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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 2014

INTERIM RESULTS HIGHLIGHTS

- Revenue and gross profit increased by 61.3% and 29.0% respectively to approximately HK\$2.9 billion and HK\$865 million respectively.
- Cumulative contracted presale value of properties under development amounted to approximately HK\$5.4 billion as at 30 September 2014.
- Net assets attributable to shareholders increased to HK\$4.74 per share as at 30 September 2014. Adjusting for hotel revaluation surplus, net asset value attributable to shareholders as at 30 September 2014 was HK\$9.12 per share⁽ⁱ⁾.
- Net gearing ratio⁽ⁱ⁾⁽ⁱⁱ⁾ was at 29.0% and the total cash and investment securities balances was at approximately HK\$3.8 billion as at 30 September 2014.
- Net profit attributable to shareholders of the Company amounted to approximately HK\$401 million, a decrease of 34.7%, primarily due to a one time gain of approximately HK\$259 million relating to a compulsory acquisition of a property in Singapore in the last financial period which was not repeated in the current financial period.
- Interim dividend of HK3 cents per share (30 September 2013: HK3 cents).

Notes:

- (i) Revaluation surplus on hotel assets of approximately HK\$10,954 million was based on independent valuation carried out as at 31 March 2014 and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and the net gearing ratio.
- (ii) Net gearing ratio represents total bank loans and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.

INTERIM RESULTS

The board of directors (the “Board”) of Far East Consortium International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014 (“1H FY2015”). The Company’s Audit Committee has reviewed the results of the financial statements of the Group for the period ended 30 September 2014 prior to recommending them to the Board for approval.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend for the six months ended 30 September 2014 of HK3 cents (30 September 2013: HK3 cents) per share (“Interim Dividend”). Interim Dividend will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s Register of Members on 5 January 2015. 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 5 January 2015. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election (if applicable) on or around 15 January 2015. Dividend warrants and/or new share certificates will be posted on or around 27 February 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	NOTES	Six months ended	
		30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Revenue		2,895,023	1,794,549
Cost of sales and services		(1,897,075)	(1,035,596)
Depreciation and amortisation of hotel and car park assets		(132,470)	(87,923)
Gross profit		865,478	671,030
Other income		23,402	31,184
Other gains and losses	5	147,658	495,031
Administrative expenses			
– Hotel operations and management		(197,017)	(148,275)
– Others		(140,575)	(102,432)
Pre-opening expenses			
– Hotel operations and management		(8,578)	(2,786)
Selling and marketing expenses		(51,908)	(36,629)
Share of results of associates		3,540	3,243
Share of results of joint ventures		(1,453)	(1,453)
Finance costs	6	(102,396)	(135,016)
Profit before tax		538,151	773,897
Income tax expense	7	(116,811)	(68,931)
Profit for the period	8	421,340	704,966
Attributable to:			
Shareholders of the Company		400,592	613,077
Non-controlling interests		20,748	91,889
		421,340	704,966
Earnings per share	9		
– Basic (<i>HK cents</i>)		21.6	34.6
– Diluted (<i>HK cents</i>)		21.4	34.5

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>421,340</u>	<u>704,966</u>
Other comprehensive expense for the period		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(95,096)	(123,507)
Revaluation increase on available-for-sale investments	18	938
Fair value adjustments on cross currency swap contracts designated as cash flows hedge	(49,118)	45,676
Reclassification to profit or loss on disposal of available-for-sale investments	224	2,766
Reclassification from hedge reserve to profit or loss	<u>(10,000)</u>	<u>(44,429)</u>
	<u>(153,972)</u>	<u>(118,556)</u>
Total comprehensive income for the period	<u>267,368</u>	<u>586,410</u>
Total comprehensive income attributable to:		
Shareholders of the Company	262,733	502,188
Non-controlling interests	<u>4,635</u>	<u>84,222</u>
	<u>267,368</u>	<u>586,410</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014

	<i>NOTES</i>	30.9.2014 HK\$'000 (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
Non-current Assets			
Investment properties		2,960,736	2,677,607
Property, plant and equipment		7,656,257	7,406,966
Prepaid lease payments		575,021	579,274
Goodwill		68,400	68,400
Interests in associates		319,724	316,184
Interests in joint ventures		42,503	43,956
Investment securities		8,442	11,477
Derivative financial instruments designated as hedging instruments		–	35,122
Deposits for acquisition of property, plant and equipment		199,737	391,826
Amounts due from associates		70,774	70,774
Amount due from a joint venture		27,359	27,295
Amount due from an investee company		119,995	119,995
Other receivables		5,317	17
Pledged deposits		2,862	2,831
Deferred tax assets		41,995	33,644
		12,099,122	11,785,368
Current Assets			
Properties for sale			
Completed properties		175,408	56,734
Properties for/under development		5,129,882	5,598,333
Prepaid lease payments		15,973	15,947
Other inventories		9,909	9,896
Debtors, deposits and prepayments	<i>11</i>	831,648	653,594
Other receivables		118,571	685,751
Tax recoverable		987	21,312
Investment securities		1,447,118	1,011,640
Derivative financial instruments		–	2,238
Pledged deposits		210,018	173,989
Restricted bank deposits		71,407	62,568
Deposit in a financial institution		11,175	78,591
Bank balances and cash		2,235,040	1,829,330
		10,257,136	10,199,923

	<i>NOTES</i>	30.9.2014 HK\$'000 (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
Current Liabilities			
Creditors and accruals	12	759,528	1,137,842
Customers' deposits received		973,857	515,027
Obligations under finance leases		5,920	3,159
Amounts due to related companies		11,699	45,785
Amounts due to associates		13,845	11,358
Amounts due to non-controlling shareholders of subsidiaries		29,422	29,422
Dividend payable		222,716	–
Dividend payable to non-controlling interests		27,169	–
Convertible bonds		33,116	32,978
Derivative financial instruments		270	1,841
Tax payable		240,480	208,502
Secured bank borrowings		3,244,258	4,252,487
		<u>5,562,280</u>	<u>6,238,401</u>
Net Current Assets		<u>4,694,856</u>	<u>3,961,522</u>
Total Assets less Current Liabilities		<u>16,793,978</u>	<u>15,746,890</u>
Non-current Liabilities			
Secured bank borrowings		4,245,296	3,270,918
Obligations under finance leases		2,745	4,001
Bonds		2,272,083	2,252,691
Derivative financial instruments designated as hedging instruments		13,996	–
Deferred tax liabilities		276,640	268,450
		<u>6,810,760</u>	<u>5,796,060</u>
Net Assets		<u>9,983,218</u>	<u>9,950,830</u>
Capital and Reserves			
Share capital		185,626	184,951
Share premium		2,814,458	2,802,276
Reserves		5,804,173	5,762,676
		<u>8,804,257</u>	<u>8,749,903</u>
Equity attributable to shareholders of the Company		8,804,257	8,749,903
Non-controlling interests		1,178,961	1,200,927
		<u>1,178,961</u>	<u>1,200,927</u>
Total Equity		<u>9,983,218</u>	<u>9,950,830</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. GENERAL

The Company is a public limited company incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. 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.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values, 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 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

4. 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 operations and management, and car park operations 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 September 2014 HK\$'000 (unaudited)	Six months ended 30 September 2013 HK\$'000 (unaudited)	Six months ended 30 September 2014 HK\$'000 (unaudited)	Six months ended 30 September 2013 HK\$'000 (unaudited)
Property development				
– Australia	1,300,924	300,365	245,450	147,658
– Hong Kong (“HK”)	507,872	13,781	149,721	(7,072)
– Malaysia	–	86	(11,495)	(1,297)
– Other regions in the People's Republic of China excluding HK (“PRC”)	7,901	51,150	(9,690)	35,461
	1,816,697	365,382	373,986	174,750
Property investment				
– HK	18,509	16,536	136,225	88,175
– PRC	6,849	6,735	(15,628)	(16,947)
– Singapore	4,658	6,024	(9,652)	254,638
	30,016	29,295	110,945	325,866
Operations of Dorsett and its subsidiaries including hotel operations and management, property development and investments and securities and financial product investments				
– HK	394,737	336,063	59,245	63,607
– Malaysia	142,066	149,174	19,935	29,412
– PRC	102,865	79,684	9,712	(19,119)
– Singapore (<i>note</i>)	52,963	523,937	13,082	274,147
– UK	21,984	–	(13,558)	508
	714,615	1,088,858	88,416	348,555

	Segment revenue		Segment profit	
	Six months ended 30 September 2014 <i>HK\$'000</i> (unaudited)	Six months ended 30 September 2013 <i>HK\$'000</i> (unaudited)	Six months ended 30 September 2014 <i>HK\$'000</i> (unaudited)	Six months ended 30 September 2013 <i>HK\$'000</i> (unaudited)
Car park operations				
– Australia	312,758	290,383	25,285	29,930
– Malaysia	8,368	8,394	3,297	3,125
	321,126	298,777	28,582	33,055
Securities and financial product investments	11,440	12,235	(5,820)	(15,600)
Other operations	1,129	2	13,596	(3,436)
Segment revenue/segment profit	2,895,023	1,794,549	609,705	863,190
Unallocated corporate expenses			(48,565)	(30,213)
Finance costs			(22,989)	(59,080)
Profit before tax			538,151	773,897
Income tax expense			(116,811)	(68,931)
Profit for the period			421,340	704,966

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

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

Segment assets

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

	As at 30 September 2014 HK\$'000 (unaudited)	As at 31 March 2014 HK\$'000 (audited)
Property development		
– Australia	1,515,036	2,197,602
– HK	1,706,694	1,632,401
– Malaysia	394,367	383,806
– PRC	2,613,355	2,261,219
– UK	321,791	223,138
	6,551,243	6,698,166
Property investment		
– HK	2,499,312	2,149,237
– PRC	3,029	4,657
– Singapore	93,313	507,150
	2,595,654	2,661,044
Operations of Dorsett and its subsidiaries, including hotel operations and management, property development and investments, and securities and financial product investments		
– HK	4,868,536	5,082,139
– Malaysia	1,082,596	1,071,002
– PRC	2,277,451	2,286,087
– Singapore	893,161	880,293
– UK	1,033,096	934,554
	10,154,840	10,254,075
Car park operations		
– Australia	657,437	683,177
– Malaysia	148,821	149,807
	806,258	832,984
Securities and financial product investments	633,804	507,243
Other operations	145,031	315,136
Segment assets	20,886,830	21,268,648
Unallocated corporate assets	1,469,428	716,643
Total assets	22,356,258	21,985,291

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

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Change in fair value of investment properties	191,105	135,702
Loss on disposal of available-for-sale investments	(224)	(2,766)
Change in fair value of financial assets at fair value through profit or loss	2,426	(44,354)
Change in fair value of derivative financial instruments	2,152	9,891
Net foreign exchange loss	(47,801)	(22,668)
Gain on compensation from relevant government authority of Singapore (<i>note</i>)	–	258,960
Gain arising on transfer of completed properties for sales to investment properties	–	130,870
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	–	27,329
Gain on partial repurchase of bonds	–	2,067
	147,658	495,031

Note: On 24 April 2013, the Group accepted compensation totalling Singapore Dollar (“S\$”) \$88,900,000 (equivalent to HK\$554,736,000) offered by the relevant government authority of Singapore (the “Singapore Government”) in connection with compulsory acquisition of certain properties of the Group located in Singapore. The carrying amount of such properties being derecognised which were previously classified as other assets amount to HK\$295,776,000 at 24 April 2013. The difference between the compensation amount accepted by the Group and the carrying amount was recognised in the profit or loss. Up to 30 September 2014, the Group received compensation of S\$73,844,000 (equivalent to HK\$454,776,000) (31.3.2014: S\$6,645,000 (equivalent to HK\$40,601,000)) from the Singapore Government and the remaining balance of S\$15,056,000 (equivalent to HK\$91,693,000) (31.3.2014: S\$82,255,000 (equivalent to HK\$505,868,000)) to be received by the Group is included in other receivables.

6. FINANCE COSTS

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings		
– wholly repayable within five years	142,301	147,729
– not wholly repayable within five years	13,949	8,532
Other loans wholly repayable within five years	–	1,794
Convertible bonds	612	1,120
Finance leases	5	8
Interest on bonds	68,715	68,570
Less: net interest income from cross currency swap contracts	(13,547)	(13,623)
Amortisation of front-end fee	2,481	8,531
Others	5,311	3,384
	<hr/>	<hr/>
Total interest costs	219,827	226,045
Less: amounts capitalised to properties under development:		
– investment properties	(1,679)	(1,570)
– properties for owners' occupation	(24,790)	(22,996)
– properties for sale	(90,962)	(66,463)
	<hr/>	<hr/>
	102,396	135,016
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Borrowing costs capitalised during the period which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate ranging from 5.875% to 6% per annum (six months period ended 30.9.2013: nil) to expenditure on the qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	34,556	26,423
PRC Enterprise Income Tax ("EIT")	26	8,653
PRC Land Appreciation Tax ("LAT")	–	2,369
Australia Income Tax	85,723	11,817
Malaysia Income Tax	3,163	1,531
Singapore Income Tax	–	25,080
	123,468	75,873
Overprovision in prior years		
– PRC LAT	(69)	–
– Singapore Income Tax	–	(427)
	(69)	(427)
Deferred taxation	(6,588)	(6,515)
	116,811	68,931

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

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

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC Tax laws and regulations.

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

8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	5,636	5,649
Depreciation	135,293	87,111
Share of taxation of associates (included in share of results of associates)	699	641
Share option expense	2,079	2,237
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and after crediting:		
Dividend income from:		
Investments held for trading	3,635	5,995
Available-for-sale investments	87	85
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	3,722	6,080
	<hr/>	<hr/>
Bank interest income	3,195	4,242
	<hr/>	<hr/>

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the period attributable to the shareholders of the Company of HK\$400,592,000 (six months ended 30.9.2013: HK\$613,077,000) and the number of shares calculated as follows:

	Six months ended	
	30.9.2014	30.9.2013
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,851,968	1,770,155
Effect of dilutive potential ordinary shares – Company's share options	19,200	4,690
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,871,168	1,774,845
	<hr/>	<hr/>

The computations of diluted earnings per share for both periods 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 for both periods did not assume the exercise of its indirect subsidiary Dorsett's share options as the exercise prices of those options are higher than the average market prices of Dorsett's shares for both periods.

10. DIVIDENDS

Six months ended	
30.9.2014	30.9.2013
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

Final dividend for the year ended 31 March 2014 of HK12 cents (six months ended 30.9.2013: final dividend for the year ended 31 March 2013 of HK11 cents) per share	<u>222,716</u>	<u>195,009</u>
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The 2014 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK\$3.03 per share. These new shares rank pari passu to the existing shares of the Company.

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK3 cents (six months ended 30.9.2013: HK3 cents) per share to the shareholders of the Company whose names appear in the register of members on 5 January 2015. Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the period.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade debtors	169,907	162,886
Advance to contractors	7,763	5,909
Utility and other deposits	105,582	69,145
Receivable from stakeholders	386,715	242,164
Prepayment and other receivables	161,681	173,490
	<u>831,648</u>	<u>653,594</u>

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

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements. Included in trade debtors is an amount of S\$12,040,000 (equivalent to HK\$73,326,000) which represents the portion of the proceeds that have been settled by the buyers and are being held in escrow account. The funds would be remitted to the Group upon the issuance of relevant certificate by the government authority in Singapore, which is expected to take place within one year after the end of the reporting period.

The following is an aged analysis of trade debtors based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition date.

	30.9.2014 <i>HK\$'000</i> (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
0-60 days	85,253	77,229
61-90 days	3,293	3,776
Over 90 days	<u>81,361</u>	<u>81,881</u>
	<u>169,907</u>	<u>162,886</u>

12. CREDITORS AND ACCRUALS

	30.9.2014 <i>HK\$'000</i> (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
Trade creditors		
– Construction cost and retention payable	169,514	115,442
– Others	<u>66,108</u>	<u>67,488</u>
	235,622	182,930
Construction cost and retention payable for capital assets	141,069	145,661
Rental and reservation deposits and receipts in advance	33,586	50,928
Other payable and accrued charges	349,251	395,335
Balance of consideration for the acquisition of properties for development in Australia	–	360,903
Payable to brokers for the purchase of securities	<u>–</u>	<u>2,085</u>
	<u>759,528</u>	<u>1,137,842</u>

The following is an aged analysis of the trade creditors:

	30.9.2014 <i>HK\$'000</i> (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
0-60 days	191,639	146,821
61-90 days	4,500	1,832
Over 90 days	<u>39,483</u>	<u>34,277</u>
	<u>235,622</u>	<u>182,930</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Reviews

Financial review

1. Interim results

The Company's consolidated revenue for 1H FY2015 was approximately HK\$2.9 billion, an increase of 61.3% as compared with the six months ended 30 September 2013 ("1H FY2014"). A breakdown of revenue is shown below:

Major business	1H FY2015 HK\$ million	1H FY2014 HK\$ million	Growth
Sales of properties ⁽ⁱ⁾	1,817	863	110.5%
Hotel operations and management	715	591	21.0%
Car park operations and facility management	321	299	7.4%
Leasing of properties	30	29	3.4%
Others	12	13	–
Total revenue	<u>2,895</u>	<u>1,795</u>	61.3%

Note:

- (i) Sales of properties in 1H FY2014 was adjusted to include revenue from sale of Dorsett Residences Singapore apartments of approximately HK\$498 million, which was part of Dorsett's revenue in 1H FY2014.

Revenue from sales of properties amounted to approximately HK\$1,817 million in 1H FY2015, an increase of 110.5% as compared with the last financial period. Star Ruby, Hong Kong and Hudson at Upper West Side (Stage 2), Melbourne, contributed primarily to the sales of properties in 1H FY2015.

In 1H FY2015, revenue from hotel operations and management amounted to approximately HK\$715 million, an increase of 21.0% as compared to 1H FY2014. The increase was attributable mainly to contribution from newly opened hotels.

In 1H FY2015, revenue from car park operations and facility management amounted to approximately HK\$321 million, an increase of 7.4%, mainly due to increase in car park management portfolio.

Revenue relating to leasing of properties was maintained at a similar level, compared with 1H FY2014, of approximately HK\$30 million in 1H FY2015, an increase of 3.4%.

Gross profit for 1H FY2015 was approximately HK\$865 million, an increase of 29.0% as compared with 1H FY2014. Net profit attributable to shareholders of the Company for 1H FY2015 amounted to approximately HK\$401 million, a decrease of 34.7% as compared with 1H FY2014.

In 1H FY2014, there was a one time gain of approximately HK\$259 million from the compulsory acquisition of Pearl's Centre, Singapore by the relevant government authority of Singapore which was not repeated in 1H FY2015. Adjusting for this one-off item, the net profit attributable to shareholders of the Company increased by 13.3% in 1H FY2015.

2. *Liquidity, financial resources and net gearing*

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 30 September 2014.

	As at 30.9.2014 HK\$ million	As at 31.3.2014 HK\$ million
Bank loans and bonds		
Due within 1 year	2,625	2,848
Due 1 – 2 years	1,823	2,717
Due 2 – 5 years	4,835	3,918
Due more than 5 years	553	356
	<hr/>	<hr/>
Total bank loans and bonds	9,836	9,839
	<hr/>	<hr/>
Investment securities	1,447	1,012
Bank and cash balances	2,318	1,970
	<hr/>	<hr/>
Liquidity position	3,765	2,982
	<hr/>	<hr/>
Net debts ⁽ⁱ⁾	6,071	6,857
	<hr/>	<hr/>
Carrying amount of the total equity	9,983	9,951
Add: hotel revaluation surplus	10,954	10,954
	<hr/>	<hr/>
Total equity adjusting for hotel revaluation surplus	20,937	20,905
	<hr/>	<hr/>
Net gearing ratio (net debts to total equity)	29.0%	32.8%
	<hr/>	<hr/>

Note:

(i) Net debts represent total bank loans and bonds less investment securities, bank and cash balances.

In order to better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable fixed income securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities. Adjusting for the unrecognized hotel revaluation surplus of approximately HK\$10,954 million as at 31 March 2014, the Group's total consolidated equity as at 30 September 2014 was approximately HK\$20,937 million. Compared with the net debts as at 30 September 2014, the net gearing ratio of the Group was at 29.0%.

The carrying amounts of the total bank loans and bonds in the Company's consolidated statement of financial position include an amount of approximately HK\$660 million (as at 31 March 2014: HK\$1,463 million) which were not repayable within one year based on scheduled repayment dates. However, it has been shown as current liabilities as the counter parties have discretionary rights to demand immediate repayment.

As at 30 September 2014, the undrawn banking facility was approximately HK\$2.1 billion which are all committed banking facilities, of which approximately HK\$1 billion is in relation to construction development while the remaining balance of approximately HK\$1.1 billion is for the Group's corporate use. This, together with sale proceeds generated from the completion of the Group's upcoming property development projects and liquidity position (as mentioned above), will provide strong financial capacity and credit facilities for the future funding needs of its operating business.

3. Net asset value per share

	As at 30.9.2014 <i>HK\$ million</i>	As at 31.3.2014 <i>HK\$ million</i>
Equity attributable to shareholders of the Company	8,804	8,750
Add: Hotel revaluation surplus (adjusted for minority shareholders' interests)	8,114	8,114
Total net asset value	<u>16,918</u>	<u>16,864</u>
No. of shares issued (" <i>million</i> ")	<u>1,856</u>	<u>1,850</u>
Adjusted net asset value per share	<u>HK\$9.12</u>	<u>HK\$9.12</u>

Adjusting for revaluation surplus on hotel assets as at 31 March 2014 of approximately HK\$10,954 million (HK\$9,459 million as at 31 March 2013) and minority shareholders' interests, net asset value per share for the Company as at 30 September 2014 was approximately HK\$9.12.

4. Gross profit analysis

	Property division <i>HK\$'000</i>	Hotel operations and management <i>HK\$'000</i>	Car park operations and facility management <i>HK\$'000</i>	Others and unallocated items <i>HK\$'000</i>	Total <i>HK\$'000</i>
For 1H FY2015					
Revenue	<u>1,846,713</u>	<u>714,615</u>	<u>321,126</u>	<u>12,569</u>	<u>2,895,023</u>
Gross profit	<u>448,438</u>	<u>342,466</u>	<u>63,743</u>	<u>10,831</u>	<u>865,478</u>
Depreciation and amortisation	<u>–</u>	<u>120,852</u>	<u>11,618</u>	<u>–</u>	<u>132,470</u>
Adjusted gross profit	<u>448,438</u>	<u>463,318</u>	<u>75,361</u>	<u>10,831</u>	<u>997,948</u>
Gross profit margin – 1H FY2015	<u>24.3%</u>	<u>64.8%</u>	<u>23.5%</u>	<u>86.2%</u>	<u>34.5%</u>
For 1H FY2014					
Revenue	394,677	1,088,858	298,777	12,237	1,794,549
Adjustment for Dorsett Residences Singapore ⁽ⁱ⁾	<u>498,392</u>	<u>(498,392)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Adjusted revenue	<u>893,069</u>	<u>590,466</u>	<u>298,777</u>	<u>12,237</u>	<u>1,794,549</u>
Gross profit	142,690	456,260	60,740	11,340	671,030
Adjustment for Dorsett Residences Singapore ⁽ⁱ⁾	<u>144,345</u>	<u>(144,345)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Depreciation and amortisation	<u>–</u>	<u>78,257</u>	<u>9,666</u>	<u>–</u>	<u>87,923</u>
Adjusted gross profit	<u>287,035</u>	<u>390,172</u>	<u>70,406</u>	<u>11,340</u>	<u>758,953</u>
Gross profit margin – 1H FY2014	<u>32.1%</u>	<u>66.1%</u>	<u>23.6%</u>	<u>92.7%</u>	<u>42.3%</u>

Note:

- (i) Revenue and gross profit of property division in 1H FY2014 were adjusted to include sales of Dorsett Residences Singapore apartments, which were part of Dorsett's revenue and gross profit in 1H FY2014.

5. *Capital expenditure*

The Group's capital expenditures consist of expenditures for acquisition, development and refurbishment of hotel properties. During 1H FY2015, the Group's capital expenditures amounted to approximately HK\$189 million primarily attributable to the completion on acquisition of Lushan hotel property, construction works on Dorsett Shepherds Bush London, Dorsett Tsuen Wan Hong Kong and Silka Tsuen Wan Hong Kong and the renovation works on Cosmopolitan Hotel Hong Kong. These capital expenditures were funded through a combination of bank borrowings and internal resources.

6. *Capital commitments*

	As at 30.9.2014 HK\$ million	As at 31.3.2014 HK\$ million
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	314,601	153,281
Others	104,554	107,679
	<u>419,155</u>	<u>260,960</u>
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	339,009	22,750
Others	16,474	16,474
	<u>355,483</u>	<u>39,224</u>
	<u>774,638</u>	<u>300,184</u>

Business review

1. Property division

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

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. During 1H FY2015, a fair valuation gain of investment properties of approximately HK\$191 million was recognized. As at 30 September 2014, valuation of investment properties reached approximately HK\$3.0 billion (31 March 2014: HK\$2.7 billion). The increase in valuation of investment properties was mainly attributable to the completion of retail properties located at Star Ruby in Hong Kong and Hudson at Upper West Side (Stage 2) in Melbourne, Australia.

The Group has a diversified portfolio in residential property development in Australia, Shanghai, Guangzhou, Hong Kong, London and Kuala Lumpur. To carry out property development in the various markets, the Group has established strong local teams in each of these markets. The regionalization approach to this business allows the Group to take advantage of the different property cycles in the different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. Most of the Group's property developments are focused on mass residential market where the Group can benefit from the growing affluence of the middle class.

During 1H FY2015, the Group acquired 2 additional residential development sites, namely (i) Tai Wai site in Hong Kong through government tender and (ii) Manilla Street site located adjacent to the current Marsh Wall site in Canary Wharf, London. Both sites further enhance the Group's property development pipeline. The Group also reached an agreement to acquire a development site in Elizabeth Quay in Perth, Australia.

As at 30 September 2014, saleable floor area in the Group's property development pipeline reached approximately 11 million square feet ("sq. ft."), which is sufficient for the Group's development in the coming 6 to 7 years.

Total cumulative contracted presale value of residential properties under development amounted to approximately HK\$5.4 billion as at 30 September 2014. All of them are expected to be completed and delivered in 3 years. As revenue will only be recognized when the sales of the property developments are completed, the presales were not reflected in the consolidated income statement. In addition, a significant amount of cashflow associated with the presales will only be generated as and when the projects are completed and delivered.

The following shows a breakdown of the contracted presale value of residential properties under development as at 30 September 2014.

Developments	Location	HK\$ million	Expected financial year of completion
Midtown at Upper West Side (Stage 3)	Australia	782	2016
Manhattan at Upper West Side (Stage 4)	Australia	1,953	2017
The FIFTH	Australia	820	2018
View Pavilion	Mainland China	643	2015
Sevilla Crest	Hong Kong	380	2015
Eivissa Crest	Hong Kong	454	2016
Dorsett Bukit Bintang	Malaysia	389	2017
		<hr/>	
Total presale value		<u>5,421</u>	

During the 1H FY2015, the Group launched presales of 3 residential development projects with total saleable floor area of approximately 530,000 sq. ft., namely Eivissa Crest in Hong Kong, The FIFTH in Melbourne, Australia and Dorsett Bukit Bintang in Kuala Lumpur, Malaysia. Total gross development value of these 3 projects is expected to be more than HK\$3 billion.

In the second half of the current financial year, the Group plans to launch, subject to market conditions and approvals, 2 projects for presales, namely California Garden phase 16 in Shanghai and Elizabeth Quay in Perth. Total saleable floor area and total gross development value are expected to be approximately 1 million sq. ft. and over HK\$5 billion respectively.

Currently, the Group has 20 active residential property development projects with total saleable floor area of approximately 6.1 million sq. ft. under various stages of development across the regions.

Australia

Upper West Side project is a high rise residential development located at the central business district of Melbourne. This development has been phased into 4 stages. Both stages 1 and 2 consisting of more than 1,200 apartments have been completed and delivered. Stage 3 (“Midtown at Upper West Side”) and Stage 4 (“Manhattan at Upper West Side”) had been launched for presales. As at 30 September 2014, presale values of Stage 3 and Stage 4 were approximately HK\$782 million and HK\$1,953 million respectively, representing 99.7% and 98.5% of the total expected gross development value respectively. Stage 3 is expected to be completed in the financial year ending 31 March 2016 and Stage 4 in the financial year ending 31 March 2017.

The FIFTH site is located adjacent to the current Upper West Side development and provides 402 high rise apartments. As at 30 September 2014, its presale value reached approximately HK\$820 million, representing 58.8% of the total expected gross development value. It is expected to be completed in the financial year ending 31 March 2018.

In June 2013, the Group acquired a residential development site located next to the Upper West Side development with saleable floor area of approximately 2.2 million sq. ft. (“250 Spencer Street Site”). The project is expected to provide approximately 3,000 residential apartments and is likely to include a hotel component. It will be developed in phases. This development is currently under the master planning stage.

In June 2014, the Group was selected to be the developer of a prestigious residential and hotel project in Elizabeth Quay, Perth. Subject to planning permit approval, the mixed-use development project is expected to include a residential component of approximately 320,000 sq. ft. in saleable floor area, a 5-star Ritz Carlton hotel with more than 200 rooms, approximately 20,000 sq. ft. commercial or retail area as well as other ancillary facilities including car park spaces. The development is currently under the planning stage and in the process of obtaining planning permit approval and other related authority approvals. Subject to approval, presale is planned to be launched in the second half of the financial year 2015.

Consistent with the Group's overall strategic plan to increase its recurring income base, in October 2014, the Group signed a Consortium Bid Agreement with Chow Tai Fook Enterprises Limited ("CTF") and Echo Entertainment Group Limited ("Echo") to create a consortium to bid for the development of an entertainment precinct and integrated resort at the Queen's Wharf Brisbane site. CTF and the Group will each contribute 25% of the capital to the development of the integrated resort and together, will also undertake the residential and related components of the broader Queen's Wharf Brisbane development. Echo will contribute 50% of the capital to the development of the integrated resort and act as the operator under a long dated gaming operator agreement. This development opportunity is located in Brisbane's central business district with approximately 9.4 hectares of site area. The consortium's vision for the precinct includes luxury hotels, residential apartments, a world-class casino, commercial and retail components and other ancillary facilities. The proposal was submitted in October, 2014.

Mainland China

In Shanghai, the Group has been developing California Garden, a township development, comprising a diversified portfolio of residences including low rise apartments, high rise apartments and town houses. Currently, 3 residential projects are under construction, namely View Pavilion, Phase 16 and The Royal Crest II. It is expected that a total of 1,000 units will be developed out of these 3 projects including residential apartments and town houses with a total saleable area of approximately 1.3 million sq. ft..

View Pavilion consists of 306 high rise apartments. As at 30 September 2014, presale value was approximately HK\$643 million, representing 61.3% of the total expected gross development value. View Pavilion is expected to be completed in the financial year ending 31 March 2015.

Phase 16 consists of 479 apartments and 90 town houses. It is expected that this phase 16 will be launched for presale in the second half of the current financial year. Completion of this phase is expected in the financial year ending 31 March 2016. The Royal Crest II consists of 180 apartments and 42 town houses. The Royal Crest II is expected to be completed in the financial year ending 31 March 2017.

In Guangzhou, the Group's development, Royal Riverside is a 5-residential building development producing approximately 600 high rise apartments. Total saleable area is approximately 700,000 sq. ft.. The development is expected to be completed in the financial year ending 31 March 2016.

Hong Kong

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

Following the acquisition of a residential redevelopment site in Wong Tai Sin and a residential development site in Sha Tau Kok through government tender in the last financial year, the Group acquired a residential development site at Tai Wai through government tender for HK\$148 million during 1H FY2015. The Tai Wai site comprises a residential component of approximately 33,000 sq. ft. in saleable floor area and a commercial component of approximately 5,800 sq. ft. in gross floor area.

During 1H FY2015, the residential development namely Star Ruby was completed on schedule. Revenue of the development at approximately HK\$508 million representing 74.2% of the total gross development value was recorded in 1H FY2015. Another residential development which will soon be completed is Sevilla Crest which was presold at approximately HK\$380 million, representing 86.9% of the total expected gross development value, as at 30 September 2014. It is expected to contribute to the bottom line in the financial year 2015.

Eivissa Crest located at Hill Road, Hong Kong Island, consists of 106 residential apartments with approximately 36,000 sq. ft. in saleable floor area. The project was launched for presale in May 2014. As at 30 September 2014, the presale value reached HK\$454 million, representing 60.2% of the total expected gross development value. Completion is expected to take place in the financial year ending 31 March 2016.

A planning approval was obtained from the Town Planning Board for a residential development located in Fung Lok Wai, Yuen Long in November 2013. This residential development consists of a total floor area of approximately 1.6 million sq. ft.. The Group has 25.33% interest in the development. This development is currently in the planning stage.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high rise apartments with approximately 220,000 sq. ft. in saleable floor area. As at 30 September 2014, presale value reached HK\$389 million, representing 43.7% of the total expected gross development value. Completion is expected to take place in the financial year ending 31 March 2017.

London, United Kingdom

A residential development site in Marsh Wall, Canary Wharf was acquired in January 2014 at the price of GBP16.7 million. In June 2014, the Group acquired another site at Manilla Street adjacent to the Marsh Wall site at the price of GBP6.5 million. The Group intends to combine the 2 sites and, subject to planning approval, develop a mixed-use complex including residences of approximately 380,000 sq. ft. in saleable floor area and a hotel of approximately 300 rooms on the combined site. Leveraging on the momentum of the growth of the development pipeline and the expertise it has developed, the Group will continue to acquire and increase its land bank in London.

2. Hotel operations and management – Dorsett Hospitality International Limited

The Group, through its 74.01% (as at the date of this announcement) owned listed subsidiary, Dorsett Hospitality International Limited (“Dorsett”), operates its hotel business. The key revenue indicators of hotel operations for 1H FY2015 are as follows:

	Six months ended	
	30.9.2014	30.9.2013
Hong Kong		
Available room nights	462,534	368,236
Occupied room nights	433,036	344,794
Occupancy rate ⁽ⁱ⁾	93.6%	93.6%
Average room rate (HK\$) ⁽ⁱ⁾	831	887
RevPAR (HK\$) ⁽ⁱ⁾	778	831
LFL RevPAR (HK\$) ⁽ⁱ⁾⁽ⁱⁱ⁾	830	831
Revenue (HK\$ million)	385	330
Malaysia		
Available room nights	253,089	259,311
Occupied room nights	160,484	172,515
Occupancy rate ⁽ⁱ⁾	63.4%	66.5%
Average room rate (HK\$) ⁽ⁱ⁾	542	516
RevPAR (HK\$) ⁽ⁱ⁾	344	343
Revenue (HK\$ million)	142	149

	Six months ended	
	30.9.2014	30.9.2013
Mainland China		
Available room nights	233,363	174,216
Occupied room nights	119,999	88,121
Occupancy rate	51.4%	50.6%
Average room rate (HK\$)	541	555
RevPAR (HK\$)	278	281
LFL RevPAR (HK\$) ⁽ⁱⁱ⁾	311	281
Revenue (HK\$ million)	103	80
Singapore		
Available room nights	52,155	33,016
Occupied room nights	40,256	19,560
Occupancy rate	77.2%	59.2%
Average room rate (HK\$)	1,218	1,242
RevPAR (HK\$)	940	736
Revenue (HK\$ million)	53	26
United Kingdom		
Available room nights	28,808	NA
Occupied room nights	16,146	NA
Occupancy rate	56.0%	NA
Average room rate (HK\$)	1,173	NA
RevPAR (HK\$)	657	NA
Revenue (HK\$ million)	22	NA
Group Total		
Available room nights	1,029,949	834,779
Occupied room nights	769,921	624,990
Occupancy rate ⁽ⁱ⁾	74.8%	74.9%
Average room rate (HK\$) ⁽ⁱ⁾	753	749
RevPAR (HK\$) ⁽ⁱ⁾	563	561
LFL RevPAR (HK\$) ⁽ⁱ⁾⁽ⁱⁱ⁾	573	561
Revenue (HK\$ million)	705	585

Notes:

- (i) Included only hotels owned by the Group.
- (ii) LFL means like for like comparison, excluding results from hotels which did not fully operate during the six months period for both current and last financial years.

For 1H FY2015, the Group's hotel operations recorded total revenue of approximately HK\$715 million, of which approximately HK\$10 million was generated from the dividend and interest incomes received from the securities and financial products investment. The remaining revenue of approximately HK\$705 million was generated from hotel operations and management, which recorded a growth of 20.5% compared to the same period of last year. Revenue per available room ("RevPAR") for the Group came in at HK\$563, a marginal increase of 0.4%, attributable to the 2.2% LFL RevPAR improvement and partially offset by the lower RevPAR performance of the new hotels. Occupancy rate ("OCC") for the Group was down by 0.1 percentage point to 74.8% and the average room rate ("ARR") improved marginally by 0.5% to HK\$753. For 1H FY2015, total revenue in Hong Kong, which is Dorsett's key market and revenue contributor, increased by 16.5% to approximately HK\$385 million largely due to the increase of room inventories driven by the opening of Dorsett Tsuen Wan hotel. The overall RevPAR in Hong Kong declined 6.3% to HK\$778 due to the 6.3% drop of overall ARR to HK\$831 while the overall OCC remains flat at 93.6%. Excluding the newly opened Dorsett Tsuen Wan hotel, the LFL RevPAR only decreased marginally by 0.1% to HK\$830 compared to the same period of last year despite the slowdown of growth on tourist arrivals in the month of September 2014 due to the Occupy Central movement. Nevertheless, the Group remains cautious for the remaining months of the current calendar year in view of the on-going Occupy Central movement which has caused uncertainties and adverse impacts to the tourism market in Hong Kong.

In Malaysia, total revenue declined marginally by 4.8% to approximately HK\$142 million, mainly due to the drop in food and beverage revenue and the marginal drop in room revenue in view of the closure of certain rooms in Dorsett Regency Kuala Lumpur for renovation. Excluding the impact from the renovation, the RevPAR increased marginally by 0.1% to HK\$344, largely attributable to the strong performance of Dorsett Grand Labuan and Dorsett Grand Subang.

Total revenue from Mainland China markets increased 29.1% to approximately HK\$103 million. The growth was driven by the improved performance of the Shanghai, Wuhan and Chengdu hotels. The overall RevPAR in Mainland China declined by 1.0% to HK\$278, the drop was mainly attributable to the weak performance of the newly opened Lushan Resort but partially offset by the stronger RevPAR for the rest of the hotels. Excluding Lushan Resort, the LFL RevPAR improved by 10.6% to HK\$311. Total revenue for Singapore operation increased by 107.3% to approximately HK\$53 million attributable to the strong growth of 27.7% on RevPAR to HK\$940 on the back of improvement on the OCC.

The Group opened its first hotel in London, namely Dorsett Shepherds Bush towards the end of June 2014 and after a slow start, the operation started to pick up strongly in the month of September 2014. Dorsett Shepherds Bush contributed total revenue of approximately HK\$22 million in the first quarter of its operation, with OCC of 56%, ARR of HK\$1,173 and RevPAR of HK\$657. It is expected that there will be a much stronger contribution from this hotel in the coming years as it entered the ramp up period.

During the 1H FY2015, 2 owned hotels were opened, namely Lushan Resort, Mainland China and Dorsett Shepherds Bush, London. Lushan Resort was opened in June 2014. The hotel property is located within the vicinity of the famous Lushan National Park in Jiujiang city, which is one of the most famous tourist destinations in Mainland China. It consists of 297 rooms. Also in June 2014, Dorsett Shepherds Bush, London was opened. It is located in the heart of West London with 317 rooms. It will be the platform for the Group's further expansion in London. In addition, the Group commenced a hotel management contract for Silka Cheras in Malaysia. This hotel consists of 319 rooms.

As at 30 September 2014, Dorsett operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London) with approximately 6,000 rooms and had 5 owned hotels in the development pipeline (1 in Hong Kong, 2 in Mainland China, 2 in United Kingdom). When all the pipeline hotels become operational, the Group would operate 25 owned hotels with approximately 7,400 rooms. Dorsett continued to expand its hotel portfolio and its network coverage. It is expected that it will continue its strong contribution in the coming years.

3. *Car park operations and facility management*

The Group's car park and facility management business includes car park ownership and operations, and property management services.

Car park operations involve management of both third party owned car parks and self-owned car parks. The car park operations achieved steady growth. As at 30 September 2014, the operating portfolio comprised 321 car parks with approximately 55,000 car parking bays. Of these, 21 were self-owned car parks (19 in Australia and 2 in Kuala Lumpur, Malaysia) comprising approximately 5,700 car parking bays (approximately 3,500 in Australia and 2,200 in Kuala Lumpur, Malaysia). The remaining car park portfolio consists of approximately 49,300 carpark bays in Australia, New Zealand and Malaysia which are under management contracts entered into with third party car park owners. Third party owners include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

Following the acquisition of a property management services company in 1H FY2014, the division currently has 10 property management contracts in Australia (mainly in Brisbane, Melbourne and Adelaide) and 1 contract in Johor Bahru, Malaysia.

PROSPECTS

The Group has maintained a balanced business mix and geographic diversification. The regionalisation strategy allows the Group to time its acquisition to take advantage of property cycles in different regions. The Group has built a solid foundation in the past few years with clear medium term growth visibility.

Looking forward, the Group will continue to take active steps using a cautious approach to strengthen its residential property development pipeline and hotel portfolio and will also seek suitable expansion opportunities, such as the Queen's Wharf Brisbane development project in Australia.

With a strong residential development pipeline and presales, the Group is well-positioned to continue to deliver long term shareholder value through dividend distribution and net asset value creation as demonstrated consistently in the past years.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September 2014 was approximately 3,400. 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") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 September 2014, except for a deviation from Code Provision A.2.1 of the CG Code described below.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, comprising all of the Company's three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 29 December 2014 to Monday, 5 January 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 24 December 2014.

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, 26 November 2014

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 and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM.