturity of five years due on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds are denominated and settled in RMB, bear interest at rate of 6% per annum payable semi-annually in arrears on 3 April and 3 October in each year.

Bonds issued by the Group are measured at amortised cost, using the effective interest method. Transaction costs are included in the carrying amount of the notes and amortised over the period of the notes using the effective interest method.

During the current period, Dorsett partially repurchased a principal amount of RMB39,660,000 (equivalent to HK\$49,972,000) of the 2018 Bonds with carrying amount of RMB39,832,000 (equivalent to HK\$50,239,000) at a consideration of HK\$48,172,000. The gain on partial repurchase of the 2018 Bonds of HK\$2,067,000 was recognised in profit or loss (note 5).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 22. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

During the year ended 31 March 2013, the Group entered into cross currency swap contracts to hedge against the variability of cash flows arising from the foreign currency fluctuations. The Group has designated these cross currency swap contracts as hedges against the variability of exposure on currency risk in Renminbi of the 2016 Bonds and the 2018 Bonds (see note 21). The terms of the cross currency swap contracts have been negotiated to match the terms of the 2016 Bonds and the 2018 Bonds.

In relation to the partial repurchase of the 2018 Bonds as set out in note 21, the Group revoked the existing hedging relationship. The Group then designated partial amount of such cross currency swap contracts to hedge against the variability of cash flows arising from the Group's remaining principal balance of 2018 Bonds amounted to RMB810,340,000.

Major terms of cross currency swap contracts at 30 September 2013 are set out below:

- (1) Date of contract: 26 February 2013  
Effective date: 4 March 2013  
Notional amount: RMB250,000,000  
Maturity: 4 March 2016  
Interest payment: Receive interest at a fixed rate of 5.875% per annum on RMB notional amount and pay interest at fixed rate of 4.65% per annum based on USD40,178,074.98 semi-annually  
Principal exchanged amount: USD40,178,074.98
  
- (2) Date of contract: 25 February 2013  
Effective date: 4 March 2013  
Notional amount: RMB750,000,000  
Maturity: 4 March 2016  
Interest payment: Receive interest at a fixed rate of 5.875% per annum on RMB notional amount and pay interest at fixed rate of 4.675% per annum based on USD120,365,912.37 semi-annually  
Principal exchanged amount: USD120,365,912.37

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 22. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (Continued)

- (3) Date of contract: 25 March 2013  
Effective date: 3 April 2013  
Notional amount: RMB500,000,000  
Maturity: 3 April 2018  
Interest payment: Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.97% per annum of USD80,606,158.31 semi-annually  
Principal exchanged amount: USD80,606,158.31
- (4) Date of contract: 27 March 2013  
Effective date: 3 April 2013  
Notional amount: RMB350,000,000  
Maturity: 3 April 2018  
Interest payment: Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.952% per annum of USD56,397,035.13 semi-annually  
Principal exchanged amount: USD56,397,035.13

During the six months period ended 30 September 2013, fair value gain arising from the cross currency swap contracts of HK\$45,676,000 was recognised in other comprehensive income. An amount of gain of HK\$44,429,000 is reclassified from hedge reserve to profit or loss in the periods when the hedged item is recognised to profit or loss.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 23.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 2012 (audited)	1,959,757,076	195,976
Repurchase of shares	(230,000,000)	(23,000)
At 30 September 2012 (unaudited)	1,729,757,076	172,976
Issue of shares in lieu of cash dividend at HK\$1.43 per share	26,332,957	2,633
Issue of shares in lieu of cash dividend at HK\$2.10 per share	7,819,503	782
Issue upon exercise of share option of HK\$2.075 per share	5,000,000	500
At 31 March 2013 (audited)	1,768,909,536	176,891
Issue upon exercise of share option at HK\$2.075 per share	1,900,000	190
Issue upon exercise of share option at HK\$1.50 per share	2,000,000	200
At 30 September 2013	1,772,809,536	177,281

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 24.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 2013 annual report of the Company.

No share options were granted by the Company and no share options issued by the Company were lapsed during the period. During the current period, 3,900,000 (six months ended 30.9.2012: nil) share options were exercised.

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK\$2.63 (six months ended 30.9.2012: nil).

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 2011 to 11 October 2015 and from 11 October 2012 to 10 October 2018, respectively, are as follows:

	1.4.2013 to 30.9.2013 '000 (unaudited)	1.4.2012 to 31.3.2013 '000 (audited)
At the beginning of the period/year	<b>18,564</b>	22,655
Lapsed during the period/year	<b>(545)</b>	(4,091)
At the end of the period/year	<b>18,019</b>	18,564

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 25. DISPOSAL OF A SUBSIDIARY

On 28 September 2012, the Group disposed of its entire equity interest in Hong Kong (SAR) Hotel Limited ("HKSAR Hotel") to an independent third party (the "Purchaser") for consideration of HK\$801,532,000. HKSAR Hotel is the owner and operator of Dorsett Regency Hotel, Hong Kong.

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)
<hr/>	
Net assets disposed of	321,012
<hr/>	
Gain on disposal:	
Cash consideration	800,000
Contingent consideration	(15,000)
Transaction and other direct cost incurred	(18,902)
<hr/>	
Consideration received and receivable	766,098
Net assets disposed of	(321,012)
<hr/>	
Gain on disposal	445,086
<hr/>	
Net cash inflow arising from disposal of a subsidiary	
Consideration received	766,098
Bank balances and cash disposed of	(407)
<hr/>	
	765,691
<hr/>	

Note: Pursuant to the supplementary agreement entered in relation to this transaction, included in the total consideration of HK\$800,000,000 a sum of HK\$15,000,000 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. The approval was obtained on 28 March 2013 and the amount of HK\$15,000,000 has not yet been settled as at March 2013 and has been included under "Debtors, Deposits and Prepayments" as disclosed in note 15. The amount was received on 3 April 2013.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 26. CHARGE ON ASSETS

Bank and other loans with aggregate amount of HK\$7,577,350,000 (31.3.2013: HK\$6,633,800,000) 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 properties for sale, investment properties, property, plant and equipment, prepaid lease payments and assets classified as held for sale) with an aggregate carrying amount of HK\$10,770,215,000 (31.3.2013: HK\$11,239,210,000) and a pledge of deposits of HK\$153,415,000 (31.3.2013: HK\$176,304,000) and together with a floating charge over other assets of the property owners and benefits accrued to those properties.

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

## 27. CONTINGENT LIABILITIES

(1) During the six months period ended 30 September 2013, Management Corporation Strata Title No. 512 ("MCST 512") filed the notice of appeal to High Court in Singapore against Tang City Holdings Pte. Ltd., a subsidiary of the Company in Singapore, claiming for the benefit and/or revenue relating to the unauthorised additions to the floor area in the Singapore Properties under Compulsory Acquisition amounted to S\$23,492,000 (equivalent to HK\$144,710,000). There is no final judgement up to the date of this report. In the opinion of the directors, after consultation with the lawyer, MCST 512's appeal is not premised upon any strong basis and it is unlikely to succeed. As such, no provision for potential liability has been made in the condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 27. CONTINGENT LIABILITIES (Continued)

- (2) During the year ended 31 March 2010, HKSAR Hotel initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposed of during the prior period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. Both the defendant and the plaintiff have filed the closing submission and the reply submission in September and October 2013. There is no final judgement up to the date of this report. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

## 28. CAPITAL COMMITMENTS

	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	<b>649,194</b>	768,622
Others	<b>17,069</b>	12,180
	<b>666,263</b>	780,802
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	<b>23,114</b>	27,673
Others	<b>16,474</b>	16,474
	<b>39,588</b>	44,147
	<b>705,851</b>	824,949



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 29. RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Provision of building management service by associates	1,404	1,905
Acquisition of property	–	8,500

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 29. RELATED PARTIES TRANSACTIONS (Continued)

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

	Six months ended	
	30.9.2013 HK\$'000 (unaudited)	30.9.2012 HK\$'000 (unaudited)
Short-term benefits	10,573	8,230
Post-employment benefits	205	162
Share-based payment	1,076	1,557
	<b>11,854</b>	9,949

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

## 30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/ (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30 September 2013 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
1a) Listed equity securities classified as available-for-sale investments	3,262	Level 1	Quoted bid prices in an active market.
1b) Listed equity securities classified as financial assets at fair value through profit or loss	13,313	Level 1	Quoted bid prices in an active market.
2) Listed debt securities classified as financial assets at fair value through profit or loss	392,538	Level 2	Discounted cash flows.  Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.
3) Unlisted debt securities classified as financial assets at fair value through profit or loss	10,630	Level 2	Discounted cash flows.  Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/ (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30 September 2013 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
4) Convertible bonds classified as financial assets at fair value through profit or loss	35,902	Level 2	Discounted cash flows.  Future cash flows are estimated based on the share price of the underlying listed shares, exercise price of the convertible bond, expected dividend yield and volatility as the key parameter.
5) Investment funds classified as financial assets at fair value through profit or loss	1,152,961	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds.
6) Structured deposits classified as financial assets at fair value through profit or loss	7,750	Level 3	Discounted cash flows.  Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the bank.
7) Call/put options in foreign currencies classified as derivative financial instruments.	Assets – 3,184 Liabilities – (5,685)	Level 2	Option pricing model.  The valuation is based on the volatility level, foreign exchange spot and forward rates from the counterparties for similar instruments.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

## 30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/ (liabilities) included in the condensed consolidated statement of financial position	Fair value as at 30 September 2013 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
8) Interest rate swaps classified as derivative financial instruments.	(323)	Level 2	Discounted cash flows.  Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
9) Cross currency swaps classified as derivative financial instruments designated as hedging instruments.	29,247	Level 2	Discounted cash flows.  Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 September 2013.

### Reconciliation of Level 3 fair value measurements of financial assets

There is no movement in the fair value of structured deposits for the period from 1 April 2013 to 30 September 2013.

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss, as the management consider that the exposure is insignificant to the Group.



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