



**Far East Consortium
International Limited**
遠東發展有限公司

2011-12

Interim Report 中期報告

Stock Code 股份代號: 035

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

REMUNERATION COMMITTEE

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

EXECUTIVE COMMITTEE

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

MANAGING DIRECTOR

Chris Cheong Thard HOONG, B. ENG, ACA

CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

AUTHORIZED REPRESENTATIVES

David CHIU
Boswell Wai Hung CHEUNG

LEGAL ADVISORS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

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

Malaysia

Affin Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

Singapore

The Hongkong and Shanghai
Banking Corporation Limited

Australia

Australia and New Zealand Banking
Group Limited
Bank of Western Australia
Commonwealth Bank of Australia Limited

Mainland China

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

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

SHARE REGISTRAR

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

LISTING INFORMATION

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

WEBSITE

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

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

Interim Results Highlights

INTERIM RESULTS

The Board of Directors (“Board”) of Far East Consortium International Limited (“Company” or “FECIL”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30 September 2011 (“Interim Period 2012”). The Company’s Audit Committee has reviewed the results of the financial statements of the Group for the Interim Period 2012 prior to recommending them to the Board for approval.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the Interim Period 2012 of HK1 cent (30 September 2010: HK2 cents) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (“Shareholders”) whose names appear on the Company’s Register of Members on 30 December 2011. 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 30 December 2011. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election on or around 10 January 2012. Dividend warrants and/or new share certificates will be posted on or around 10 February 2012.

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEWS

Financial review

1. Interim results

During the Interim Period 2012, net profit attributable to owners of the Company was HK\$84 million, representing a decrease of 60% as compared with the same period of last financial year. The decline was mainly due to decrease in completion of property developments during the Interim Period 2012 and decrease in gain on fair value of investment property.

For the Interim Period 2012, consolidated revenue increased by 6% to HK\$827 million. Revenue of recurring income business (investment properties, hotel operation and car park operation) was HK\$790 million, representing approximately 96% of the consolidated revenue. Sale of property development was HK\$29 million, representing a decrease of 80% as compared with the same period of last financial year. The remaining revenue of approximately HK\$7 million was derived from treasury investment.

	Interim Period 2012 Revenue HK\$ million	Interim Period 2011 Revenue HK\$ million	Growth %
Recurring Income Business			
KHI	499	384	30%
Car parks	259	211	23%
Investment properties	32	30	7%
Total recurring income business	790	625	26%

Revenue of recurring income business grew by 26% to HK\$790 million. Revenue from Kosmopolito Hotels International Limited (“KHI” or “Kosmopolito”) reached HK\$499 million, representing an increase of 30% as compared with the same period of last financial year, due to increases in average room rate and occupancy rate during the Interim Period 2012. In addition, full period contribution from Cosmo Hotel Mongkok (opened in July 2010) and the opening of Dorsett Regency Hong Kong in June 2011 also contributed to the increase in revenue.

Management Discussion and Analysis

Car park revenue reached HK\$259 million, an increase of 23% during the Interim Period 2012. The increase was mainly due to the increase of number of car parking bays under our management and increase in foreign currency exchange rates. Investment property revenue grew by 7% and amounted to HK\$32 million.

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

The scheduled completion of property development throughout our core presences in Shanghai, Hong Kong, Australia and Malaysia is anticipated to deliver a strong performance in the coming years.

Gross profit for the Interim Period 2012 totaled HK\$392 million, representing an increase of approximately 5% from the same period of last financial year. Gross profit margin was maintained at a similar level at approximately 47.4% for the Interim Period 2012, whilst gross profit margin was recorded at 47.8% in the same period of last financial year. Gross profit margin of KHI for the Interim Period 2012 increased to 58% from 55% of the same period of last financial year. Gross profit margin of car park business for both Interim Periods 2011 and 2012 was maintained at 23%.

Administrative expenses included mainly selling and distribution expenses, staff costs for management and administrative personnel, and other operating expenses. Due to the increase in the number of operating hotels in Hong Kong and the number of car parking bays managed in Australia, administrative expenses for the Interim Period 2012 increased by 28% to HK\$224 million from the same period of last financial year.

Management Discussion and Analysis

Finance costs referred to cost of borrowings for hotel operations, car park management and investment properties business and interest cost of convertible bond issued in March 2010. For the Interim Period 2012, finance costs were HK\$87 million, representing an increase of 3% from the same period of last financial year. The increase was mainly due to an increase of interest costs for hotel operations and increase in foreign currency exchange rates on bank borrowings for overseas operations.

Gain on fair value of investment property for Interim Period 2012 was HK\$70 million, a decrease of HK\$125 million from the same period of last financial year. This decrease was one of the main reasons of decrease in net profit attributable to owners of the Company for the Interim Period 2012.

Income tax expenses for Interim Period 2012 decreased by 59% to HK\$28 million, compared with the same period of last financial year. The main reason was due to decrease in taxable profit related to sales of property development.

2. Liquidity, financial resources and net gearing

Borrowings and charge on Group assets

	As at 30.9.2011 HK\$'000	As at 31.3.2011 HK\$'000
Bank and other loans	5,299,212	5,252,273
Convertible bond	703,819	716,785
Obligations under finance leases	896	558
	6,003,927	5,969,616
The above borrowings are repayable as follows:		
On demand or within one year	2,234,957	1,830,250
Amount due after one year	3,768,970	4,139,366
	6,003,927	5,969,616

Management Discussion and Analysis

	As at 30.9.2011 HK\$'000	As at 31.3.2011 HK\$'000
Analysed as:		
Secured	5,300,108	5,252,831
Unsecured	703,819	716,785
	6,003,927	5,969,616
Net asset value, other than bank balances and cash	5,393,328	4,762,753
Bank balances and cash (current pledged deposits, restricted bank deposits, deposits with investment banks, bank balances and cash)	1,518,096	2,263,835
Equity attributable to owners of the Group	6,911,424	7,026,588
Hotel revaluation surplus as at 31 March 2011 (not recognised in consolidated statement of financial position)	4,370,475	4,370,475
	11,281,899	11,397,063
Net gearing ratio	64.90%	52.74%
Net gearing ratio (adjusted for hotel revaluation surplus)	39.76%	32.52%

As at 30 September 2011, the Group's borrowings (total bank loans, obligations under finance lease and convertible bond) was approximately HK\$6.00 billion (31 March 2011: HK\$5.97 billion).

Bank balances and cash as at 30 September 2011 reached HK\$1.52 billion (31 March 2011: HK\$2.26 billion). The equity attributable to owners of the Group amounted to HK\$6.91 billion as at 30 September 2011 (31 March 2011: HK\$7.03 billion).

Fair value of hotel properties exceeding their carrying amount was approximately HK\$5.98 billion as at 31 March 2011, which was not recognized in the Group's consolidated statement of financial position. As at 30 September 2011, the Company owned 73.1% stake of KHI and therefore the unrecognized revaluation surplus was HK\$4.37 billion. Taking into account the revaluation surplus of the hotel properties, the net gearing ratio of the Group as at 30 September 2011 was 39.76% (31 March 2011: 32.52%).

To cope with the pace of property development, hotel property development pipeline and the potential exercise of put option by convertible bond holders in March 2012, the Group had sufficient financial resources and maintained a strong financial position to cater for the funding needs of its ordinary course of business and potential investment opportunities.

3. Capital expenditure

The Group currently has a number of hotel property development projects in Hong Kong, Singapore, Mainland China and United Kingdom. Capital expenditure for expansion of our hotel portfolio is expected to be approximately HK\$294 million for the second half of the financial year 2012.

The capital expenditure shall be financed with our existing financial resources, banking facility and funds generated from our business operation.

Business review

1. Property division

Our property division includes property investment and property development.

Property investment is primarily comprised of retail shops and office buildings located in Shanghai, Hong Kong, Singapore, Melbourne and Malaysia. During the Interim Period 2012, valuation surplus of approximately HK\$70 million was recognised. As at 30 September 2011, valuation of the investment properties reached HK\$2.67 billion (31 March 2011: HK\$2.58 billion). During the Interim Period 2012, the Group's revenue and gross profit in relation to investment property reached HK\$32 million and HK\$17 million respectively.

Management Discussion and Analysis

During the Interim Period 2012, revenue from property development decreased by 80% to HK\$29 million. Gross profit decreased by 79% to HK\$20 million. The significant decrease in revenue and gross profit was mainly due to a decrease in the completion of property developments. However, our property developments in terms of presales and development program achieved significant progress in Australia, Shanghai and Hong Kong and projects in these regions are anticipated to deliver a strong performance in the coming years.

Australia

One of our major property developments is Upper West Side which is located in the heart of Melbourne Central Business District. This is a residential development of approximately 1.3 million sq. ft. GFA, with 3,000 apartments to be completed in 4 stages. The development is expected to contribute revenues in the coming 3 to 4 years. Stage 1 of 700 apartments with approximately 400,000 sq. ft. GFA had been launched for pre-sale in July 2010. Completion of the stage is expected to be in the first half of financial year 2014. Stage 2 of 584 apartments with approximately 370,000 sq. ft. GFA had also been launched for presale in April 2011. Stage 2 completion is expected to be in financial year 2015. Up to 30 September 2011, presale value in respect of both stages 1 and 2 had reached HK\$3.5 billion. Currently stage 3 is under planning and design.

Shanghai, Mainland China

Sale of properties in Shanghai California Garden will be one of the major sources of revenue contribution. Shanghai California Garden is a residential development currently consisting of approximately 5 million sq. ft. GFA for development for the coming 5 to 6 years. There is a diversified portfolio of residences including mid rise apartments, low rise apartments, high rise apartments and townhouses. Presale for 288 high rise apartments, amounting to approximately 230,000 sq. ft. GFA, will be launched in the second half of the financial year 2012. Expected completion of the 288 high rise apartments is in financial year 2013.

2 new phases consisting of approximately 1 million sq. ft. GFA in Shanghai California Garden is under construction. These 2 new phases consist of approximately 150 houses and 1,000 apartments. They are expected to be completed in financial year 2014 and financial year 2015 respectively.

Hong Kong

The Group did not have significant sale of development properties during the Interim Period 2012. Existing developments including (i) No. 684, Clearwater Bay Road, Sai Kung, (ii) No. 1–11A, San Wai Street, Hunghom, (iii) No. 287–293, Sai Yeung Choi Street North, Sham Shui Po, and (iv) No. 90–100, Hill Road, Pok Fu Lam, continued with significant progress.

No. 684, Clearwater Bay Road, Sai Kung

Construction was completed in March 2011. This residential development had been launched for sale in the market. Total GFA of the development is 20,000 sq. ft.

No. 1–11A, San Wai Street, Hunghom

Construction works had commenced during the Interim Period 2012. The project, named Star Ruby, is planned for presale in the second half of the financial year 2012. Total GFA of this development is approximately 66,000 sq. ft. Completion is expected to be in financial year 2015.

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

Earth works commenced during the Interim Period 2012. Presale is expected to be in financial year 2013. Completion is expected to be in financial year 2014. Total GFA of this residential development is approximately 39,000 sq. ft.

No. 90–100, Hill Road, Pok Fu Lam

Legal proceedings for acquisition of the entire development site through compulsory sale under Land (Compulsory Sale For Redevelopment) Ordinance, Chapter 545 of the Laws of Hong Kong is in final stage. This development is a residential development and still under planning stage.

2. Kosmopolito Hotels International Limited

Revenue and gross profit for the Interim Period 2012 were HK\$499 million and HK\$289 million respectively, representing an increase of 30% and 36% respectively from the same period of last financial year. During the Interim Period 2012, RevPar increased by 24% to HK\$592. Occupancy rate and average room rate increased by 5% and 18% respectively from the same period of last financial year.

Management Discussion and Analysis

The fair value of our hotel portfolio exceeded its carrying amount by approximately HK\$5.98 billion based on valuation as at 31 March 2011. The valuation surplus has not been accounted for in the financial statements.

As at 30 September 2011, KHI operated 16 owned hotels (9 in Hong Kong, 5 in Malaysia and 2 in Mainland China) and 1 hotel under management contract (“The Mercer by Kosmopolito”) in Hong Kong. The Mercer by Kosmopolito had been owned by KHI and sold in March 2011 with the hotel management contract retained by KHI. It became our first hotel management contract starting from the Interim Period 2012. During the Interim Period 2012, “Dorsett Regency Hong Kong” in Kennedy Town was opened. It consists of 209 rooms. This hotel represents the 10th hotel in Hong Kong under operation by KHI. As at 30 September 2011, total number of hotel rooms under KHI management exceeded 4,000 rooms.

As at 30 September 2011, KHI had 6 hotels under development and planning (2 in Hong Kong, 2 in Mainland China, 1 in Singapore and 1 in United Kingdom), consisting of more than 2,300 rooms when completed. In Hong Kong, Dorsett Regency Kwun Tong and Dorsett Regency Tsuen Wan will be opened within the next 12 months and approximately 900 rooms will be added to our hotel portfolio. In Mainland China, 2 Dorsett Regency hotels in Chengdu and Zhongshan will be opened next year, consisting of approximately 1,000 rooms in total. Dorsett Regency “On New Bridge” in Singapore will add approximately 300 rooms to our hotel portfolio within the next 24 months. Hence, the total number of hotel rooms in Asia will increase by more than 2,000 rooms in next 24 months, representing an increase of more than 50%. Apart from this, a hotel project on the newly acquired development site in West London, expected to be completed in the year of 2014, will provide a new foothold for the Group in Europe.

Management Discussion and Analysis

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

	Interim Period 2012	Interim Period 2011	% of growth
Hong Kong			
Occupancy rate	95%	89%	7%
Average room rate (HK\$)	857	709	21%
RevPAR (HK\$)	813	630	29%
Revenue (HK\$m)	309	211	46%
Malaysia			
Occupancy rate	73%	73%	0%
Average room rate (HK\$)	505	464	9%
RevPAR (HK\$)	371	340	9%
Revenue (HK\$m)	143	128	12%
Mainland China			
Occupancy rate	50%	53%	-6%
Average room rate (HK\$)	587	604	-3%
RevPAR (HK\$)	294	320	-8%
Revenue (HK\$m)	47	45	4%
Group Total			
Occupancy rate	82%	78%	5%
Average room rate (HK\$)	726	615	18%
RevPAR (HK\$)	592	479	24%
Revenue (HK\$m)	499	384	30%

Management Discussion and Analysis

3. Car park division

Revenue for the Interim Period 2012 was HK\$259 million, an increase of 23% from the same period of last financial year. Profit margins were maintained at the similar level of 23% for two Interim Periods 2011 and 2012. The division recorded a steady growth and will continue to contribute to the recurring income of the Group.

The car park division manages both third party owned car parks and self owned car parks located in Australia, New Zealand and Hartamas shopping mall in Kuala Lumpur in Malaysia. As at 30 September 2011, the total number of car parks under the management of our car park division reached approximately 250, representing more than 50,000 car parking bays. Of these, there were 20 self owned car parks consisting of approximately 5,600 car parking bays. The remaining car parks are operated under management contracts entered with third party car park owners which include local governments, shopping malls, retailers, universities, airport, hotels, hospitals, government departments and commercial and office buildings.

Contingent Liabilities

The Group has given guarantees in respect of mortgage loans provided to the home buyers of the Group's properties in the Mainland China. As at 30 September 2011, total amount of mortgage loans outstanding under guarantee was HK\$126,537,000 (31 March 2011: HK\$123,426,000). The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.

During the financial year ended 31 March 2010, a subsidiary of the Company initiated a law suit against a contractor for unsatisfactory performance in relation to the construction of a hotel for an amount of HK\$14,735,000. In response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK\$25,841,000. The trial will be commenced on 30 July 2012 with 10 days reserved. In the opinion of the directors of the Company, there is a fair chance of winning the lawsuit after consulting with the lawyer. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

Commitments

	As at 30.9.2011 HK\$'000	As at 31.3.2011 HK\$'000
Capital expenditure contracted but not provided for in the interim financial information in respect of:		
Acquisition, development and refurbishment of hotel properties	599,955	595,557
Others	3,249	1,528
	603,204	597,085
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	26,752	28,177
Development and refurbishment of investment properties under development	20,072	22,933
	46,824	51,110
	650,028	648,195

SIGNIFICANT EVENTS

1. A joint venture between KHI and Mayland Valiant for a property development at Subang, Malaysia

A joint venture agreement dated 11 October 2011 was entered into between KHI and Mayland Valiant which is indirectly owned by the Company's Chairman and Chief Executive Officer, Tan Sri Dato' David CHIU, to develop two 17-storey high apartment blocks with approximately 1,989 units of hotel suite apartments and approximately 1,329 parking spaces. The total net floor area for the development is approximately 91,000 square metres.

Management Discussion and Analysis

The development site is on the outskirts of and occupied by the Grand Dorsett Subang Hotel in Malaysia. The development will not affect the existing operation of the Grand Dorsett Subang Hotel. The joint venture provides a good opportunity to develop the vacant land without the need for KHI to contribute any further capital towards its development. The development enables further enhancement of value of the asset. KHI provides the land for the development while Mayland Valiant provides the technical, commercial, financial management and property marketing and sales expertise and bears the development costs. Each of KHI and Mayland Valiant are entitled to sharing profit and loss on a 50:50 basis.

The value of the land is RM65,000,000 (equivalent to approximately HK\$162,500,000) as at 24 August 2011. Total development costs are expected to be approximately RM297,000,000 (equivalent to approximately HK\$742,500,000). The expected completion for the development will be in the year of 2016.

2. Agreement entered into for disposal of Central Park Hotel in Hong Kong owned by KHI

On 7 September 2011, KHI entered into a Sale and Purchase Agreement with a third party for disposal of Central Park Hotel for a consideration of HK\$515 million. Completion shall take place on or before 7 December 2011. The disposal would provide a good opportunity for KHI to cash in one of its smaller assets and realise shareholder value. The hotel had been a commercial building, subsequently converted into a hotel. The hotel consists of 142 rooms. Upon completion of the disposal, both the Company and KHI are expected to record an attributable profit to shareholders of approximately HK\$270 million and HK\$370 million respectively.

3. Acquisition of a hotel site in London, United Kingdom

On 11 August 2011, KHI entered into a Sale and Purchase Agreement with a third party vendor for an acquisition of a freehold property located at Shepherd's Bush, West London, United Kingdom for a consideration of GBP16,000,000 (equivalent to approximately HK\$202,400,000).

KHI acquired the property for redevelopment into a hotel. The site is located in the heart of Shepherd's Bush with an excellent transport and communications network, served by four underground stations, rail and within a 30-minute drive to Heathrow Airport. The property has permission for construction of a 242-bedroom hotel. KHI is currently considering submission of applications for variation of the existing approvals with the objective of maximising the financial returns and strategic value of the investment.

United Kingdom, particularly London, has become one of the most popular destinations to Mainland Chinese outbound travelers. The acquisition enables KHI to establish its hotel networking in the United Kingdom and capture the growth of Chinese tourism in the United Kingdom. The proposed hotel is expected to be opened as a Dorsett Regency Hotel in the year of 2014.

4. Presale value of property under development amounted to HK\$4 billion

The Upper West Side in Melbourne, Australia is one of our major property developments. As at 30 September 2011, presale value of properties under both stage 1 and stage 2 had reached to HK\$3.5 billion, which represented a presale value of approximately 83% of these 2 stages of developments in aggregate. Both stages 1 and 2 will be completed in financial year 2014 and 2015 respectively. Another development of 68 apartments at Dorsett Regency "On New Bridge" hotel in Singapore was presold in 2010 through KHI amounted to approximately HK\$0.5 billion. The development is expected to be completed in financial year 2014.

Management Discussion and Analysis

PROSPECTS

The macro economic environment is showing signs of weakness with credit market tightening. Despite this, the Group's underlying business remains sound and the Group is cautiously optimistic about its business prospects.

Our property development business has a strong pipeline which is expected to drive its growth in the coming years. Presale value of properties under development of approximately HK\$4 billion (of which KHI accounted for HK\$0.5 billion) has been recorded as at 30 September 2011. Other presale plan in Shanghai and Hong Kong will shortly commence. We will continue to focus our future projects in the regions where we have an existing presence.

KHI has achieved a strong growth in room rates and occupancy rates during the Interim Period 2012. With a robust hotel development pipeline, the number of hotel rooms under KHI's management will increase by more than 50% over the next 2 years. In addition, KHI has strategically disposed of one of the smaller scale hotel properties to recycle the capital in larger assets. KHI will continue its growth in the several few years ahead.

With steady increase in the number of car park bays under management, the car park business will continue to contribute to the Group with stable income and cash flow. This will further enhance the recurring income to the Group.

With a strong balance sheet supported by strong cash flow generated by its assets, the Group has secured a solid foundation and strong financing capacity for its future development. As a fast growing property player in Asia Pacific, the Group aims to expand its market share by capturing new business opportunities and through development of its pipeline.

Other Information

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2011 was approximately 2,300. 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

At 30 September 2011, 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) Long position in shares of the Company:

Name of director	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
David CHIU	Beneficial owner	13,034,698	0.68%
	Interest of spouse	557,000 ⁽ⁱ⁾	0.03%
	Interest of controlled corporations	657,003,028 ⁽ⁱⁱ⁾	34.25%
Dennis CHIU	Beneficial owner	8,757	0.00%
	Interest of controlled corporations	5,241,905 ⁽ⁱⁱ⁾	0.27%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 ⁽ⁱⁱⁱ⁾	0.20%

Notes:

- (i) 656,991,225 shares were held by Sumptuous Assets Limited and 11,803 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 557,000 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
 - (ii) 1,364,687 shares were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
 - (iii) These shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and were entirely duplicated and included in the corporate interest of Mr. Dennis CHIU.
- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2011.

Other Information

(b) Interest in shares of associated corporations:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
David CHIU	KHI	Interest of spouse	8,355 ⁽ⁱ⁾	0.00%
		Interest of controlled corporations	1,469,773,254 ⁽ⁱ⁾	73.49%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 ⁽ⁱⁱ⁾	25.00%
Dennis CHIU	KHI	Beneficial owner	30	0.00%
		Interest of controlled corporations	78,423 ⁽ⁱⁱⁱ⁾	0.00%
Daniel Tat Jung CHIU	KHI	Interest of controlled corporation	58,158 ^(iv)	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	925 ^(v)	9.25%

Notes:

- (i) 7,773,254 shares in KHI were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,462,000,000 shares in KHI were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 34.25% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in KHI. 8,355 shares in KHI were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.
- (iii) 20,265 shares in KHI were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 58,158 shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iv) These shares in KHI 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 corporation of Mr. Dennis CHIU.
- (v) 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 number of the respective associated corporations' issued shares as at 30 September 2011.

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 2011.

SHARE OPTION SCHEME

(a) FECIL Share Option Scheme

FECIL Share Option Scheme 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 Scheme, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The following table discloses movements in the Company's share option during the Interim Period 2012:

Category of grantee	Date of grant	Exercise price per share	Number of share options				Outstanding at 30.09.2011	Exercise period ¹
			Outstanding at 01.04.2011	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period		
HK\$								
Senior management								
Chris Cheong Thard HOONG	08.05.2009	1.500	1,850,000	-	-	-	1,850,000	16.09.2009-15.09.2019
			1,850,000	-	-	-	1,850,000	16.09.2010-15.09.2019
			1,850,000	-	-	-	1,850,000	16.09.2011-15.09.2019
			1,850,000	-	-	-	1,850,000	16.09.2012-15.09.2019
			7,400,000	-	-	-	7,400,000	
Denny Chi Hing CHAN	21.10.2004	2.075	500,000	-	-	-	500,000	01.01.2007-20.10.2014
			1,800,000	-	-	-	1,800,000	01.01.2008-20.10.2014
			2,000,000	-	-	-	2,000,000	01.01.2009-20.10.2014
			4,300,000	-	-	-	4,300,000	
Bill Kwai Pui MOK	21.10.2004	2.075	1,200,000	-	-	-	1,200,000	01.01.2007-20.10.2014
			1,800,000	-	-	-	1,800,000	01.01.2008-20.10.2014
			2,000,000	-	-	-	2,000,000	01.01.2009-20.10.2014
			5,000,000	-	-	-	5,000,000	

Other Information

Category of grantee	Date of grant	Exercise price per share	Number of share options					Outstanding at 30.09.2011	Exercise period*
			Outstanding at 01.04.2011	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2011		
		HKS							
Other employees in aggregate	21.10.2004	2,075	250,000	-	-	-	250,000	01.11.2004-20.10.2014	
			425,000	-	-	-	425,000	01.01.2006-20.10.2014	
			1,075,000	-	-	-	1,075,000	01.01.2007-20.10.2014	
			2,275,000	-	-	-	2,275,000	01.01.2008-20.10.2014	
			2,975,000	-	-	-	2,975,000	01.01.2009-20.10.2014	
			7,000,000	-	-	-	7,000,000		
Other employees in aggregate	25.08.2006	3,290	450,000	-	-	-	450,000	01.01.2009-24.08.2016	
			500,000	-	-	-	500,000	01.01.2010-24.08.2016	
			950,000	-	-	-	950,000		
Total			24,650,000	-	-	-	24,650,000		

* 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 Scheme and the options granted by the Company is set out in note 24 to the consolidated financial statements.

(b) Kosmopolito Share Option Scheme

Kosmopolito 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 Kosmopolito Share Option Scheme include directors of Kosmopolito (including executive directors, non-executive directors and independent non-executive directors) and employees of Kosmopolito 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 Kosmopolito considers, in its sole discretion, have contributed or will contribute to the Group.

Details of the movement of share options under Kosmopolito Share Option Scheme during the Interim Period 2012 were as follows:

	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period*
			Outstanding at 01.04.2011	Granted during the period	Exercised/ cancelled during the period	Lapsed during the period	Outstanding at 30.09.2011	
Directors of Kosmopolito								
Bill Kwai Pui MOK ^(a)	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	
Chee Seng CHU ^(a)	11.10.2010	2.20	1,056,818	-	-	-	1,056,818	11.10.2011 – 10.10.2014
			1,056,818	-	-	-	1,056,818	11.10.2012 – 10.10.2015
			1,409,091	-	-	-	1,409,091	11.10.2013 – 10.10.2016
			3,522,727	-	-	-	3,522,727	
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	

Other Information

	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period*
			Outstanding at 01.04.2011	Granted during the period	Exercised/ cancelled during the period	Lapsed during the period	Outstanding at 30.09.2011	
Winnie Wing Kwan CHIU	11.10.2010	220	454,545	-	-	-	454,545	11.10.2011 – 10.10.2014
			454,545	-	-	-	454,545	11.10.2012 – 10.10.2015
			454,545	-	-	-	454,545	11.10.2013 – 10.10.2016
			454,545	-	-	-	454,545	11.10.2014 – 10.10.2017
			454,547	-	-	-	454,547	11.10.2015 – 10.10.2018
			2,272,727	-	-	-	2,272,727	
Chris Cheong Thard HOONG	11.10.2010	220	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	220	709,090	-	-	-	709,090	11.10.2011 – 10.10.2014
			709,090	-	-	-	709,090	11.10.2012 – 10.10.2015
			709,090	-	-	-	709,090	11.10.2013 – 10.10.2016
			709,090	-	-	-	709,090	11.10.2014 – 10.10.2017
			709,094	-	-	-	709,094	11.10.2015 – 10.10.2018
			3,545,454	-	-	-	3,545,454	
Employees in aggregate	11.10.2010	220	2,829,539	-	-	(1,056,818)	1,772,721	11.10.2011 – 10.10.2014
			2,829,539	-	-	(1,056,818)	1,772,721	11.10.2012 – 10.10.2015
			3,181,812	-	-	(1,409,091)	1,772,721	11.10.2013 – 10.10.2016
			1,772,721	-	-	-	1,772,721	11.10.2014 – 10.10.2017
			1,772,745	-	-	-	1,772,745	11.10.2015 – 10.10.2018
			12,386,356	-	-	(3,522,727)	8,863,629	
Total			29,699,990	-	-	(3,522,727)	26,177,263	

Notes:

- (i) Mr. Bill Kwai Pui MOK, was re-designated from executive director to non-executive director of Kosmopolito with effect from 1 November 2011 and has remained as an eligible participant of Kosmopolito Share Option Scheme.
- (ii) Mr. Chee Seng CHU resigned as an executive director of Kosmopolito with effect from 19 October 2011 and therefore the share options granted to him lapsed on the date of termination of his employment pursuant to Kosmopolito Share Option Scheme.

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

Further information on Kosmopolito Share Option Scheme and the options granted by Kosmopolito is set out in note 24 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2011, 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 relevant issued share capital*
Sumptuous Assets Limited	Beneficial owner	656,991,225 Note 1 (long position)	34.25%
Penta Investment Advisers Limited	Investment manager	556,773,697 Note 2 (long position)	29.02%
Penta Master Fund, Limited	Beneficial owner	178,575,797 Note 3 (long position)	9.31%

Other Information

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
Deacon Te Ken CHIU	Beneficial owner	12,474,691 (long position)	0.65%
	Interest of controlled corporations	134,631,343 Note 4 (long position)	7.02%
	Interest of spouse	1,555,958 Note 4 (long position)	0.08%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	139,331,336 Note 5 (long position)	7.26%

Notes:

- 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.
- The long position in the shares of the Company was held by Penta Asia Domestic Partners, L.P. and Old Peak Ltd., controlled corporations of Penta Management (BVI) Ltd. which in turn was controlled by Penta Investment Advisers Limited. Among these shares, the interest in 5,424,664 shares were cash settled unlisted derivatives.
- Among these shares, the interest in 1,712,766 shares were cash settled unlisted derivatives.
- 134,631,343 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,555,958 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.
- Among these shares, the interest in 3,041,000 shares were cash settled unlisted derivatives.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 September 2011.

Save as disclosed above, as at 30 September 2011, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions (“Code Provisions”) in the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) throughout the Interim Period 2012, except for deviations from Code Provisions A.2.1 and A.4.1 of the CG Code described below.

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

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term of office. However, they are subject to retirement by rotation and Shareholders’ re-election at annual general meetings in accordance with the Company’s Articles of Association (“Articles”). In the opinion of the Board, such provision in the Articles meets the objective of the said Code Provision A.4.1.

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 2012.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Interim Period 2012, the Company via its subsidiary, Singford Holdings Limited, purchased a total principal amount of HK\$27,000,000 of convertible bond of the Company (Stock Code: 4317) on the Stock Exchange and details of which are as follows:

Month of Repurchase	Principal Amount Repurchased HK\$
September 2011	27,000,000

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

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's 3 independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the unaudited consolidated interim results of the Group for the Interim Period 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 28 December 2011 to Friday, 30 December 2011, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Interim Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 December 2011.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of directors of the Company are set out as follows:

- (A) Tan Sri Dato' David CHIU, an executive director of the Company, has been appointed as the Chairman of the Board with effect from 8 September 2011. Further, he has ceased to be a non-executive director of Far East Hotels and Entertainment Limited (a company listed on the Stock Exchange) with effect from 12 August 2011.
- (B) Mr. Dennis CHIU, an executive director of the Company, has ceased to be an executive director of Far East Holdings International Limited (a company listed on the Stock Exchange) with effect from 2 November 2011.

By Order of the Board

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

Boswell Wai Hung CHEUNG

Chief Financial Officer and Company Secretary

Hong Kong, 24 November 2011

Report on Review of Interim Financial Information

Deloitte.

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To the Board of Directors of
Far East Consortium International Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 32 to 66, which comprises the condensed consolidated statement of financial position of Far East Consortium International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow 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 are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information 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 interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparatives in the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flow for the six-month period ended 30 September 2010 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 November 2011

Condensed Consolidated Income Statement

For the six months ended 30 September 2011

	Notes	Six months ended	
		30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited) (restated)
Revenue	3	827,041	782,424
Cost of sales and services		(371,160)	(353,490)
Depreciation and amortisation		(64,277)	(54,923)
Gross profit		391,604	374,011
Other income		10,490	11,762
Administrative expenses		(224,218)	(174,874)
Other gains and losses	4	30,992	161,329
KHI's initial public offering expenses		–	(19,000)
Share of results of associates		11,983	8,350
Share of results of jointly controlled entities		5,127	6,799
Finance costs	5	(86,767)	(84,214)
Profit before tax		139,211	284,163
Income tax expense	6	(28,344)	(68,707)
Profit for the period	7	110,867	215,456
Attributable to:			
Owners of the Company		84,458	212,133
Non-controlling interests		26,409	3,323
		110,867	215,456
Earnings per share	8		
– Basic (HK cents)		4.4	11.1
– Diluted (HK cents)		4.4	11.1

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited) (restated)
Profit for the period	110,867	215,456
Other comprehensive (expense) income:		
Exchange differences arising on translation of foreign operations	(65,826)	115,403
Revaluation (decrease) increase on available-for-sale investments	(32,735)	20,980
Reclassification to profit or loss on disposal of available-for-sale investments	(2,809)	(53,575)
Other comprehensive (expense) income for the period	(101,370)	82,808
Total comprehensive income for the period	9,497	298,264
Total comprehensive income attributable to:		
Owners of the Company	(18,142)	292,989
Non-controlling interests	27,639	5,275
	9,497	298,264

Condensed Consolidated Statement of Financial Position

At 30 September 2011

	Notes	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Non-current assets			
Investment properties	10	2,674,039	2,581,274
Property, plant and equipment	10	5,682,841	5,442,801
Prepaid lease payments	10	573,120	586,070
Goodwill	11	68,400	68,400
Other intangible assets	12	3,386	4,672
Interests in associates	13	218,908	209,010
Interests in jointly controlled entities		57,999	63,441
Available-for-sale investments	14	191,119	175,919
Financial assets at fair value through profit or loss	15	4,678	4,671
Deposit for acquisition of property, plant and equipment		115,900	121,357
Amounts due from associates		97,146	96,650
Amount due from an investee company		119,995	119,995
Other receivables	16	137,591	136,896
Pledged deposits		12,750	12,928
		9,957,872	9,624,084
Current assets			
Properties for sale			
Completed properties		108,601	132,490
Properties for/under development		3,128,613	2,718,531
Other inventories		7,079	8,225
Prepaid lease payments	10	16,828	13,636
Debtors, deposits and prepayments	17	360,523	229,326
Amounts due from associates		5,108	4,863
Tax recoverable		12,933	13,352
Available-for-sale investments	14	17,747	23,566
Financial assets at fair value through profit or loss	15	28,413	69,708
Derivative financial instruments	18	14	398
Pledged deposits		289,460	261,870
Restricted bank deposits		12,751	2,690
Bank balances and cash		1,203,135	1,986,347
		5,191,205	5,465,002
Assets classified as held for sale	19	214,479	79,648
		5,405,684	5,544,650

Condensed Consolidated Statement of Financial Position

At 30 September 2011

	Notes	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Current liabilities			
Creditors and accruals	20	475,628	406,976
Obligations under finance leases		269	474
Amounts due to related companies		45,777	44,803
Amounts due to associates		17,934	17,950
Amounts due to non-controlling interests		51,225	30,233
Dividend payable		95,913	–
Customers' deposits received		180,604	176,100
Deposit for disposal of hotel property	19	51,500	–
Derivative financial instruments	18	1,592	751
Tax payable		321,676	308,266
Convertible bond	21	703,819	716,785
Secured bank and other borrowings	22	1,530,869	1,112,991
		3,476,806	2,815,329
Liabilities associated with assets classified as held for sale	19	95	–
		3,476,901	2,815,329
Net current assets		1,928,783	2,729,321
Total assets less current liabilities		11,886,655	12,353,405
Non-current liabilities			
Secured bank and other borrowings	22	3,768,343	4,139,282
Obligations under finance leases		627	84
Derivative financial instruments	18	76,513	68,615
Deferred tax liabilities		229,262	226,631
		4,074,745	4,434,612
Net assets		7,811,910	7,918,793

Condensed Consolidated Statement of Financial Position

At 30 September 2011

	Notes	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Capital and reserves			
Share capital	23	191,826	191,826
Share premium		2,770,185	2,770,185
Reserves		3,949,413	4,064,577
<hr/>			
Equity attributable to owners of the Company		6,911,424	7,026,588
Non-controlling interests		900,486	892,205
<hr/>			
Total equity		7,811,910	7,918,793

The condensed consolidated financial statements on pages 32 to 66 were approved and authorised for issue by the Board of Directors on 24 November 2011 and are signed on its behalf by:

Director

Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Attributable to owners of the Company											Total	Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Asset revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2010 (audited)	190,638	2,746,668	253	13,860	27,414	222,467	5,137	30,745	1,038,709	1,850,108	6,125,999	95,780	6,221,779	
Profit for the period (restated)	-	-	-	-	-	-	-	-	-	212,133	212,133	3,323	215,456	
Revaluation increase on available-for-sale investments	-	-	-	-	20,980	-	-	-	-	-	20,980	-	20,980	
Exchange difference on translation of foreign operations	-	-	-	-	-	113,451	-	-	-	-	113,451	1,952	115,403	
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)	-	(53,575)	
Other comprehensive income for the period	-	-	-	-	(32,595)	113,451	-	-	-	-	80,856	1,952	82,808	
Total comprehensive income for the period (restated)	-	-	-	-	(32,595)	113,451	-	-	-	212,133	292,989	5,275	298,264	
Shares issued in lieu of cash dividend	605	13,196	-	-	-	-	-	-	-	-	13,801	-	13,801	
Repurchase of own shares	(407)	(8,894)	-	-	-	-	-	-	-	-	(9,301)	-	(9,301)	
Recognition of equity-settled share based payments	-	-	-	-	-	-	6,451	-	-	-	6,451	-	6,451	
Dividends paid	-	-	-	-	-	-	-	-	-	(76,092)	(76,092)	-	(76,092)	
At 30 September 2010 (unaudited) (restated)	190,636	2,750,970	253	13,860	(5,181)	335,918	11,588	30,745	1,038,709	1,986,149	6,353,847	101,055	6,454,902	
Profit for the period	-	-	-	-	-	-	-	-	-	182,079	182,079	48,946	231,025	
Revaluation decrease on available-for-sale investments	-	-	-	-	(12,123)	-	-	-	-	-	(12,123)	-	(12,123)	
Exchange difference on translation of foreign operations	-	-	-	-	-	89,569	-	-	-	-	89,569	17,068	106,637	
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	15,984	-	-	-	-	-	15,984	-	15,984	
Revaluation increase on prepaid lease payments on transfer to investment properties less deferred tax	-	-	-	1,739	-	-	-	-	-	-	1,739	643	2,382	
Other comprehensive income for the period	-	-	-	1,739	3,861	89,569	-	-	-	-	95,169	17,711	112,880	
Total comprehensive income for the period	-	-	-	1,739	3,861	89,569	-	-	-	182,079	277,248	66,657	343,905	
Shares issued in lieu of cash dividend	990	19,215	-	-	-	-	-	-	-	-	20,205	-	20,205	
Repurchase of convertible bond	-	-	-	-	-	-	-	(8,206)	-	1,956	(6,250)	-	(6,250)	
Reversal of deferred tax on equity component on repurchase of convertible bond	-	-	-	-	-	-	-	1,428	-	-	1,428	-	1,428	
Decrease in interest in KHI	-	-	-	-	-	-	-	-	417,926	-	417,926	723,060	1,140,986	
Reclassification of previously recognised post-acquisition reserves on spin off of KHI	-	-	-	(1,791)	-	(20,475)	-	-	22,266	-	-	-	-	
Recognition of equity-settled share based payments	-	-	-	-	-	-	352	-	-	-	352	3,299	3,651	
Dividends paid	-	-	-	-	-	-	-	-	-	(38,168)	(38,168)	-	(38,168)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,866)	(1,866)	

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Attributable to owners of the Company											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	Convertible bond equity reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		Non-controlling interests HK\$'000
At 31 March 2011 (audited)	191,826	2,770,185	253	13,808	(1,320)	405,012	11,940	23,967	1,478,901	2,132,016	7,026,588	892,205	7,918,793
Profit for the period	-	-	-	-	-	-	-	-	-	84,458	84,458	26,409	110,867
Revaluation decrease on available-for-sale investments	-	-	-	-	(32,735)	-	-	-	-	-	(32,735)	-	(32,735)
Exchange difference on translation of foreign operations	-	-	-	-	-	(67,056)	-	-	-	-	(67,056)	1,230	(65,826)
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	(2,809)	-	-	-	-	-	(2,809)	-	(2,809)
Other comprehensive expense for the period	-	-	-	-	(35,544)	(67,056)	-	-	-	-	(102,600)	1,230	(101,370)
Total comprehensive income for the period	-	-	-	-	(35,544)	(67,056)	-	-	-	84,458	(18,142)	27,639	9,497
Repurchase of convertible bond	-	-	-	-	-	-	-	(3,253)	-	1,270	(1,983)	-	(1,983)
Reversal of deferred tax on equity component on repurchase of convertible bond	-	-	-	-	-	-	-	537	-	-	537	-	537
Recognition of equity-settled share based payments	-	-	-	-	-	-	337	-	-	-	337	2,162	2,499
Dividends payable	-	-	-	-	-	-	-	-	-	(95,913)	(95,913)	-	(95,913)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(21,520)	(21,520)
At 30 September 2011 (unaudited)	191,826	2,770,185	253	13,808	(36,864)	337,956	12,277	21,251	1,478,901	2,121,831	6,911,424	900,486	7,811,910

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; and (b) gain on decrease in interest in Kosmopolito Hotels International Limited ("KHI") during the year ended 31 March 2011.

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 September 2011

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited)
Net cash (used in) from operating activities	(123,270)	63,586
Investing activities		
Development expenditure on hotel properties	(173,600)	(97,025)
Acquisition of property, plant and equipment	(335,169)	(75,594)
Purchase of available-for-sale investments	(79,700)	(172,302)
Proceeds from disposal of available-for-sale investments	73,128	393,817
(Increase) decrease in pledged deposits	(27,412)	13,045
(Increase) decrease in restricted bank deposits	(10,061)	131,550
Other investing activities	(36,337)	13,301
Net cash (used in) from investing activities	(589,151)	206,792
Financing activities		
New bank and other borrowings raised	332,584	140,612
Repayment of bank and other borrowings	(267,659)	(246,113)
Interest paid	(113,109)	(123,016)
Dividend paid	–	(62,291)
Repurchase of convertible bond	(26,161)	–
Other financing activities	429	(9,769)
Net cash used in financing activities	(73,916)	(300,577)
Net decrease in cash and cash equivalents	(786,337)	(30,199)
Cash and cash equivalents at beginning of the period	1,986,347	1,291,942
Effect of foreign exchange rate changes	3,125	11,264
Cash and cash equivalents at end of the period	1,203,135	1,273,007
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	1,203,135	1,273,007

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

1. BASIS OF PREPARATION

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

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.

The accounting policies and method of computation used in the condensed consolidated financial information for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011.

Application of new and 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 standards and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) *(Continued)*

The Group early applied Amendments to HKAS 12 Income Tax titled Deferred Tax: Recovery of Underlying Assets in the preparation of the consolidated financial statements for the year ended 31 March 2011. Accordingly, the comparative amounts presented in the condensed consolidated financial statements for the six months ended 30 September 2011 have been restated to reflect the remeasurement of deferred tax on the investment properties in Hong Kong and Singapore. The restatement has resulted in a decrease in the deferred tax liability and retained profits by HK\$109,336,000 and HK\$128,870,000 at 1 April 2009 and 31 March 2010 respectively, and an increase in profit for the six months ended 30 September 2010 by HK\$25,000,000.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

The following new and revised HKFRSs have been issued after the date of the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

The new and revised standards on consolidation, joint arrangements and disclosures, namely HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 are mandatorily effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted on condition that all of them are applied simultaneously.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires additional judgement.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The directors are in the process of assessing the financial impact of the application of above standards and interpretations on the results and financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

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, hotel operation and car park operation in each of the geographical locations as stated below and securities and financial product investments. Other operations mainly include provision of engineering services and second mortgage loans.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION *(Continued)* Segment revenue and profit *(Continued)*

	Segment revenue		Segment profit (loss)	
	Six months ended 30.9.2011 HK\$'000 (unaudited)	Six months ended 30.9.2010 HK\$'000 (unaudited)	Six months ended 30.9.2011 HK\$'000 (unaudited)	Six months ended 30.9.2010 HK\$'000 (unaudited)
Property development				
– Australia	1,939	14,515	3,264	5,829
– Hong Kong (“HK”)	8,281	3,930	3,088	2,130
– Malaysia	–	–	–	–
– Other regions in the People’s Republic of China (“PRC”)	19,218	128,772	4,657	102,513
	29,438	147,217	11,009	110,472
Property investment				
– HK	13,806	12,034	89,555	136,747
– PRC	6,208	5,711	(2,901)	(925)
– Singapore	12,470	11,925	4,842	60,655
	32,484	29,670	91,496	196,477
Hotel operation				
– HK	308,647	211,096	111,988	61,634
– Malaysia	143,066	127,805	23,936	25,420
– PRC	47,277	45,261	(13,635)	7,400
– Singapore	–	–	(3,921)	(6,422)
– United Kingdom (“UK”)	–	–	(12)	–
	498,990	384,162	118,356	88,032
Car park operation				
– Australia	249,826	202,718	17,425	21,118
– Malaysia	9,183	8,095	4,566	4,232
	259,009	210,813	21,991	25,350
Securities and financial product investments	6,735	9,433	(32,470)	835
Other operations	385	1,129	(6,872)	(17,330)
Segment revenue/segment profit	827,041	782,424	203,510	403,836
Unallocated corporate expenses			(24,179)	(35,459)
Finance costs			(40,120)	(84,214)
Profit before tax			139,211	284,163

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION *(Continued)*

Segment assets

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

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Property development		
– Australia	1,007,684	688,946
– HK	680,734	664,244
– Malaysia	364,259	368,904
– PRC	1,685,227	1,581,883
	3,737,904	3,303,977
Property investment		
– HK	1,634,942	1,554,886
– PRC	3,843	4,515
– Singapore	567,664	579,693
	2,206,449	2,139,094
Hotel operation		
– HK	3,596,591	3,024,830
– Malaysia	1,056,385	1,048,077
– PRC	1,651,288	1,561,550
– Singapore	583,041	531,397
– UK	253,402	–
	7,140,707	6,165,854
Car park operation		
– Australia	682,227	702,202
– Malaysia	152,669	153,941
	834,896	856,143
Securities and financial product investments	191,078	340,019
Other operations	408,556	377,300
Segment assets	14,519,590	13,182,387
Unallocated corporate assets	843,966	1,986,347
	15,363,556	15,168,734

Segment liability information is not presented as this information is not regularly reviewed by the chief operating decision maker.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited)
Change in fair value of investment properties	69,999	194,838
Gain on disposal of available-for-sale investments	2,809	53,575
Change in fair value of financial assets at fair value through profit or loss	(14,440)	3,241
Change in fair value of derivative financial instruments	(27,376)	(66,873)
Allowance for amount due from a jointly controlled entity	–	(5,152)
Impairment loss on property, plant and equipment	–	(18,300)
	30,992	161,329

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

5. FINANCE COSTS

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited)
Interest on:		
Bank loans		
– wholly repayable within five years	73,816	58,624
– not wholly repayable within five years	23,568	20,517
Other loans		
– wholly repayable within five years	698	813
Convertible bond	23,242	23,755
Finance leases	16	15
Amortisation of front-end fee	6,923	6,284
Others	1,590	3,385
Total interest costs	129,853	113,393
Less: Amounts capitalised to properties under development:		
– properties for sale	(32,656)	(18,947)
– properties for owners' occupation	(9,788)	(9,586)
– investment properties	(642)	(646)
	86,767	84,214

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited) (restated)
Current period income tax:		
Hong Kong Profits Tax	7,971	8,495
PRC Enterprise Income Tax ("EIT")	6,292	19,597
PRC Land Appreciation Tax ("LAT")	3,542	27,100
Australia Income Tax	4,783	5,209
Malaysia Income Tax	1,690	1,046
Singapore Income Tax	178	2
Other Jurisdictions	487	–
	24,943	61,449
Deferred taxation	3,401	7,258
	28,344	68,707

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the periods of each individual companies comprising the Group less unutilised 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, less allowable deduction in accordance with the relevant PRC Tax laws and regulations.

Income tax arising in other regions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited)
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease payments	6,851	5,180
Less: amount capitalised to properties under development for owners' occupation	(1,872)	(1,122)
	4,979	4,058
Amortisation of intangible assets	1,286	1,286
Depreciation	70,123	54,536
Share of taxation of associates (included in share of results of associates)	450	1,650
Share option expense	2,499	6,451
and after crediting:		
Dividend income from:		
Investments held for trading	1,235	332
Available-for-sale investments	495	369
	1,730	701
Bank interest income	2,779	873

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the consolidated profit for the six months period ended 30 September 2011 attributable to the owners of the Company of HK\$84,458,000 (six months ended 30 September 2010: HK\$212,133,000 (restated)) and the number of shares calculated as follows:

	30.9.2011 '000	30.9.2010 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,918,263	1,904,117
Effect of dilutive potential ordinary shares – share options	785	3,218
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,919,048	1,907,335

The computations of diluted earnings per share does not assume the exercise of the conversion of outstanding convertible bond since their exercise would result in an increase in earnings per share for both periods.

The computation of diluted earnings per share does not assume the exercise of the Company's share options granted on 21 October 2004 and 25 August 2006 because the exercise price of those options was higher than the average market price for shares during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

9. DIVIDENDS

	Six months ended	
	30.9.2011	30.9.2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March 2011 of HK5 cents (2010: year ended 31 March 2010 of HK4 cents) per share paid on 31 October 2011	95,913	76,092

Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK1 cent (2010: HK2 cents) per share to the shareholders of the Company whose names appear in the register of member on 30 December 2011. Shareholders have an option to receive cash in lieu of new shares of the Company.

10. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS

During the period, the Group acquired certain property, plant and equipment amounting to HK\$298,048,000 (six months ended 30 September 2010: HK\$38,313,000) and incurred development expenditure on certain hotel properties amounting to HK\$218,836,000 (six months ended 30 September 2010: HK\$146,453,000).

During the period, the Group entered into an agreement to dispose of a hotel property as disclosed in note 19. Its carrying value of HK\$124,601,000 is reclassified to "assets classified as held for sale" under current assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

10. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS *(Continued)*

The fair value of the investment properties in Hong Kong, PRC, Malaysia and Singapore at 30 September 2011 and 31 March 2011 are based on the valuations carried out on those dates by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang LaSalle Property Consultants Pte Ltd, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited, is a member of the Hong Kong Institute of Surveyors. Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang LaSalle Property Consultants Pte Ltd are members of the Royal Institution of Chartered Surveyors. The valuations were 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, or by adopting 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. The valuation has also taken into account construction cost, finance cost and professional fees that will be expended to complete the development as well as a developer's profit to reflect the risks associated with the development of the property.

11. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries during the year ended 31 March 2010. These subsidiaries are engaged in car park operation.

12. OTHER INTANGIBLE ASSETS

Other intangible assets represent the rights to manage the operation of the car parks as stated in note 11. They were initially recognised at HK\$9,000,000 by making reference to the valuation performed by independent chartered accountants, Nexia ASR Pty Ltd, on the car park operation business which is determined by the income-based method.

The intangible assets are amortised on a straight-line basis over their estimated useful lives of 3 ½ years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

13. INTERESTS IN ASSOCIATES

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Unlisted investments, at cost	69,900	69,900
Share of post-acquisition reserves, net of dividends/distributions received	149,008	139,110
	218,908	209,010

14. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Listed equity securities:		
Hong Kong	16,742	40,956
Overseas	21,815	37,498
	38,557	78,454
Unlisted securities:		
Equity securities	70,409	33,173
Debt securities	82,153	64,292
Investment funds	17,747	23,566
	170,309	121,031
	208,866	199,485
Analysed for reporting purposes as:		
Non-current assets	191,119	175,919
Current assets	17,747	23,566
	208,866	199,485

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

14. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

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.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Investments held for trading		
Equity securities listed in Hong Kong	10,455	29,844
Equity securities listed overseas	10,605	31,845
Financial assets at fair value through profit or loss		
Debt securities	7,353	8,019
Structured investment	4,678	4,671
	33,091	74,379
Analysed for reporting purposes as:		
Non-current assets	4,678	4,671
Current assets	28,413	69,708
	33,091	74,379

16. OTHER RECEIVABLES

Included in other receivables are promissory notes with aggregate principal amount of US\$17,500,000 (equivalent to HK\$136,150,000 (31.3.2011: HK\$135,975,000)) representing the balance payment of the consideration from disposal of certain properties outside Hong Kong. The notes carry interest at 2% per annum in the first year and 4% per annum thereafter and are due on maturity in February 2014. The notes are secured by first priority mortgage liens over the underlying properties disposed of and a pledge of the shares of the purchaser.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

17. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Trade debtors	79,391	73,079
Advance to contractors	21,257	28,796
Utility and other deposits	50,129	38,402
Account with stakeholder (note 19)	51,500	–
Value-added tax recoverables	52,185	–
Prepayment and other receivables	106,061	89,049
	360,523	229,326

Trade debtors mainly comprise receivables from the sale and renting of properties. Sales of properties are settled according to the payment terms of individual contracts but have to be fully settled before transfer of the legal titles. No credit is provided to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

The following is an aged analysis of trade debtors, based on the invoice date, at the end of the reporting period:

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
0 – 60 days	69,117	62,688
61 – 90 days	4,687	5,431
Over 90 days	5,587	4,960
	79,391	73,079

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

18. DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2011		31.3.2011	
	Assets	Liabilities	Assets	Liabilities
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (audited)
Interest rate swaps (note)	7	70,339	376	61,824
Index swap	–	7,628	–	7,471
Call/put options in listed equity securities	7	138	22	71
	14	78,105	398	69,366
Analysed for reporting purposes as:				
Current assets	14	–	398	–
Current liabilities	–	1,592	–	751
Non-current liabilities	–	76,513	–	68,615
	14	78,105	398	69,366

Note:

The interest rate swaps contracts were entered into by the Group for the purpose of reducing its exposure to the risk of interest rate fluctuation of the bank borrowings outstanding at the end of the reporting period. These derivatives are not accounted for under hedge accounting.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

19. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES

The assets classified as held for sale and associated liabilities comprise of:

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Total assets classified as held for sale:		
Property, plant and equipment		
– Hotel property	124,601	–
– Other property, plant and equipment	89,728	79,648
Other inventories	150	–
	214,479	79,648
Liabilities associated with assets held for sale:		
Rental deposit received	95	–

- (i) On 7 September 2011, the Group entered into an agreement for the disposal of a hotel property located in Hong Kong and ancillary assets with aggregate carrying value of HK\$126,716,000, at a consideration of HK\$515,000,000, of which deposit of HK\$51,500,000 has been received and placed with a stakeholder (note 17). The disposal will be completed on or before 7 December 2011. The property, together with the ancillary assets to be disposed of, are classified as assets held for sale.
- (ii) In the prior year, the Company decided to dispose of certain properties previously planned for owners' occupation in Hong Kong held under medium-term leases. These assets, with a total carrying value of HK\$87,763,000 (31.3.2011: HK\$79,648,000), have been reclassified from property, plant and equipment to assets held for sale.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

20. CREDITORS AND ACCRUALS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Trade creditors	194,557	116,385
Construction cost and retention payable	57,289	62,692
Reservation deposit and receipt in advance	26,444	19,080
Other payable and accrued charges	197,338	208,819
	475,628	406,976

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

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
0 – 60 days	111,103	46,978
61 – 90 days	6,512	10,880
Over 90 days	76,942	58,527
	194,557	116,385

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

21. CONVERTIBLE BOND

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
At beginning of the period/year	716,785	751,013
Amortised interest charged to profit or loss	23,242	49,001
Payment of coupon interest	(13,437)	(32,996)
Amortisation of issue expenses	1,407	2,690
Repurchase and cancellation	(24,178)	(52,923)
At end of the period/year	703,819	716,785

The carrying amount at the end of the reporting period represents the amortised cost of the liability component of the HKD denominated convertible bond with principal amount of HK\$713,000,000 (31.3.2011: HK\$740,000,000) maturing on 5 March 2015 ("2015 Bond").

The 2015 Bond carries interest at 3.625% and is convertible, at the option of the holders, into ordinary shares of HK\$0.10 each of the Company at an adjusted conversion price of HK\$3.41 per share, subject to further adjustments during the period up to 28 February 2015. The bondholders may require the Company to redeem all or part of the 2015 Bond on 5 March 2012 at 100% of their principal amount together with interest accrued. The outstanding 2015 Bond is redeemable by the Company after 5 March 2012 and prior to maturity at the principal amount together with interest accrued under certain specified conditions. Any remaining outstanding bonds will be redeemed at nominal value on maturity.

During the period, the Company repurchased a principal amount of HK\$27,000,000 (31.3.2011: HK\$60,000,000) of the 2015 Bond with carrying amount of HK\$24,178,000 (31.3.2011: HK\$52,923,000) at a consideration of HK\$26,161,000 (31.3.2011: HK\$59,173,000). The repurchased bond was subsequently cancelled. The gain on the repurchase of HK\$1,270,000 (31.3.2011: HK\$1,956,000) is recognised in retained profits.

Subsequent to the end of the reporting period, the Company repurchased a principal amount of HK\$10,000,000 of 2015 Bond at a consideration of HK\$9,947,500.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

22. SECURED BANK AND OTHER BORROWINGS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
The borrowings comprise:		
Bank loans	5,330,583	5,261,099
Other loans	5,826	32,267
	5,336,409	5,293,366
Less: front-end fee	(37,197)	(41,093)
	5,299,212	5,252,273
Analysed for reporting purposes as:		
Current liabilities	1,530,869	1,112,991
Non-current liabilities	3,768,343	4,139,282
	5,299,212	5,252,273
The borrowings are repayable:		
On demand or within one year	1,433,269	1,025,610
After one year, but not exceeding two years	2,402,450	977,502
After two years, but not exceeding five years	1,131,189	2,909,099
After five years	271,901	293,774
	5,238,809	5,205,985
Borrowings that contain a repayment on demand clause (shown under current liabilities) are repayable:		
After one year, but not exceeding two years	36,600	36,611
After two years, but not exceeding five years	61,000	49,388
After five years	–	1,382
	5,336,409	5,293,366

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

22. SECURED BANK AND OTHER BORROWINGS *(Continued)*

Bank loans with aggregate carrying amount of HK\$128,503,000 (31.3.2011: HK\$134,720,000) bear interest at fixed rates ranging from 5.75% to 6.4% (31.3.2011: 5.75% to 5.94%) per annum. Other bank loans and other loans are repayable on demand and bear floating interest rates ranging from 0.62% to 11.41% (31.3.2011: 0.63% to 11.41%) per annum.

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 2010 (audited)	1,906,378,267	190,638
Issue of shares in lieu of cash dividends at HK\$2.28 per share	6,051,909	605
Repurchase of own shares	(4,070,000)	(407)
At 30 September 2010 (unaudited)	1,908,360,176	190,836
Issue of shares in lieu of cash dividends at HK\$2.04 per share	9,902,383	990
At 31 March 2011 (audited) and at 30 September 2011 (unaudited)	1,918,262,559	191,826

24. SHARE OPTION SCHEMES

The Company and its subsidiary, KHI 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 KHI. Particulars of the share option schemes are set out in the 2010/11 annual report of the Company.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

24. SHARE OPTION SCHEMES (Continued)

No share option was granted by KHI during the period. 30,609,000 share options were granted by KHI on 11 October 2010 at an initial exercise price of HK\$2.20 per share, with vesting periods and exercisable period ranging from 11 October 2011 to 11 October 2015 and 11 October 2011 to 10 October 2018 respectively are as follows:

	1.4.2011 to 30.9.2011 '000 (unaudited)	1.4.2010 to 31.3.2011 '000 (audited)
At the beginning of the period	29,700	–
Granted during the period	–	30,609
Lapsed during the period	(3,523)	(909)
At the end of the period	26,177	29,700

25. CHARGE ON ASSETS

Bank borrowing with aggregate gross carrying amount of HK\$5,330,583,000 (31.3.2011: HK\$5,261,099,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (comprising investment properties, property, plant and equipment and prepaid lease payments, properties for sale and assets classified as held for sale) with an aggregate carrying amount of HK\$9,429,362,000 (31.3.2011: HK\$8,970,185,000) and a pledge of deposit of HK\$302,210,000 (31.3.2011: HK\$274,798,000) and together with a floating charge over other assets of the property owners and benefits accrued to the properties.

Other loans facilities are secured by a pledge of the Group's investments classified as held for trading and available-for-sale investments and deposits with the relevant counterparty with an aggregate carrying amount of HK\$19,757,000 (31.3.2011: HK\$81,651,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

26. CONTINGENT LIABILITIES

The Group has given guarantees in respect of mortgage loans provided to the home buyers of the Group's properties in the PRC. At 30 September 2011, the total amount of mortgage loans outstanding under guarantee was HK\$126,537,000 (31.3.2011: HK\$123,426,000). The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of these mortgage loans.

During the year ended 31 March 2010, a subsidiary of the Company initiated a law suit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,735,000. In response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK\$25,841,000. The trial will commence on 30 July 2012 with 10 days reserved. In the opinion of the directors of the Company, there is a fair chance of winning the lawsuit after consulting with the lawyer. Accordingly, 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 2011

27. CAPITAL COMMITMENTS

	30.9.2011 HK\$'000 (unaudited)	31.3.2011 HK\$'000 (audited)
Capital expenditure contracted but not provided for in the interim financial information in respect of:		
Acquisition, development and refurbishment of hotel properties	599,955	595,557
Others	3,249	1,528
	603,204	597,085
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	26,752	28,177
Others	20,072	22,933
	46,824	51,110
	650,028	648,195

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

28. RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (unaudited)
Provision of building management service by associates	1,990	1,958
Renting of premise to jointly controlled entities	–	1,200
Provision of management service to a jointly controlled entity	–	3,666

Details of the balances with associates, jointly controlled entities, non-controlling interest, 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. These amounts are unsecured, interest-free and without fixed terms of repayment.

Related companies are companies controlled by certain directors of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

28. RELATED PARTIES TRANSACTIONS (Continued)

- (b) The remuneration of members of key management, who are the directors, during the period is as follows:

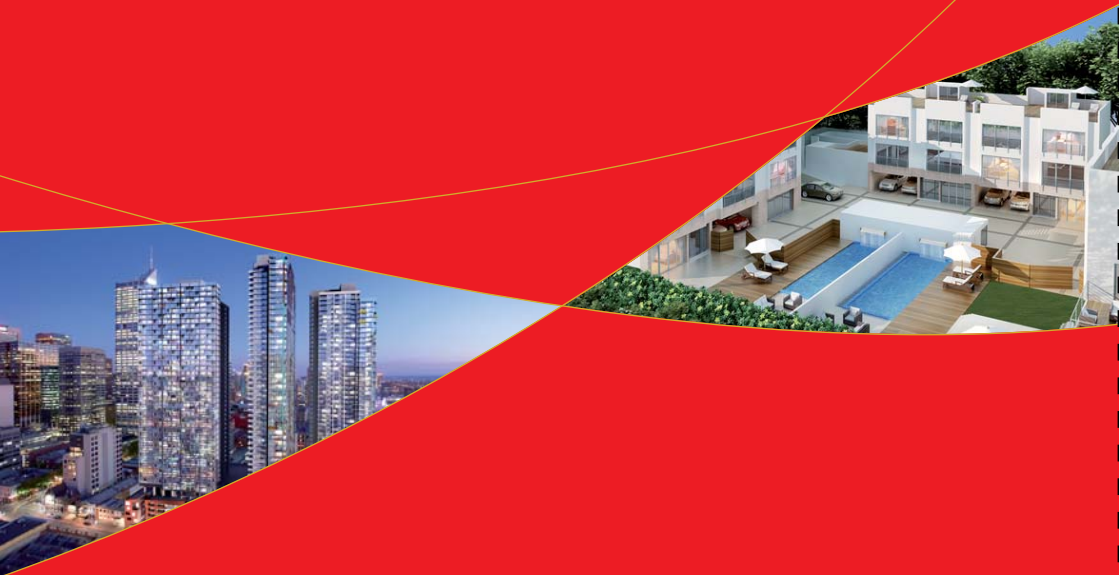
	Six months ended	
	30.9.2011	30.9.2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	16,837	6,035
Post-employment benefits	200	112
Share based payment	2,499	6,451
	19,536	12,598

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

Subsequent to the end of the reporting period, the Company's major subsidiary, KHI entered into a joint development agreement with a related company as disclosed in note 29.

29. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, KHI has entered into an agreement with a related company to jointly develop certain portion of the KHI's freehold land. The related company is a company controlled by a director of the Company, who also has significant influence over the Group through his equity interests and directorship in the Company. Details of the transactions are set out in the Company's announcement and circular to the shareholders dated 11 October 2011 and 14 October 2011 respectively.



Far East Consortium International Limited
遠東發展有限公司

16th Floor, Far East Consortium Building,
121 Des Voeux Road Central, Hong Kong
香港德輔道中121號遠東發展大廈16樓

Website 網址 : www.fecil.com.hk