FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 35)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

- Turnover and profit for the six months ended 30th September 2009 increased 62% and 429%, respectively as compared to the same period of last year
- Strong property development performance offset temporary weakness in hotel division caused by H1N1 and economic crisis
- Owners' equity increased HK$912 million and total debts reduced by HK$116 million from 31st March 2009
- Revaluation surplus of HK$3 billion not reflected in the condensed consolidated statement of financial position
- Completed acquisition of car park business with over 200 car parks. Full period performance will be reflected in second half
- Successful bid of land auction in Singapore
- Dividend per share of HK2 cents versus HK1 cent for the same period of last year

INTERIM RESULTS

The Board of Directors of Far East Consortium International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2009 as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30th September		
	2009	2008	Change
	HK$ Million	*HK$ Million*	
Revenue	**1,393**	861	+62%
Gross profit	**367**	428	-14%
Profit for the period	**201**	38	+429%
Profit attributable to owners	**171**	35	+389%
Earnings per share	**HK10 cents**	HK2.2 cents	
Dividend per share	**HK2 cents**	HK1 cent	

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

	NOTES	Six months ended 30.9.2009 (unaudited) HK$'000	30.9.2008 (unaudited) HK$'000
Revenue	3	**1,392,958**	861,251
Depreciation and amortisation		**(34,154)**	(30,649)
Other cost of sales and services		**(991,645)**	(402,279)
Gross profit		**367,159**	428,323
Other income		**18,697**	10,371
Administrative expenses		**(159,648)**	(127,337)
Other gains and losses	4	**13,858**	(116,241)
Increase (decrease) in fair value of investment properties		**68,672**	(50,583)
Share of results of associates		**8,106**	4,895
Share of results of jointly controlled entities		**(1,452)**	(1,452)
Finance costs		**(55,249)**	(46,613)
Profit before taxation		**260,143**	101,363
Income tax expense	5	**(58,795)**	(63,232)
Profit for the period	6	**201,348**	38,131
Attributable to:			
Owners of the Company		**170,860**	34,809
Non-controlling interests		**30,488**	3,322
		201,348	38,131
Earnings per share	8		
Basic		**HK10.0 cents**	HK2.2 cents
Diluted		**HK9.8 cents**	HK0.2 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER, 2009

	NOTES	**30.9.2009 (unaudited) *HK$'000***	31.3.2009 (audited) *HK$'000*
Non-current assets			
Investment properties		**2,034,887**	1,943,061
Property, plant and equipment		**3,913,786**	3,141,956
Prepaid lease payments		**1,322,960**	1,493,376
Goodwill		**41,142**	–
Interests in associates		**169,597**	163,276
Interests in jointly controlled entities		**86,623**	84,664
Available-for-sale investments		**234,147**	83,282
Financial assets designated at fair value through profit or loss		**4,524**	6,903
Derivative financial instruments		**6,869**	–
Deposit for acquisition of properties		**104,447**	73,450
Amounts due from associates		**90,316**	90,318
Amount due from an investee company		**119,995**	119,995
Amount due from a non-controlling interest		**451**	451
Loans receivable		**1,826**	1,885
Pledged deposits		**12,027**	11,768
		8,143,597	7,214,385
Current assets			
Properties for sale			
Completed properties		**360,255**	488,890
Properties for/under development		**1,827,179**	1,705,278
Inventories		**5,897**	4,431
Prepaid lease payments		**27,354**	26,969
Loans receivable		**733**	23,802
Debtors, deposits and prepayments	*9*	**192,760**	124,873
Amount due from a jointly controlled entity		**5,623**	15,234
Amounts due from associates		**4,482**	4,718
Amount due from a related company		**6,427**	2,550
Tax recoverable		**43,281**	13,454
Available-for-sale investments		**22,025**	163,751
Financial assets designated at fair value through profit or loss		**9,356**	16,754
Investments held for trading		**2,260**	11,597
Derivative financial instruments		**10,135**	8,255
Pledged deposits		**47,599**	14,404
Restricted bank deposits		**283,908**	9,024
Deposits with investment banks		**118,071**	52,230
Bank balances and cash		**434,574**	626,678
		3,401,919	3,312,892

	NOTES	**30.9.2009** **(unaudited)** ***HK$'000***	31.3.2009 (audited) *HK$'000*
Current liabilities			
Creditors and accruals	*10*	**427,317**	379,626
Obligations under finance leases		**948**	1,015
Amounts due to directors		**1,265**	933
Amounts due to related companies		**45,816**	41,910
Amounts due to associates		**19,023**	15,894
Amounts due to non-controlling interests		**28,813**	28,367
Customers' deposits received		**70,288**	81,505
Derivative financial instruments		**377**	–
Financial liabilities designated at fair value through profit or loss		**109,498**	121,845
Dividend payable		**37,663**	–
Tax payable		**265,750**	192,619
Secured bank and other borrowings		**763,857**	1,009,219
		1,770,615	1,872,933
Net current assets		**1,631,304**	1,439,959
Total assets less current liabilities		**9,774,901**	8,654,344
Capital and reserves			
Share capital		**188,313**	162,200
Share premium		**2,667,130**	2,041,906
Reserves		**2,800,518**	2,539,438
Equity attributable to owners of the Company		**5,655,961**	4,743,544
Non-controlling interests		**103,459**	30,456
Total equity		**5,759,420**	4,774,000
Non-current liabilities			
Convertible bond		**–**	228,995
Amount due to a non-controlling interest		**–**	5,175
Amount due to a jointly controlled entity		**13,682**	12,552
Deferred taxation		**248,754**	251,771
Obligations under finance leases		**1,463**	1,236
Secured bank and other borrowings		**3,751,582**	3,380,615
		4,015,481	3,880,344
		9,774,901	8,654,344

NOTES

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) "Presentation of Financial Statements" has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 "Operating Segments"

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In prior years, the Group's primary reporting segment was business segments with secondary reporting segment by geographical segment. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The adoption of HKFRS 8 has changed the basis of measurement of segment profit or loss as presented in note 3.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) "Business Combinations" may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st April, 2010. HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

As stated in note 2, the Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. Information reported to the Group's chief operating decision maker who are the executive directors of the Company for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation, car park operation and securities and financial product investments.

The Group determines its operating segments based on internal report about components of the Group that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision marker for the purpose of resource allocation and assessment of performance is as follows:

Property development	–	properties development and sale in Hong Kong ("HK"), People's Republic of China ("PRC"), Australia and Malaysia
Property investment	–	properties investment in HK, PRC and Singapore
Hotel operation	–	hotel operation in HK, PRC and Malaysia
Car park operation	–	car park operation in Australia, New Zealand and Malaysia
Securities and financial product investments	–	investment in and trading of equity and debts securities, structured financial products, options and derivatives
Other operation	–	loan financing and engineering services

During the period, the Group has acquired certain companies which are the owners and operator of car parks. Car park operation constitutes a new segment in the current period.

The following is an analysis of the Group's revenue and results by operating segment for the period. Segment profit represents pre-tax profit earned by each segment without allocation of corporate income and expenses and finance costs.

	Segment revenue		Segment profit (loss)	
	Six months ended 30.9.2009	Six months ended 30.9.2008	**Six months ended 30.9.2009**	Six months ended 30.9.2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property development				
– Australia	**791,631**	147,530	**47,424**	20,483
– HK	**22,943**	19,283	**20,886**	9,082
– PRC	**182,529**	292,542	**93,278**	139,219
– Malaysia	**–**	–	**(20)**	(1)
Property investment				
– HK	**15,082**	14,711	**82,953**	(24,868)
– PRC	**5,257**	4,980	**4,530**	(2,269)
– Singapore	**10,383**	9,738	**22,147**	(15,569)
Hotel operation				
– HK	**132,912**	203,560	**24,289**	93,045
– Malaysia	**115,969**	119,019	**28,125**	29,418
– PRC	**15,199**	13,373	**(19,779)**	1,688
Car park operation				
– Australia and New Zealand	**91,175**	–	**13,097**	–
– Malaysia	**1,088**	–	**478**	–
Securities and financial product investments	**5,610**	33,803	**31,965**	(113,770)
Other operation	**3,180**	2,712	**(6,296)**	2,637
	1,392,958	861,251	**343,077**	139,095
Unallocated corporate expenses			**(28,636)**	(22,180)
Decrease in fair value on financial liabilities designated at fair value through profit or loss			**951**	31,061
Finance costs			**(55,249)**	(46,613)
Profit before taxation			**260,143**	101,363
Income tax expense			**(58,795)**	(63,232)
Profit for the period			**201,348**	38,131

The following is an analysis of the Group's assets by operating segment:

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
Property development		
– Australia	**544,080**	818,867
– HK	**650,966**	644,084
– PRC	**1,547,795**	1,411,076
– Malaysia	**237,474**	236,675
Property investment		
– HK	**1,159,460**	1,075,764
– PRC	**2,106**	2,419
– Singapore	**381,762**	337,414
Hotel operation		
– HK	**2,595,508**	2,526,763
– Malaysia	**927,619**	886,263
– PRC	**1,256,800**	1,273,834
Car park operation		
– Australia and New Zealand	**575,298**	–
– Malaysia	**149,687**	–
Securities and financial product investment	**406,599**	316,352
Other operation	**277,184**	277,019
Segment assets	**10,712,338**	9,806,530
Unallocated corporate assets	**833,178**	720,747
	11,545,516	10,527,277

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	*HK$'000*
Gain (loss) on disposal of available-for-sale investments	**22,672**	(41,175)
Increase (decrease) in fair value of financial assets designated at fair value through profit or loss	**3,720**	(97,415)
Decrease in fair value of financial liabilities designated at fair value through profit or loss	**951**	31,061
(Decrease) increase in fair value of derivative financial instruments	**(2,026)**	21,650
Increase (decrease) in fair value of investments held for trading	**741**	(30,362)
Allowance for amount due from a jointly controlled entity	**(12,200)**	–
	13,858	(116,241)

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current period:		
Hong Kong	**5,227**	11,270
PRC Enterprises Income Tax	**43,447**	67,767
Other jurisdictions	**4,056**	11
	52,730	79,048
(Over) underprovision in prior periods:		
Hong Kong	**(2,089)**	708
Deferred taxation		
Current period	**8,154**	(4,250)
Attributable to a change in tax rate	**–**	(12,274)
	8,154	(16,524)
	58,795	63,232

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30.9.2008: 16.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The PRC Enterprises Income Tax charge includes land appreciation tax of HK$27,201,000 (six months ended 30.9.2008: HK$39,066,000).

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**5,733**	5,870
Allowance for trade and loans receivable	**153**	4,630
Depreciation on property, plant and equipment	**36,191**	28,259
Share of taxation of associates (included in share of results of associates)	**1,714**	(37)
Dividend income from		
Investments held for trading	**(16)**	(1,652)
Available-for-sale investments	**(1,056)**	(1,836)
	(1,072)	(3,488)
Bank interest income	**(1,966)**	(3,634)

7. DIVIDENDS

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31st March, 2009 of HK2 cents per share	**37,663**	–

Subsequent to 30th September, 2009, the directors declared an interim dividend of HK2 cents (30th September, 2008: HK1 cent) per share payable to the shareholders of the Company whose names appear in the Register of Members on 11th January, 2010.

Shareholders have an option to receive new shares of the Company in lieu of cash for the interim dividend declared for and the final dividend payable.

For final dividend in respect of 2009 of HK2 cents (2008: nil), HK$7,876,000 was paid in cash and HK$29,797,000 was settled by share issued in lieu of cash dividend on 5th October, 2009.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**170,860**	34,809
Effect of convertible bonds		
– decrease in fair value of HK$ Bonds and US$ Bonds	**(951)**	(31,061)
– interest expense on 2013 Convertible Bond	**5,691**	–
Earnings for the purpose of diluted earnings per share	**175,600**	3,748
	Number of shares	Number of shares
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,702,335**	1,613,961
Effect of dilutive potential ordinary shares		
– on conversion of convertible bonds	**88,655**	134,312
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,790,990**	1,748,273

The computation of diluted earnings per share for the six months ended 30th September, 2009 and 2008 does not assume the conversion of outstanding share options since the exercise price of the Company's share option was higher than the average market price of its shares for both periods.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The debtors, deposits and prepayments include trade debtors of approximately HK$59,121,000 (31.3.2009: HK$54,107,000).

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

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
0-60 days	**47,710**	42,942
61-90 days	**5,519**	5,541
Over 90 days	**5,892**	5,624
	59,121	54,107

10. CREDITORS AND ACCRUALS

The creditors and accruals included trade creditors of HK$90,680,000 (31.3.2009: HK$107,465,000). The following is an aged analysis of trade creditors at the reporting dates:

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
0-60 days		
61-90 days	**20,579**	27,247
Over 90 days	**11,848**	1,860
	58,253	78,358
	90,680	107,465

INTERIM DIVIDEND

The Board of Directors ("Board") has declared an interim dividend of HK2 cents per share ("Interim Dividend") for the six months ended 30th September, 2009. Interim Dividend will be paid to shareholders whose names appear on the Company's Register of Members on 11th January, 2010. 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 (the "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 five trading days prior to and including 15th January, 2010. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or about 21st January, 2010. Dividends warrants or new share certificates will be posted on or about 25th February, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 11th January, 2010 to Friday, 15th January, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 8th January, 2010.

OVERVIEW

With various fiscal and monetary policies implemented by governments around the world to stabilize the global financial markets and to stimulate the economy, the Group witnessed a gradual recovery in its overall business. Despite significant impacts to its hospitality business especially in the early part of financial period caused by weakness in the economy and the outbreak of H1N1 swine flu which affected the entire tourism industry, the Group is now seeing a healthy recovery in the business. The Group believes that with the continuous economic growth in China and signs of economic recovery and stabilization in the financial markets, its business will continue to rebound from a low point in the previous financial year.

RESULTS

Turnover for the first six months increased by 62% to HK$1,393 million (2009: HK$861 million). Such increase was primarily due to the increase of property sales, from HK$459 million in 1H2009 to HK$997 million in 1H2010. This offset a 21% drop in hotel revenue, from HK$336 million in 1H2009 to HK$264 million in 1H2010. The newly acquired car park operations also contributed revenue of HK$92 million in the 1H2010 despite the fact that the acquisition was completed in late 1H2010.

For the six months ended 30th September, 2009, the gross operating profit was HK$367 million, a 14% drop from HK$428 million, and the gross operating profit margin was 26% as compared to 50% in the same period last year. The reduction is due to a higher proportion of property sales derived from our property development business in Australia where profit margin is generally lower due to the fact that the projects are on non-recourse financing basis. In addition, the significant drop in tourist arrivals due to the outbreak of H1N1 swine flu and general weakness in economy as well as upgrading work in a number of the Group's hotels affected the hotel performance with lower RevPAR (Revenue Per Available Room) being recorded which affected gross margin.

Our profit for the period for the 1H2010 was reported at HK$201 million, up 429% from last year's HK$38 million. The significant increase in our bottom line was mainly due to strong rebound in the local property prices which led to the write-back of value of our investment property portfolio a reduction in effective tax rate and our effort in streamlining our treasury investment portfolio which minimized the financial impact on the valuation of our investments.

OUTLOOK

With the strong recovery of our hotel business in the second quarter of FY2010, we believe our hotel business had emerged from the bottom of the cycle. Over the last few months, we saw strong increase in our hotel occupancy rates and room rates. We expect such trend will continue in the 2H2010. The sentiment in the property markets in China has generally improved. With the steady economic growth in China and the opening of World Expo in Shanghai next May, we expect overall sentiments to the property markets will continue to be positive in the Mainland. We are targeting to sell all the remaining units in California Garden before the financial end year which will contribute to 2H2010 profitability. Full period contribution from the car park operations and the opening of 2 new hotels will also contribute positively to the bottom line in the 2H2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations and Financial Reviews

Turnover – Turnover for the first six months increased by 62% to HK$1,393 million (2009: HK$861 million). Such increase was primarily due to the increase of property sales in Australia and revenue of HK$92 million derived from the newly acquired car park businesses. This offset the 21% drop in hotel revenue, from HK$336 million in 1H2009 to HK$264 million in 1H2010.

1. *Property Development Division*

   During the period under review, revenue from the Group's Property Development Division was HK$997 million, an increase of 117% compared to the same period last year. Gross profit contribution was HK$187 million, a slight increase of 1.6% from the same period of last year.

China

Without the launch of new units for sales in 1H2010, namely California Garden, our China property development operation reported a sale of HK$183 million as compared to the sale of HK$293 million in 1H2009. We are optimistic on the sale of the remaining 121 units, mainly townhouses, with the soon open of subway stations located in front of our project. The construction work of the new phase of 762 units had commenced in July and the pre-sale is expected to take place in mid-2011.

Our three residential projects in Guangzhou, with a total attributable gross floor area of over 1 million square feet, are progressing steadily. The timing of launch of these three projects is currently scheduled within the next two years subject to market conditions.

We intend to grow our property development business aggressively in China and are actively reviewing a number of land acquisition opportunities in the country.

Australia

In Australia, revenue and gross profit were at HK$792 million and HK$65 million, representing increases of 437% and 188%, respectively, from the same period of last year. Most of the revenue and profit were derived from Northbank Place, a central Melbourne development project consisting of an office building with a lettable area of over 110,000 square feet and two residential towers consisting of 384 apartments. There were 30 retail units for sale as at 30th September, 2009 and we expect the sale of these units will be completed within the next 12 months.

The development plan of Upper West Side project in the centre of Melbourne consists of four towers with a total of 2,700 apartments, 1,000 parking spaces plus retail space. This project will be developed over the next six to eight years with the construction of Stage 1 starting in mid 2010.

In addition to the two property projects mentioned above, we have three other property projects in the country. Other than Northcote which we own 100%, the other two projects, namely Bundoora and Pinnacle Valley, are joint venture and we have minority stakes of 25% and 30%, respectively. These projects are in various stages of development.

Hong Kong

During the period under review, we have seven residential projects under development with a total attributable gross floor area of approximately 2.4 million square feet. Other than Fung Lok Wai, our joint venture project with Cheung Kong (Holdings) Limited and Sun Hung Kai & Company Limited, we have 100% interest in all other six projects, which are in various stage of development.

Given our property development is focus in China we will only look for selective opportunities in Hong Kong which provide attractive returns.

2. *Hotel Division*

During the period under review, revenue and gross profit were reported at HK$264 million and HK$132 million, representing a drop of 21% and 32%, respectively, from the same period of last year. This was primarily due to the impact of a slower global economy and the outbreak of H1N1 swine flu which affected both room occupancy and room rate. Rooms and facilities upgrade in a number of our hotels also caused a reduction in our hotel revenue.

The impact of H1N1 swine flu was particularly severe on the performance of our hotels in Hong Kong. Revenue and gross profit of our Hong Kong hotel portfolio dropped by 35% and 53%, respectively. This was caused partly by a reduction in travellers to Hong Kong due to worry of being quarantined following the precautionary action taken by the Hong Kong Government to seal off a hotel for 7 days after the confirmation of a H1N1 swine flu case in the hotel. The monthly tourist arrivals dropped by 15% in June, representing the highest drop in monthly arrival figures since SARS in 2003. With the improving overall sentiment, tourist arrivals started to pick up in August.

With full period contributions from Maytower Hotel & Serviced Residences and Dorsett Johor Hotel, our Malaysia hotel portfolio reported a 6% increase in gross profit despite a 3% drop in revenue. The hotel performance in Malaysia was more stable comparing to the performance of the Group's hotels in Hong Kong.

Our first China hotel, Wuhan Cosmopolitan Hotel, also made full period contribution in the 1H2010. Revenue and gross profit were up by 14% and 22%, respectively, from the same period of the previous year. We expect its performance will be further strengthened after all the renovation works are completed.

Presently, we have a total of ten hotel projects under development, including the latest Singapore hotel project which we successfully tendered in September. Cosmo Kowloon Hotel in Hong Kong and Yue Shanghai Hotel are scheduled to open within the next two months, and the remaining hotels are expected to commence operations over the next three years. When all these hotels become operational, we will double our present capacity of about 3,200 rooms to over 6,600 rooms, making us one of the largest hotel groups in the region.

All of our hotels are stated at costs in our balance sheet and we have a revaluation surplus of about HK$3 billion which was not reflected in our accounts. To unlock this significant hidden value, the Group is evaluating various proposals which may include the adoption of a sale and leaseback model for some of our hotels and/or a spin-off of our hotel division.

3. *Car Park Division*

The Group completed the acquisition of the car park business announced earlier in August 2009. The Car Park Division contributed HK$92 million and HK$25 million to the Group's revenue and gross profit, respectively, since completion of the acquisition. A substantial portion of the contributions came from Australian operations.

We are currently operating over 200 car parks with over 42,000 parking bays, of which we own 18 a strong car parks with 5,200 bays. We are one of the largest car park operators in Australia with strong organic growth. It is our aim to grow the car park business across Asia to make it a leading car park operator in the region.

4. *Investment Property Division*

The Group's investment property portfolio comprises mainly commercial buildings and retail units in Hong Kong, China and Singapore with a total value of about HK$2 billion. In order to improve the operating efficiency and to enhance the return of our portfolio, we are in the process of streamlining the portfolio to focus on larger assets.

For the first six months, our investment properties reported revenue and gross profit of HK$31 million and HK$18 million, up 4% and 11%, respectively, from the same period of last year.

The Group also recorded a revaluation surplus of approximately HK$69 million during the period.

Administrative Expenses – Administrative expenses increased by 25% from the same period of last year to HK$160 million. Such increase was due to the addition of the car park business and the full operating period of two new hotels in Malaysia. Furthermore, we also have some one-off expense provisions made during the 1H2010.

Other gains and losses – The Group adopts a cautious approach in managing its treasury positions. It made about HK$26 million gain from disposal of available-for-sale investments and mark-to-market valuation of financial investments during the period. This was a result of streamlining of our investment portfolio and taking a more prudent strategy in our treasury management operations.

Increase in fair value of investment properties – Most of the value increase came from our investment property portfolio in Hong Kong. This was basically due to a rebound of property value since the end of last financial year. Property market has remained buoyant subsequent to the period end.

Finance costs – The increase of finance costs was primarily due to the drawdown of the 5-year HK$1.9 billion syndication loan in late September 2008. Interest expense of the syndication loan was booked for a full period in 1H2010. Overall, interest rate has reduced during the period compared to the same period last year.

Total assets – Total assets increased by 10% to HK$11,546 million (31 March 2009: HK$10,527 million). In addition to the construction costs in developing properties for sales, the increase was mainly related to the acquisition of the car park businesses in Australia, New Zealand and Malaysia.

Total liabilities – Total liabilities were stated at HK$5,786 million, which was basically at the same level as of 31 March 2009. During the first six months, the Group obtained new bank loans of approximately HK$681 million and repaid bank loans of HK$700 million. During the period, a HKD denominated zero coupon convertible bond with principal amount of HK$331 million was fully converted into shares which represented 4.75% of the enlarged capital.

Total asset/Total liabilities ratio – The ratio of total assets to total liabilities improved from 1.8 times to 2.0 times from the last financial year-end.

Current ratio – As of 30 September 2009, current assets and current liabilities were stated at HK$3,402 million and HK$1,771 million, respectively. The current ratio at 1.92 times was an improvement compared to 1.77 times as of 31 March 2009. The Group has maintained sufficient liquid assets to finance its operations.

Gearing ratio – The gearing ratio (total bank and other borrowings and financial liabilities at fair value through profit or loss to owners' equity) as of 30 September 2009 was 82% (31 March 2009: 100%).

Net Gearing ratio – The net gearing ratio (total bank and other borrowings and financial liabilities at fair value through profit or loss to owners' equity net of treasury assets, cash and bank balances) as of 30 September 2009 was 61% (31 March 2009: 79%).

Financial Resources and Liquidity

Borrowings and charge on Group assets

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
Bank and other loans	**4,515,439**	4,389,834
Convertible bond	**–**	228,995
Financial liabilities designated at fair value through profit or loss	**109,498**	121,845
Obligations under finances leases	**2,411**	2,251
	4,627,348	4,742,925
Analysed as:		
Secured	**4,517,850**	4,392,085
Unsecured	**109,498**	350,840
	4,627,348	4,742,925
The above borrowings are repayable as follows:		
On demand or within one year	**874,303**	1,132,079
Amount due after one year	**3,753,045**	3,610,846
	4,627,348	4,742,925

Contingent liabilities

The Group has given guarantees in respect of mortgage loans provided to the home buyers of the Group's properties in the PRC. At 30th September, 2009, the total amount of mortgage loans outstanding which are under the guarantee was HK$136,110,000 (31.3.2009: HK$150,443,000). The directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.

Commitments

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for in the condensed consolidated financial statements in respect of:		
Acquisition, development and refurbishment of properties and hotel properties	**333,513**	260,698
Others	**2,161**	3,025
	335,674	263,723
Capital expenditure authorised but not contracted for in respect of development and refurbishment of properties and hotel properties	**338,986**	126,801
	674,660	390,524

SUBSEQUENT EVENT

Subsequent to the period end, the Company redeemed the remaining principal amount of HK$105,540,000 of the HK$ Convertible Bond on maturity at HK$118,036,000.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group as at 30th September, 2009 was approximately 2,200. Employees receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses to reward employees based on individual performance. The Group provides a comprehensive benefit package and career development opportunities, including medical benefit and both internal and external training appropriate to each individual's requirements.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practice

The Company has complied with the Code Provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30th September 2009, except for the deviations from code provisions A.4.1 and A.4.2 of the Code described below.

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. The non-executive Directors of the Company are not appointed for a specific term of office. However, the non-executive Directors of the Company are subject to retirement by rotation and their appointments will be reviewed when they are due for re-election at annual general meetings in accordance with the Company's Articles of Association in the opinion of the Board of Directors, this meets the objective of the Code.

Under the second part of code provision A.4.2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Chairman of the Company, however, is not subject to retirement by rotation. In accordance with the second part of Article 115(B) of the Articles of Association of the Company, a Director appointed as an executive Chairman or as Managing or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors.

In order to uphold good corporate governance practices, the executive Chairman voluntarily retired from his office and offered himself for re-election at the 2009 annual general meeting of the Company notwithstanding that he is not required to do so pursuant to the Company's Article 115(B). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Transactions by Directors of Listed Issuers ("Model Code") as 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 30th September, 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the unaudited condensed accounts for the six months ended 30th September 2009 approved by the Directors. The Audit Committee currently comprises three members, all of them are Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Jian Yin JIANG and Mr. Peter Man Kong WONG.

REPURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares on the Stock Exchange.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Hong Kong Exchange and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at www.irasia.com/listco/hk/fareastcon/index.htm. The Interim Report will be despatched to the shareholders on or about 31st December, 2009 and will be available at the Stock Exchange's and the Company's website at the same time.

On behalf of the Board
BILL KWAI PUI MOK
Chief Financial Officer and Company Secretary

Hong Kong, 16th December, 2009

As at the date of this announcement, the Board of the Company comprises four executive Directors, namely Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Dennis Chiu, Mr. Craig Grenfell Williams; two non-executive Directors, namely Madam Ching Lan Ju Chiu, Mr. Daniel Tat Jung Chiu; and three independent non-executive Directors, namely Mr. Jian Yin Jiang, Mr. Kwok Wai Chan and Mr. Peter Man Kong Wong.