



遠東發展有限公司

Far East Consortium International Limited

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司

Stock Code 股份代號：035



2014-15 INTERIM REPORT 中期報告

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)
Chris Cheong Thard HOONG, B. ENG.,
ACA
Denny Chi Hing CHAN, EMBA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B. ENG. (CIVIL)

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

EXECUTIVE COMMITTEE

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

MANAGING DIRECTOR

Chris Cheong Thard HOONG

CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

AUTHORISED REPRESENTATIVES

David CHIU
Boswell Wai Hung CHEUNG

LEGAL ADVISORS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Corporate Information

PRINCIPAL BANKERS

Hong Kong

Bank of Communications Co., Ltd.
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

Malaysia

Public Bank Berhad

Singapore

The Hongkong and Shanghai
Banking Corporation Limited

Australia

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

Mainland China

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank
Dah Sing Bank (China) Limited
DBS Bank (China) Limited
HSBC Bank (China) Company Limited
Industrial and Commercial Bank of
China Limited
Wing Hang Bank (China) Limited

United Kingdom

Oversea-Chinese Banking
Corporation Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
Convertible Bonds 2015 (Code: 4317)
5.875% CNY Bonds 2016
(Code: 85915)
The Stock Exchange of Hong Kong
Limited

WEBSITE

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

Interim Results 2014–15

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.

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	2,895	1,795	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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

2. *Liquidity, financial resources and net gearing*

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 30 September 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
Total bank loans and bonds	9,836	9,839
Investment securities	1,447	1,012
Bank and cash balances	2,318	1,970
Liquidity position	3,765	2,982
Net debts⁽ⁱ⁾	6,071	6,857
Carrying amount of the total equity	9,983	9,951
Add: hotel revaluation surplus	10,954	10,954
Total equity adjusting for hotel revaluation surplus	20,937	20,905
Net gearing ratio (net debts to total equity)	29.0%	32.8%

Note:

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

3. Net asset value per share

	As at 30.9.2014 HK\$ million	As at 31.3.2014 HK\$ million
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	16,918	16,864
No. of shares issued ("million")	1,856	1,850
Adjusted net asset value per share	HK\$9.12	HK\$9.12

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.

Management Discussion and Analysis

4. Gross profit analysis

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

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.

Management Discussion and Analysis

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
	419,155	260,960
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
	355,483	39,224
	774,638	300,184

Management Discussion and Analysis

Business review

1. Property division

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

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. During 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.

Management Discussion and Analysis

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
Total presale value		5,421	

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 approximately 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.

Management Discussion and Analysis

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 approximately 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.

Management Discussion and Analysis

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
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

Management Discussion and Analysis

	Six months ended	
	30.9.2014	30.9.2013
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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Other Information

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.

DIRECTORS' INTERESTS

As at 30 September 2014, the interests of the directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	14,384,757	0.77%
	Interest of spouse	582,830 ⁽ⁱ⁾	0.03%
	Interest of controlled corporations	772,847,787 ⁽ⁱ⁾	41.63%
Chris Cheong Thard HOONG	Beneficial owner	4,093,033	0.22%
	Joint interest	404,245 ⁽ⁱⁱ⁾	0.02%
Denny Chi Hing CHAN	Beneficial owner	2,800,000	0.15%
Dennis CHIU	Beneficial owner	3,111	0.00%
	Interest of controlled corporations	5,458,621 ⁽ⁱⁱⁱ⁾	0.29%

Other Information

Notes:

- (i) 772,834,763 shares were held by Sumptuous Assets Limited and 13,024 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 582,830 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
 - (ii) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 404,245 shares jointly held with his wife.
 - (iii) 1,581,403 shares were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
- * The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2014.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	8,400,000	0.45%
Denny Chi Hing CHAN	Beneficial owner	3,500,000	0.19%

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

- * The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 30 September 2014.

A.3 Debentures

As at 30 September 2014, Tan Sri Dato' David CHIU owned the 5.875% CNY Bonds 2016 issued by the Company in the principal amount of CNY30,700,000 through his controlled corporation, Precious Stone Properties Limited.

Other Information

B. Associated corporations

B.1 Long position in the ordinary shares

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
David CHIU	Dorsett	Interest of spouse	8,861 ⁽ⁱ⁾	0.00%
		Interest of controlled corporations	1,562,124,494 ⁽ⁱ⁾	74.46%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 ⁽ⁱⁱ⁾	25.00%
Chris Cheong Thard HOONG	Dorsett	Joint Interest	4,242 ⁽ⁱⁱⁱ⁾	0.00%
Denny Chi Hing CHAN	Dorsett	Beneficial owner	3,000	0.00%
Dennis CHIU	Dorsett	Beneficial owner	31	0.00%
		Interest of controlled corporations	79,380 ^(iv)	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	825 ^(v)	8.25%

Notes:

- (i) 8,244,844 shares in Dorsett were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,553,879,650 shares in Dorsett were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 42.4% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in Dorsett. 8,861 shares in Dorsett were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.

Other Information

- (iii) The joint interest of Mr. Chris Cheong Thard HOONG represents an interest in 4,242 shares of Dorsett jointly held with his wife.
 - (iv) 21,222 shares in Dorsett were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 58,158 shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.
 - (v) These shares in Care Park Group Pty. Ltd. were held by Chartbridge Pty. Ltd. in its capacity as the trustee of The Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of The Craig Williams Family Trust, was deemed to be interested in these shares.
- * The percentage represents the number of ordinary shares interested divided by the respective associated corporations' issued shares as at 30 September 2014.

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

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of Dorsett's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	2,836,363	0.14%
Denny Chi Hing CHAN	Beneficial owner	3,545,454	0.17%

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

- * The percentage represents the number of underlying shares interested divided by Dorsett's issued shares as at 30 September 2014.

Save as disclosed above, none of the directors of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2014.

Other Information

SHARE OPTION SCHEME

(a) FECIL Share Option Schemes

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

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

The following table discloses movements in the Company's share options during the six months ended 30 September 2014:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Lapsed/ cancelled during the period	Outstanding at 30.09.2014	Exercise period*
			Outstanding at 01.04.2014	Granted during the period	Exercised during the period				
Directors									
Chris Cheong Thard HOONG	08.05.2009	1.500	1,700,000	-	(1,700,000)	-	-	16.09.2010-15.09.2019	
			1,850,000	-	(300,000)	-	1,550,000	16.09.2011-15.09.2019	
			1,850,000	-	-	-	1,850,000	16.09.2012-15.09.2019	
	27.03.2013	2.550	750,000	-	-	-	750,000	01.03.2014-28.02.2020	
			1,000,000	-	-	-	1,000,000	01.03.2015-28.02.2020	
			1,250,000	-	-	-	1,250,000	01.03.2016-28.02.2020	
			2,000,000	-	-	-	2,000,000	01.03.2017-28.02.2020	
			10,400,000	-	(2,000,000)	-	8,400,000		
Denny Chi Hing CHAN	27.03.2013	2.550	525,000	-	-	-	525,000	01.03.2014-28.02.2020	
			700,000	-	-	-	700,000	01.03.2015-28.02.2020	
			875,000	-	-	-	875,000	01.03.2016-28.02.2020	
			1,400,000	-	-	-	1,400,000	01.03.2017-28.02.2020	
			3,500,000	-	-	-	3,500,000		

Other Information

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period*
			Outstanding at 01.04.2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2014	
Other employees in aggregate	21.10.2004	2.075	250,000	-	(250,000)	-	-	01.11.2004-20.10.2014
			325,000	-	(325,000)	-	-	01.01.2006-20.10.2014
			475,000	-	(475,000)	-	-	01.01.2007-20.10.2014
			1,575,000	-	(1,575,000)	-	-	01.01.2008-20.10.2014
			2,475,000	-	(2,125,000)	-	350,000	01.01.2009-20.10.2014
	25.08.2006	3.290	450,000	-	-	-	450,000	01.01.2009-24.08.2016
			500,000	-	-	-	500,000	01.01.2010-24.08.2016
	27.03.2013	2.550	1,125,000	-	-	-	1,125,000	01.03.2014-28.02.2020
			1,500,000	-	-	-	1,500,000	01.03.2015-28.02.2020
			1,875,000	-	-	-	1,875,000	01.03.2016-28.02.2020
			3,000,000	-	-	-	3,000,000	01.03.2017-28.02.2020
				13,550,000	-	(4,750,000)	-	8,800,000
Total			27,450,000	-	(6,750,000)	-	20,700,000	

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

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK\$2.97 (six months ended 30 September 2013: HK\$2.63).

Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 23 to the condensed consolidated financial statements.

(b) Dorsett Share Option Scheme

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

Other Information

Details of the movement of share options under Dorsett Share Option Scheme during the six months ended 30 September 2014 were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 30.09.2014	Exercise period*
			Outstanding at 01.04.2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2014		
Directors of Dorsett									
Winnie Wing Kwan CHIU	11.10.2010	2.20	454,545	-	-	-	454,545	11.10.2011-10.10.2014	
			454,545	-	-	-	454,545	11.10.2012-10.10.2015	
			454,545	-	-	-	454,545	11.10.2013-10.10.2016	
			454,545	-	-	-	454,545	11.10.2014-10.10.2017	
			454,547	-	-	-	454,547	11.10.2015-10.10.2018	
			2,272,727	-	-	-	2,272,727		
Wai Keung LAI	11.10.2010	2.20	318,181	-	-	-	318,181	11.10.2011-10.10.2014	
			318,181	-	-	-	318,181	11.10.2012-10.10.2015	
			318,181	-	-	-	318,181	11.10.2013-10.10.2016	
			318,181	-	-	-	318,181	11.10.2014-10.10.2017	
			318,185	-	-	-	318,185	11.10.2015-10.10.2018	
			1,590,909	-	-	-	1,590,909		
Chris Cheong Thard HOONG	11.10.2010	2.20	567,272	-	-	-	567,272	11.10.2011-10.10.2014	
			567,272	-	-	-	567,272	11.10.2012-10.10.2015	
			567,272	-	-	-	567,272	11.10.2013-10.10.2016	
			567,272	-	-	-	567,272	11.10.2014-10.10.2017	
			567,275	-	-	-	567,275	11.10.2015-10.10.2018	
			2,836,363	-	-	-	2,836,363		
Denny Chi Hing CHAN	11.10.2010	2.20	709,090	-	-	-	709,090	11.10.2011-10.10.2014	
			709,090	-	-	-	709,090	11.10.2012-10.10.2015	
			709,090	-	-	-	709,090	11.10.2013-10.10.2016	
			709,090	-	-	-	709,090	11.10.2014-10.10.2017	
			709,094	-	-	-	709,094	11.10.2015-10.10.2018	
			3,545,454	-	-	-	3,545,454		

Other Information

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period*
			Outstanding at 01.04.2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30.09.2014	
Other employees in aggregate	11.10.2010	2.20	1,554,541	-	-	-	1,554,541	11.10.2011-10.10.2014
			1,554,541	-	-	-	1,554,541	11.10.2012-10.10.2015
			1,554,541	-	-	-	1,554,541	11.10.2013-10.10.2016
			1,554,541	-	-	-	1,554,541	11.10.2014-10.10.2017
			1,554,557	-	-	-	1,554,557	11.10.2015-10.10.2018
			7,772,721	-	-	-	7,772,721	
Total			18,018,174	-	-	-	18,018,174	

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

Further information on Dorsett Share Option Scheme and the options granted by Dorsett is set out in note 23 to the condensed consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2014, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of directors of the Company as set out above) and as far as the directors of the Company are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	772,834,763 ⁽ⁱ⁾ (long position)	41.63%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.70%
	Interest of controlled corporations	140,942,693 ⁽ⁱⁱ⁾ (long position)	7.59%
	Interest of spouse	1,624,301 ⁽ⁱⁱ⁾ (long position)	0.09%

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
 - (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.
- * The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 30 September 2014.

Save as disclosed above, as at 30 September 2014, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all directors by the Company, all directors have confirmed they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2014.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group’s employees has been noted by the Company.

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.

Other Information

AUDIT COMMITTEE

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

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
FAR EAST CONSORTIUM INTERNATIONAL LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Far East Consortium International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 36 to 74, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2014

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	5	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	6	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	7	(102,396)	(135,016)
Profit before tax		538,151	773,897
Income tax expense	8	(116,811)	(68,931)
Profit for the period	9	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	10		
– Basic (HK cents)		21.6	34.6
– Diluted (HK cents)		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 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Profit for the period	421,340	704,966
Other comprehensive expense for the period		
Items that may be subsequently reclassified to profit or loss:		
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 (note 21)	(49,118)	45,676
Reclassification to profit or loss on disposal of available-for-sale Investments (note 6)	224	2,766
Reclassification from hedge reserve to profit or loss (note 21)	(10,000)	(44,429)
	(153,972)	(118,556)
Total comprehensive income for the period	267,368	586,410
Total comprehensive income attributable to:		
Shareholders of the Company	262,733	502,188
Non-controlling interests	4,635	84,222
	267,368	586,410

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Notes	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Non-current Assets			
Investment properties	12	2,960,736	2,677,607
Property, plant and equipment	12	7,656,257	7,406,966
Prepaid lease payments		575,021	579,274
Goodwill		68,400	68,400
Interests in associates	13	319,724	316,184
Interests in joint ventures		42,503	43,956
Investment securities	14	8,442	11,477
Derivative financial instruments designated as hedging instruments	21	–	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	16	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	15	831,648	653,594
Other receivables	16	118,571	685,751
Tax recoverable		987	21,312
Investment securities	14	1,447,118	1,011,640
Derivative financial instruments	17	–	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

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Notes	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Current Liabilities			
Creditors and accruals	18	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	17	270	1,841
Tax payable		240,480	208,502
Secured bank borrowings	19	3,244,258	4,252,487
		5,562,280	6,238,401
Net Current Assets			
		4,694,856	3,961,522
Total Assets less Current Liabilities			
		16,793,978	15,746,890
Non-current Liabilities			
Secured bank borrowings	19	4,245,296	3,270,918
Obligations under finance leases		2,745	4,001
Bonds	20	2,272,083	2,252,691
Derivative financial instruments designated as hedging instruments	21	13,996	–
Deferred tax liabilities		276,640	268,450
		6,810,760	5,796,060
Net Assets			
		9,983,218	9,950,830

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Notes	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Capital and Reserves			
Share capital	22	185,626	184,951
Share premium		2,814,458	2,802,276
Reserves		5,804,173	5,762,676
<hr/>			
Equity attributable to shareholders of the Company		8,804,257	8,749,903
Non-controlling interests		1,178,961	1,200,927
<hr/>			
Total Equity		9,983,218	9,950,830

The condensed consolidated financial statements on pages 36 to 74 were approved and authorised for issue by the Board of Directors on 26 November 2014 and are signed on its behalf by:

Director

Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedge reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2013 (audited)	176,891	2,617,925	25,500	13,808	(3,704)	444,511	14,559	(13,593)	1,475,804	3,260,829	8,012,530	1,137,930	9,150,460
Profit for the period	-	-	-	-	-	-	-	-	613,077	613,077	91,889	704,966	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(117,901)	-	-	-	(117,901)	(5,606)	(123,507)	
Revaluation increase on available-for-sale investments	-	-	-	-	938	-	-	-	-	938	-	938	
Fair value adjustments on cross currency swap contracts designated as cash flow hedge (note 21)	-	-	-	-	-	-	-	40,358	-	40,358	5,318	45,676	
Reclassification to profit or loss on disposal of available-for-sale investments (note 6)	-	-	-	-	2,766	-	-	-	-	2,766	-	2,766	
Reclassification from hedge reserve to profit or loss (note 21)	-	-	-	-	-	-	-	(37,050)	-	(37,050)	(7,379)	(44,429)	
Other comprehensive expenses for the period	-	-	-	-	3,704	(117,901)	-	3,308	-	(110,889)	(7,667)	(118,556)	
Total comprehensive income for the period	-	-	-	-	3,704	(117,901)	-	3,308	613,077	502,188	84,222	586,410	
Shares issued upon exercise of share option	390	6,553	-	-	-	-	-	-	-	6,943	-	6,943	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,255	-	-	1,255	982	2,237	
Lapse of share options transferred to retained profits	-	-	-	-	-	-	-	-	249	249	(249)	-	
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(195,009)	(195,009)	-	(195,009)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(42,800)	(42,800)	
At 30 September 2013 (unaudited)	177,281	2,624,478	25,500	13,808	-	326,610	15,814	(10,285)	1,475,804	3,679,146	8,328,156	1,180,085	9,508,241
Profit for the period	-	-	-	-	-	-	-	-	300,980	300,980	20,089	321,069	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(41,141)	-	-	-	(41,141)	2,242	(38,899)	
Revaluation decrease on available-for-sale investments	-	-	-	-	(244)	-	-	-	-	(244)	-	(244)	
Fair value adjustments on cross currency swap contracts designated as cash flows hedge	-	-	-	-	-	-	-	3,699	-	3,699	2,175	5,874	
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	2	-	-	-	-	2	-	2	
Reclassification from hedge reserve to profit or loss	-	-	-	-	-	-	-	16,807	-	16,807	293	17,100	
Other comprehensive expenses for the period	-	-	-	-	(242)	(41,141)	-	20,506	-	(20,877)	4,710	(16,167)	
Total comprehensive income for the period	-	-	-	-	(242)	(41,141)	-	20,506	300,980	280,103	24,799	304,902	
Shares issued in lieu of cash dividend	7,240	169,306	-	-	-	-	-	-	-	176,546	-	176,546	
Shares issued upon exercise of share option	430	8,492	-	-	-	-	-	-	-	8,922	-	8,922	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	4,894	-	-	4,894	617	5,511	
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(55,133)	(55,133)	-	(55,133)	
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(13,264)	(13,264)	
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	6,415	6,415	(6,415)	-	
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	15,105	15,105	
At 31 March 2014 (audited)	184,951	2,802,276	25,500	13,808	(242)	285,469	20,708	10,221	1,482,219	3,924,993	8,749,903	1,200,927	9,950,830

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Hedge reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000			Total HK\$'000
Profit for the period	-	-	-	-	-	-	-	-	-	400,592	400,592	20,748	421,340
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(86,913)	-	-	-	(86,913)	(86,913)	(8,183)	(95,096)
Revaluation increase on available-for-sale investments	-	-	-	-	18	-	-	-	-	18	18	-	18
Fair value adjustments on cross currency swap contracts designated as cash flows hedge (note 21)	-	-	-	-	-	-	(41,188)	-	-	(41,188)	(41,188)	(7,930)	(49,118)
Reclassification to profit or loss on disposal of available-for-sale investments (note 6)	-	-	-	-	224	-	-	-	-	224	224	-	224
Reclassification from hedge reserve to profit or loss (note 21)	-	-	-	-	-	-	(10,000)	-	-	(10,000)	(10,000)	-	(10,000)
Other comprehensive expenses for the period	-	-	-	-	242	(86,913)	(51,188)	-	-	(137,859)	(137,859)	(16,113)	(153,972)
Total comprehensive income for the period	-	-	-	-	242	(86,913)	(51,188)	-	400,592	262,733	4,635	267,368	
Shares issued upon exercise of share option	675	12,182	-	-	-	-	-	-	-	12,857	-	12,857	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,480	-	-	1,480	599	2,079	
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(222,716)	(222,716)	-	(222,716)	
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(27,200)	(27,200)	
At 30 September 2014 (unaudited)	185,626	2,814,458	25,500	13,808	-	198,556	22,188	(40,967)	1,482,219	4,102,869	8,804,257	1,178,961	9,983,218

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) gain on decrease in interest in a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited (“Dorsett”) and (c) excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; and (d) excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	Six months ended	
	30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Net cash from (used in) operating activities	813,882	(2,059,101)
Investing activities		
Acquisition and development expenditure of property, plant and equipment	(161,044)	(574,202)
Deposit paid for acquisition of property, plant and equipment	–	(50,354)
Proceeds from disposal of available-for-sale investments	3,053	151,170
Placement of pledged bank deposits	(171,293)	(28,240)
Release of pledged bank deposits	135,233	51,129
Placement of restricted bank deposits	(8,839)	–
Release of restricted bank deposits	–	29,050
Other investing activities	(40,665)	59,073
Net cash used in investing activities	(243,555)	(362,374)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	Six months ended	
	30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Financing activities		
Proceeds from issuance of the bonds, net of transaction costs	–	1,050,172
Repurchase of bonds	–	(48,172)
New bank borrowings raised	1,728,009	3,183,289
Repayment of bank borrowings	(1,720,339)	(2,185,340)
Interest paid	(217,342)	(226,395)
Other financing activities	(20,090)	(7,517)
Net cash (used in) from financing activities	(229,762)	1,766,037
Net increase (decrease) in cash and cash equivalents	340,565	(655,438)
Cash and cash equivalents at beginning of the period	1,907,921	2,720,653
Effect of foreign exchange rate changes	(2,271)	(4,421)
Cash and cash equivalents at end of the period	2,246,215	2,060,794
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	2,235,040	1,968,972
Deposit in a financial institution	11,175	91,822
	2,246,215	2,060,794

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 Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

4. SEGMENT INFORMATION (Continued)

Segment revenue and profit (Continued)

	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 (note)	52,963	523,937	13,082	274,147
– UK	21,984	–	(13,558)	508
	714,615	1,088,858	88,416	348,555
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

4. SEGMENT INFORMATION (Continued)

Segment revenue and profit (Continued)

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

4. SEGMENT INFORMATION (Continued)

Segment assets (Continued)

	As at 30 September 2014 HK\$'000 (unaudited)	As at 31 March 2014 HK\$'000 (audited)
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 are not regularly reviewed by the chief operating decision makers. Accordingly, segment liability information is not presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

5. REVENUE

	Six months ended	
	30.9.2014 HK\$'000	30.9.2013 HK\$'000
Sale of properties	1,801,646	850,197
Leasing of properties	39,645	36,316
Hotel operation and management	704,891	584,792
Car park operations	320,817	299,134
Provision of property management services	6,421	6,200
Interest income from financial instruments	21,164	13,676
Other operations	439	4,234
	2,895,023	1,794,549

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

6. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (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 (note)	–	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 Dollars (“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 (note 16).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

7. FINANCE COSTS

	Six months ended	
	30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (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
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)
	102,396	135,016

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

8. INCOME TAX EXPENSE

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

9. 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
and after crediting:		
Dividend income from:		
Investments held for trading	3,635	5,995
Available-for-sale investments	87	85
	3,722	6,080
Bank interest income	3,195	4,242

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

10. 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
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,871,168	1,774,845

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

11. 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	222,716	195,009

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 of the Company 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.

12. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2014, the Group acquired certain property, plant and equipment amounting to HK\$68,065,000 (six months ended 30.9.2013: HK\$71,086,000). In addition, the Group incurred development expenditure on development of certain hotel properties amounting to HK\$120,586,000 (six months ended 30.9.2013: HK\$523,103,000) and transferred a deposit for acquisition of property, plant and equipment of HK\$233,591,000 (six months ended 30.9.2013: nil) to hotel properties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

12. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT (Continued)

At the end of the reporting period, the fair value of the completed investment properties and investment properties under development are arrived at on the basis of valuations carried out on those date by the following independent firms of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited	Member of the Australian Property Institute
Hong Kong/PRC	DTZ Debenham Tie Leung Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Ltd.	Member of the Singapore Institute of Surveyors and Valuers

The valuations of the completed investment properties have been arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

13. INTERESTS IN ASSOCIATES

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Unlisted investments, at cost	86,539	86,539
Share of post-acquisition results, net of dividends received	233,185	229,645
	319,724	316,184

14. INVESTMENT SECURITIES

(i) Available-for-sale investments

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Listed equity securities: (note 28) Hong Kong	–	3,035
Unlisted: Equity securities	4	4
Club membership	688	688
	692	692
	692	3,727

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

14. INVESTMENT SECURITIES (Continued)

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

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Investments held for trading (note 28)		
Equity securities listed overseas	–	5,429
Listed debt securities	840,667	245,616
Investment funds	480,451	760,595
	1,321,118	1,011,640
Financial assets designated at fair value through profit or loss (note 28)		
Structured deposits	133,750	7,750
	1,454,868	1,019,390
Total	1,455,560	1,023,117
Analysed for reporting purposes as:		
Non-current assets	8,442	11,477
Current assets	1,447,118	1,011,640
	1,455,560	1,023,117

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (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
	831,648	653,594

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 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
0 – 60 days	85,253	77,229
61 – 90 days	3,293	3,776
Over 90 days	81,361	81,881
	169,907	162,886

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

16. OTHER RECEIVABLES

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Compensation receivable (note 6)	91,693	505,868
Promissory notes receivable and accrued interest	–	149,626
Second mortgage loans	32,195	30,303
	123,888	685,797
Less: Amount due within one year and classified under current assets		
– Other receivables	(118,571)	(685,751)
– Debtors, deposits and prepayments	–	(29)
	5,317	17

17. DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2014		31.3.2014	
	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)
Call/put options in listed equity securities and foreign currencies	–	(270)	2,238	(1,841)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

18. CREDITORS AND ACCRUALS

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Trade creditors		
– Construction cost and retention payable	169,514	115,442
– Others	66,108	67,488
	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	–	2,085
	759,528	1,137,842

The following is an aged analysis of the trade creditors:

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

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For the six months ended 30 September 2014

19. SECURED BANK BORROWINGS

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Bank loans	7,507,504	7,543,836
Less: front-end fee	(17,950)	(20,431)
	7,489,554	7,523,405
Analysed for reporting purpose as:		
Current liabilities	3,244,258	4,252,487
Non-current liabilities	4,245,296	3,270,918
	7,489,554	7,523,405
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	2,585,347	2,809,980
More than one year, but not exceeding two years	556,281	1,462,728
More than two years, but not exceeding five years	3,812,436	2,915,286
More than five years	553,440	355,842
	7,507,504	7,543,836

The carrying amount of borrowings include an amount of HK\$659,836,000 (31.3.2014: HK\$1,462,938,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

All the bank borrowings bear interest at floating rates ranging from 0.91% to 8.65% (31.3.2014: 0.91% to 8.65%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

20. BONDS

2016 BONDS

The bonds were issued by the Company on 4 March 2013 to independent third parties at issue price equal to the principal amount with maturity date on 4 March 2016 (the "2016 Bonds"). The 2016 Bonds bear interest at rate of 5.875% per annum payable semi-annually.

2018 BONDS

The bonds were issued by Dorsett on 3 April 2013 to independent third parties at issue price equal to principal amount with maturity date on 3 April 2018 (the "2018 Bonds"). The 2018 Bonds bear interest at 6% per annum payable semi-annually.

As at 30 September 2014 and 31 March 2014, the aggregate principal amount of the 2016 Bonds and 2018 Bonds outstanding was Renminbi ("RMB") 1,810,340,000 (equivalent to HK\$2,272,083,000 and HK\$2,252,691,000 as at 30 September 2014 and 31 March 2014 respectively).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

21. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

The Group has entered into cross currency swap contracts to reduce its exposure to the currency exchange rate fluctuation in relation RMB bonds issued by the Group as set out in note 20. Upon issuance of the 2016 Bonds and the 2018 Bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flow arising from the 2016 Bonds and the 2018 Bonds.

The 2016 Bonds are denominated and settled in RMB, and bear coupon interest at the rate of 5.875% per annum payable semi-annually in arrears. Under the cross currency swap contracts outstanding as at 30 September 2014 and 31 March 2014, the Group would receive interest at a fixed rate of 5.875% per annum based on the notional amount of RMB1,000,000,000 and pay interest semi-annually at fixed rates ranging from 4.65% to 4.675% per annum based on the notional amounts of United States dollar ("US\$") 160,543,987 in aggregate, with a maturity date of 4 March 2016. The cross currency swap contracts have been negotiated to match the settlement periods of the 2016 Bonds.

The 2018 Bonds are denominated and settled in RMB, and bear coupon interest at the rate of 6% per annum payable semi-annually in arrears. Under the cross currency swap contracts outstanding as at 30 September 2014 and 31 March 2014, the Group would receive interest at a fixed rate of 6% per annum based on the notional amount of RMB810,340,000 and pay interest semi-annually at fixed rates ranging from 4.952% to 4.97% per annum based on the notional amounts of US\$130,555,987 in aggregate, with a maturity date of 3 April 2018. The cross currency swap contracts have been negotiated to match the settlement periods of the 2018 Bonds.

During the six months ended 30 September 2014, the fair value losses arising from the cross currency swap contracts of HK\$49,118,000 (six months ended 30.9.2013: fair value gains of HK\$45,676,000) were recognised in other comprehensive income. An amount of gain of HK\$10,000,000 (six months ended 30.9.2013: HK\$44,429,000) was reclassified from hedge reserve to profit or loss in the periods when the hedged item is recognised to profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

22. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised:	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2013 (audited)	1,768,909,536	176,891
Issue upon exercise of share option at HK\$2.075 per share	1,900,000	190
Issue upon exercise of share option at HK\$1.50 per share	2,000,000	200
At 30 September 2013 (unaudited)	1,772,809,536	177,281
Issue of shares in lieu of cash dividend	72,404,902	7,240
Issue upon exercise of share option of HK\$2.075 per share	4,300,000	430
At 31 March 2014 (audited)	1,849,514,438	184,951
Issue upon exercise of share option at HK\$2.075 per share	4,750,000	475
Issue upon exercise of share option at HK\$1.50 per share	2,000,000	200
At 30 September 2014	1,856,264,438	185,626

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

23. SHARE OPTION SCHEMES

The Company and its subsidiary, Dorsett each has a share option scheme under which the directors of the Company and full-time employees may be granted options to subscribe for shares in the Company and Dorsett. Particulars of the share option schemes are set out in the 2014 annual report of the Company.

The Company

No share options were granted by the Company and no share options issued by the Company were lapsed during the period.

	1.4.2014 to 30.9.2014 '000 (unaudited)	1.4.2013 to 31.3.2014 '000 (audited)
At the beginning of the period/year	27,450	35,650
Exercised during the period	(6,750)	(8,200)
At the end of the period/year	20,700	27,450

Dorsett

No share option was granted by Dorsett during the period. The movement of the share option of Dorsett during the period/year are as follows:

	1.4.2014 to 30.9.2014 '000 (unaudited)	1.4.2013 to 31.3.2014 '000 (audited)
At the beginning of the period/year	18,018	18,564
Lapsed during the period/year	–	(546)
At the end of the period/year	18,018	18,018

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For the six months ended 30 September 2014

24. CHARGE ON ASSETS

Bank borrowings with aggregate amount of HK\$7,507,504,000 (31.3.2014: HK\$7,543,836,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
Investment properties	2,549,169	2,083,704
Property, plant and equipment	5,777,567	5,482,237
Prepaid lease payments	582,975	588,919
Properties for sale	2,483,564	2,571,939
Bank deposits	212,880	176,820
Total	11,606,155	10,903,619

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

25. CONTINGENT LIABILITIES

(a) During the year ended 31 March 2014, Management Corporation Strata Title No. 512 ("MCST 512") filed the notice of appeal to High Court in Singapore against Tang City Holdings Pte. Ltd., a subsidiary of the Company in Singapore, claiming for the benefit and/or revenue relating to the unauthorised additions to the floor area in the Singapore Properties under Compulsory Acquisition amounted to S\$23,492,000 (equivalent to HK\$144,710,000). There is no final judgement up to the date of this report. In the opinion of the directors, after consultation with the lawyer, MCST 512's appeal is not premised upon any strong basis and it is unlikely to succeed. As such, no provision for potential liability has been made in the condensed consolidated financial statements.

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For the six months ended 30 September 2014

25. CONTINGENT LIABILITIES (Continued)

- (b) During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited (“HKSAR Hotel”), a former subsidiary of the Company, initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposed of during the year ended 31 March 2013 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 and further adjourned to the period between 8 August 2013 and 19 August 2013. Both HKSAR Hotel and the contractor have filed the closing submissions and the reply submissions in September 2013 and October 2013. There is no final judgement up to the date of this report. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

26. CAPITAL COMMITMENTS

	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Capital expenditure contracted but not provided in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	314,601	153,281
Others	104,554	107,679
	419,155	260,960
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
	355,483	39,224
	774,638	300,184

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

27. RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Provision of building management service by associates	1,776	1,404

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

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

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

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	14,883	10,573
Post-employment benefits	199	205
Share based payment	1,775	1,076
	16,857	11,854

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

	Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
		30.9.2014	31.3.2014		
		HK\$'000	HK\$'000		
1a)	Listed equity securities classified as available-for-sale investments	–	3,035	Level 1	Quoted bid prices in an active market
1b)	Listed equity securities classified as financial assets at fair value through profit or loss	–	5,429	Level 1	Quoted bid prices in an active market
2)	Listed debt securities classified as financial assets at fair value through profit or loss	840,667	245,616	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter

Notes to the Condensed Consolidated Financial Statements

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28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets (liabilities) that are measured at fair value on a recurring basis (Continued)

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2014 HK\$'000	31.3.2014 HK\$'000		
3) Investment funds classified as financial assets at fair value through profit or loss	480,451	760,595	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at fair value through profit or loss	133,750	7,750	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks
5) Call/put options in listed equity securities and foreign currencies classified as derivative financial instruments	(270)	2,238 (1,841)	Level 2	Option pricing model The valuation is based on the volatility level, foreign exchange spot and forward rates from the counterparties for similar instruments

Notes to the Condensed Consolidated Financial Statements

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28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets (liabilities) that are measured at fair value on a recurring basis (Continued)

Financial assets (liabilities) included in the condensed consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30.9.2014	31.3.2014		
	HK\$'000	HK\$'000		
6) Cross currency swaps classified as derivative financial instruments designated as hedging instruments	(13,996)	35,122	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 September 2014.

Reconciliation of Level 3 fair value measurements of financial assets

Financial assets at fair value through profit or loss

	HK\$'000
At 1 April 2013, 31 March 2014 and 1 April 2014	7,750
Purchase	126,000
At 30 September 2014	133,750

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



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