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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 35)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INTERIM RESULTS HIGHLIGHTS

- Revenue increased by 9.1% to approximately HK\$903 million.
- Net profit attributable to shareholders of the Company amounted to approximately HK\$610 million, an increase of approximately 626%.
- Net assets attributable to shareholders increased from HK\$3.8 per share as at 31 March 2012 to HK\$4.4 per share as at 30 September 2012. Adjusting for hotel revaluation surplus⁽ⁱ⁾, net asset value attributable to shareholders as at 30 September 2012 was HK\$7.5 per share.
- Net gearing ratio at 30.2%⁽ⁱ⁾ and cash position at approximately HK\$2.3 billion as at 30 September 2012.
- Cumulative contracted presale value of properties under development amounted to approximately HK\$6.6 billion as at 30 September 2012.
- Earnings per share increased by 640.9% to HK32.6 cents.
- Interim dividend of HK2 cents per share (30 September 2011: HK1 cent).

Note:

- (i) Revaluation surplus on hotel assets of HK\$7,236 million was based on valuation carried out as at 31 March 2012 and was not recognized in the Company's condensed consolidated financial statement but adjusted for the calculations of net asset attributable to shareholders per share and net gearing ratio.

INTERIM RESULTS

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

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Change
	2012	2011	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Revenue	903	827	9%
Gross profit	412	392	5%
Profit for the period	761	111	586%
Profit attributable to shareholders	610	84	626%
Earnings per share	HK32.6 cents	HK4.4 cents	
Dividend per share	HK2 cents	HK1 cent	

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2012

	<i>NOTE</i>	30.9.2012 <i>HK\$'000</i> (unaudited)	31.3.2012 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		2,296,189	2,456,469
Property, plant and equipment		6,153,951	5,988,002
Prepaid lease payments		593,108	597,485
Other assets		299,094	—
Goodwill		68,400	68,400
Other intangible assets		815	2,100
Interests in associates		273,391	256,158
Interests in jointly controlled entities		86,567	90,966
Available-for-sale investments		6,784	16,190
Financial assets at fair value through profit or loss		16,502	7,750
Deposit for acquisition of property, plant and equipment		141,814	149,315
Amounts due from associates		70,744	70,784
Amount due from a jointly controlled entity		26,936	26,936
Amount due from an investee company		119,995	119,995
Other receivables		143,641	141,407
Pledged deposits		27,983	25,252
		10,325,914	10,017,209
Current assets			
Properties for sale			
Completed properties		86,079	100,699
Properties for/under development		4,673,051	3,797,152
Other inventories		16,249	10,719
Prepaid lease payments		15,798	18,867
Debtors, deposits and prepayments	<i>10</i>	373,127	280,570
Tax recoverable		67,824	11,386
Available-for-sale investments		22,216	18,694
Financial assets at fair value through profit or loss		31,822	458
Derivative financial instruments		11,792	10
Pledged deposits		203,502	342,672
Restricted bank deposits		136,693	971
Bank balances and cash		1,924,589	1,374,980
		7,562,742	5,957,178
Assets classified as held for sale		90,742	418,928
		7,653,484	6,376,106

	<i>NOTE</i>	30.9.2012 <i>HK\$'000</i> (unaudited)	31.3.2012 <i>HK\$'000</i> (audited)
Current liabilities			
Creditors and accruals	<i>11</i>	664,853	606,298
Obligations under finance leases		157	218
Amounts due to related companies		61,657	46,165
Amounts due to associates		14,119	12,877
Amounts due to non-controlling shareholders of subsidiaries		30,070	30,070
Dividends payable		86,488	—
Dividends payable to non-controlling interests		53,500	—
Customers' deposits received		657,907	197,140
Derivative financial instruments		22,255	1,245
Tax payable		218,516	345,774
Secured bank and other borrowings		4,579,473	1,764,289
		6,388,995	3,004,076
Liabilities associated with assets classified as held for sale		—	2,994
		6,388,995	3,007,070
Net current assets		1,264,489	3,369,036
Total assets less current liabilities		11,590,403	13,386,245
Non-current liabilities			
Secured bank and other borrowings		2,523,507	4,620,800
Obligations under finance leases		774	474
Deferred tax liabilities		237,684	234,888
Convertible bonds		30,833	30,074
		2,792,798	4,886,236
Net assets		8,797,605	8,500,009
Capital and reserves			
Share capital		172,976	195,976
Share premium		2,557,386	2,822,611
Reserves		4,941,640	4,433,033
Equity attributable to shareholders of the Company		7,672,002	7,451,620
Non-controlling interests		1,125,603	1,048,389
Total equity		8,797,605	8,500,009

NOTES ON THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

3. SEGMENT INFORMATION

Segment revenue and profit

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

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

	Segment revenue		Segment profit	
	Six months ended 30.9.2012 HK\$'000 (unaudited)	Six months ended 30.9.2011 HK\$'000 (unaudited)	Six months ended 30.9.2012 HK\$'000 (unaudited)	Six months ended 30.9.2011 HK\$'000 (unaudited)
Property development				
— Australia	864	1,939	(5,673)	3,264
— Hong Kong ("HK")	25,680	8,281	6,665	3,088
— Malaysia	279	—	(1,503)	—
— Other regions in the People's Republic of China ("PRC")	5,338	19,218	1,008	4,657
	32,161	29,438	497	11,009
Property investment				
— HK	15,457	13,806	139,301	89,555
— PRC	6,581	6,208	(13,817)	(2,901)
— Singapore	10,162	12,470	(12,570)	4,842
	32,200	32,484	112,914	91,496
Hotel operation and management				
— HK	349,333	308,647	559,912	111,988
— Malaysia	140,336	143,066	23,728	23,936
— PRC	64,728	47,277	(10,321)	(13,635)
— Singapore	—	—	(3,857)	(3,921)
— United Kingdom ("UK")	—	—	(120)	(12)
	554,397	498,990	569,342	118,356
Car park operation				
— Australia	272,180	249,826	22,492	17,425
— Malaysia	8,889	9,183	4,042	4,566
	281,069	259,009	26,534	21,991
Securities and financial product investments	2,799	6,735	(722)	(32,470)
Other operations	2	385	(5,113)	(6,872)
Segment revenue/segment profit	902,628	827,041	703,452	203,510
Unallocated corporate expenses			(29,163)	(24,179)
Finance costs			(22,608)	(40,120)
Profit before tax			651,681	139,211

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

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.

Segment Information

	As at 30.9.2012 <i>HK\$'000</i> (unaudited)	As at 31.3.2012 <i>HK\$'000</i> (audited)
Property development		
— Australia	2,153,202	1,513,133
— HK	784,301	730,396
— Malaysia	386,599	382,398
— PRC	2,044,868	1,772,613
	5,368,970	4,398,540
Property investment		
— HK	1,981,580	1,730,192
— PRC	4,661	3,671
— Singapore	301,378	605,411
	2,287,619	2,339,274
Hotel operation and management		
— HK	4,109,648	3,592,814
— Malaysia	1,078,121	1,071,588
— PRC	2,037,307	1,927,506
— Singapore	884,919	694,845
— UK	394,325	261,043
	8,504,320	7,547,796
Car park operation		
— Australia	710,447	707,176
— Malaysia	155,585	155,996
	866,032	863,172
Securities and financial product investments	60,299	50,763
Other operations	342,035	352,437
Segment assets	17,429,275	15,551,982
Unallocated corporate assets	550,123	841,333
Total assets	17,979,398	16,393,315

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

4. OTHER GAINS AND LOSSES

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

5. FINANCE COSTS

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

6. INCOME TAX (CREDIT) EXPENSE

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

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

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

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

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

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

7. PROFIT FOR THE PERIOD

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

8. EARNINGS PER SHARE

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

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

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

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

9. DIVIDENDS

Six months ended	
30.9.2012	30.9.2011
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

Final dividend for the year ended 31 March 2012 of HK5 cents

(six months ended 30.9.2011: final dividend for the year ended 31 March 2011 of HK5 cents) per share

86,488	95,913
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Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK2 cents (six months ended 30.9.2011: HK1 cent) per share to the shareholders of the Company whose names appear in the register of member on 2 January 2013. Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the period.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Trade debtors included in debtors, deposits and prepayments are approximately HK\$73,520,000 (31.3.2012: HK\$73,300,000).

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

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

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

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

11. CREDITORS AND ACCRUALS

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

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

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2012 of HK2 cents (30 September 2011: HK1 cent) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 2 January 2013. Interim Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 December 2012 to Wednesday, 2 January 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Interim Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Reviews

Financial review

1. Interim results

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

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

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

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

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

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

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

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

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

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

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

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

2. *Liquidity, financial resources and net gearing*

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

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

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

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

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

3. *Capital expenditure*

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

Business review

1. *Property division*

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

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

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

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

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

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

Notes:

(i) Include Goods and Services Tax

(ii) Project carried out by Dorsett Group

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

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

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

Australia

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

Stage 1 of 700 apartments with approximately 400,000 sq. ft. in GFA was largely presold as at 30 September 2012. Completion is expected to be within the coming 12 months. Approximately 95% of Stage 2 (Madison at Upper West Side) which comprises 584 apartments with approximately 370,000 sq. ft. in GFA was presold as at 30 September 2012. Completion of Madison at Upper West Side is expected to be in financial year 2015. As at 30 September

2012, the contracted presale value in respect of stages 1 and 2 reached approximately HK\$2.4 billion and HK\$2.3 billion respectively. Stage 3 (Midtown at Upper West Side) which consists of approximately 180,000 sq. ft. in GFA with 282 apartments was launched for presale in November 2012. Stage 4 is under planning and design stage currently.

Mainland China

Shanghai

Shanghai California Garden is a township development, of which approximately 4,000 residential units have been built and sold. The remaining development comprised approximately 4.8 million sq. ft. in GFA as at 30 September 2012. The project comprises a diversified portfolio of residences including low rise apartments, high rise apartments and townhouses. In May 2012, the Group launched the presale of 288 low rise apartments with approximately 270,000 sq. ft. in GFA under the new phase called “The Royal Crest”. As at 30 September 2012, the presale value of The Royal Crest reached approximately HK\$419 million which represented about 71% of this phase. The next phase of The Royal Crest with approximately 250,000 sq. ft. in GFA (approximately 180 apartments and 42 townhouses) is expected to be launched for presale within the coming 12 months. The completion of the 2 phases under The Royal Crest is expected to be in financial year 2014. Another 2 new developments consisting of approximately 960,000 sq. ft. in GFA in Shanghai California Garden are under construction. These 2 new developments consist of approximately 90 townhouses and 785 apartments. They are expected to be completed in financial years 2014 and 2015.

Guangzhou

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

Hong Kong

No. 684, Clearwater Bay Road, Sai Kung

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

Star Ruby

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

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

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

No. 90–100 Hill Road, Pok Fu Lam

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

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

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

Malaysia

Lot no. 470, Jalan Imbi, Kuala Lumpur

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

Dorsett Place Waterfront Subang

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

Singapore

Dorsett Regency Residences

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

2. Hotel operation and management — Dorsett Hospitality International Limited

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

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

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

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

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

In order to further strengthen the Dorsett Group's hotel brand awareness and reinforce competitive advantage, several high level changes to the overall brand architecture were made. The English name of the Dorsett Group has been changed from "Kosmopolito Hotels International Limited" to "Dorsett Hospitality International Limited" and the Chinese name

of the Dorsett Group has been changed from “麗悦酒店集團有限公司” to “帝盛酒店集團有限公司” with effect from 31 August 2012. The change of name is an important part of the brand alignment exercise, which will strengthen brand awareness for marketing efficiency and will be essential to Dorsett Group’s further expansion through development, acquisition and management contracts.

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

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

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

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

3. Car park division

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

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

relating to a less profitable car park. The Group expects growth to continue as more contracts are added to its management portfolio.

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

Contingent Liabilities

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

Capital Commitments

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

Other Financial and Operational Information

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

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

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

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

SIGNIFICANT PROPERTY TRANSACTIONS POST 30 SEPTEMBER 2012

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

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

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

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

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

PROSPECTS

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

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

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

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

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

EMPLOYEE AND REMUNERATION POLICIES

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

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

Code Provision A.2.1: Tan Sri Dato’ David CHIU currently assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Group.

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

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company’s three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Peter Man Kong WONG has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2012, the Company completed an off-market repurchase of a total of 230 millions shares of the Company from Penta Investment Advisers Limited at the price of HK\$1.23 per share and details of which are as follows:

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

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at <http://www.hkex.com.hk> and on the website of the Company at <http://www.fecil.com.hk>. The Interim Report will be despatched to the Shareholders and will be available for viewing at each of the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 November 2012

As at the date of this announcement, the Board comprises five executive directors, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Chi Hing CHAN, Mr. Dennis CHIU and Mr. Craig Grenfell WILLIAMS; one non-executive director, namely Mr. Daniel Tat Jung CHIU; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM.