FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock Code: 00035)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2010

INTERIM RESULT HIGHLIGHTS

- Net profit attributable to owners of the Company of HK$187 million, an increase of 10% from HK$170 million, compared to the same period of last financial year;

- Revenue of HK$782 million, a decrease of 44% from HK$1,393 million, compared to the same period of last financial year;

- Car park and hotel revenue increased by 128% and 45% respectively compared to the same period of last financial year;

- Presales of property under development totalled approximately HK$2.1 billion as at 30 September, 2010;

- Equity attributable to owners of the Company of HK$6.26 billion (HK$3.28/share), an increase of 3% from HK$6.06 billion as compared to 31 March, 2010. A revaluation surplus of HK$5 billion (based on the valuation at 30 June, 2010) in relation to hotel assets has not been recognized in the financial statements as such hotel assets are accounted for using the cost model accounting treatment;

- Spin-off of hotel division was successfully completed after the end of the period and the Group raised approximately HK$1.1 billion, net of IPO expenses. Approximately HK$450 million of profit will be recognised and credited to reserves according to the revised Hong Kong Financial Reporting Standards in the second half of financial year 2011.

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 30 September, 2010. The Company's Audit Committee has reviewed the results of the financial statements of the Group for the period ended 30 September, 2010 prior to recommending them to the Board for approval.

FINANCIAL HIGHLIGHTS

	Six months ended 30 September,		
	2010	2009	Change
	HK$ Million	*HK$ Million*	
Revenue	**782**	1,393	↓44%
Gross profit	**374**	367	↑2%
Profit for the period	**190**	201	↓5%
Profit attributable to owners	**187**	170	↑10%
Earnings per share	**HK9.8 cents**	HK10 cents	
Dividend per share	**HK2 cents**	HK2 cents	

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2010

		Six months ended	
		30.9.2010	30.9.2009
		(unaudited)	(unaudited)
	NOTES	***HK$'000***	HK$'000
Revenue	*3*	**782,424**	1,392,958
Depreciation and amortisation		**(54,923)**	(34,154)
Other cost of sales and services		**(353,490)**	(991,645)
Gross profit		**374,011**	367,159
Other income		**11,762**	18,697
Administrative expenses		**(174,874)**	(160,234)
Increase in fair value of investment properties		**194,838**	68,672
Other gains and losses	*4*	**(33,509)**	13,858
Spin off expenses		**(19,000)**	–
Share of results of associates		**8,350**	8,106
Share of results of jointly controlled entities		**6,799**	(1,452)
Finance costs	*5*	**(84,214)**	(55,249)
Profit before taxation		**284,163**	259,557
Income tax expense	*6*	**(93,707)**	(58,619)
Profit for the period	*7*	**190,456**	200,938
Attributable to:			
Owners of the Company		**187,133**	170,450
Non-controlling interests		**3,323**	30,488
		190,456	200,938
Earnings per share			
Basic	*9*	**HK9.8 cents**	HK10.0 cents
Diluted		**HK9.8 cents**	HK9.8 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER, 2010

	NOTES	**30.9.2010 (unaudited) *HK$'000***	31.3.2010 (restated) *HK$'000*
Non-current assets			
Investment properties		**2,412,248**	2,179,330
Property, plant and equipment		**5,618,101**	5,448,882
Prepaid lease payments		**604,254**	741,144
Goodwill		**68,400**	68,400
Intangible assets		**6,000**	7,244
Interests in associates		**188,710**	181,620
Interests in jointly controlled entities		**89,228**	88,973
Available-for-sale investments		**72,468**	308,056
Financial assets classified as at fair value through profit or loss		**4,683**	4,574
Deposit for acquisition of properties		**111,150**	109,009
Amounts due from associates		**90,260**	90,443
Amount due from an investee company		**119,995**	119,995
Pledged deposits		**7,750**	12,397
Other non-current assets		**1,903**	2,398
		9,395,150	9,362,465
Current assets			
Properties for sale			
Completed properties		**150,451**	198,363
Properties for/under development		**2,002,647**	1,688,234
Other inventories		**8,165**	6,452
Prepaid lease payments		**13,186**	19,116
Debtors, deposits and prepayments	*10*	**262,924**	228,936
Amount due from a jointly controlled entity		**–**	5,152
Amounts due from associates		**4,789**	3,628
Tax recoverable		**15,203**	15,082
Available-for-sale investments		**52,606**	20,897
Financial assets classified as at fair value through profit or loss (including held for trading)		**14,435**	19,561
Derivative financial instruments		**240**	1,708
Pledged deposits		**8,970**	17,368
Restricted bank deposits		**138,279**	269,829
Deposits with investment banks		**670,670**	636,644
Bank balances and cash		**602,337**	655,298
		3,944,902	3,786,268

	NOTES	30.9.2010 (unaudited) HK$'000	31.3.2010 (restated) HK$'000
Current liabilities			
Creditors and accruals	*11*	**344,926**	423,593
Obligations under finance leases		**797**	1,256
Amounts due to directors		**–**	892
Amounts due to related companies		**47,043**	46,061
Amounts due to associates		**17,951**	17,952
Amounts due to minority shareholders		**30,030**	29,462
Customers' deposits received		**53,411**	81,811
Derivative financial instruments		**190**	208
Tax payable		**268,841**	249,473
Secured bank and other borrowings		**1,380,058**	1,235,783
		2,143,247	2,086,491
Net current assets		**1,801,655**	1,699,777
Total assets less current liabilities		**11,196,805**	11,062,242
Capital and reserves			
Share capital		**190,836**	190,638
Share premium		**2,750,970**	2,746,668
Reserves		**3,321,171**	3,122,823
Equity attributable to owners of the Company		**6,262,977**	6,060,129
Non-controlling interests		**101,055**	95,780
Total equity		**6,364,032**	6,155,909
Non-current liabilities			
Derivative financial instruments		**90,504**	44,266
Liability component of convertible bonds		**682,187**	675,013
Amount due to a jointly controlled entity		**13,682**	13,682
Deferred taxation		**384,983**	350,193
Obligations under finance leases		**406**	505
Secured bank and other borrowings		**3,661,011**	3,822,674
		4,832,773	4,906,333
		11,196,805	11,062,242

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 preparation of condensed consolidated financial statements are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 March, 2010, except for those detailed below.

Application of new and revised Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April, 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

Except as disclosed below in relation to the amendments to HKAS 17 as part of Improvements to HKFRSs issued in 2009, the adoption of the above new and revised HKFRSs has had no material effect on the interim financial information of the Group for the current and prior accounting periods.

Amendements to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1 April, 2010 based on information that existed at the inception of leases. Leasehold land that qualified for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively, resulting in a reclassification of prepaid lease payment with previous carrying amount of HK$1,203,562,000 and HK$1,208,997,000 as at 1 April, 2009 and 31 March, 2010 respectively to property, plant and equipment. Accordingly, the carrying amounts of property, plant and equipment increased from HK$3,141,956,000 and HK$4,239,885,000 as at 1 April, 2009 and 31 March, 2010 to HK$4,345,518,000 and HK$5,448,882,000 respectively.

HKFRS 3 (Revised) Business Combinations

HKFRS 3 (Revised) *Business Combinations* has been applied prospectively from 1 April, 2010. The impact of adoption of HKFRS 3 (Revised 2008) has been:

- It allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests);
- It changes the recognition and subsequent accounting requirements for contingent consideration; and
- It requires acquisition-related costs to be accounted for separately from the business combination.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date when the control is lost any gain or loss of control is recognised in profit or loss as the difference between the proceeds if any, and these adjustments.

As there was no business combination occurred nor increase or decrease in ownership interests in subsidiaries during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised 2008) is applicable, the application of HKFRS 3 (Revised) and HKAS 27 (Revised 2008) had no effect on the consolidated financial statements of the Group for the current or prior accounting periods. However, the financials of the Group for the year ending 31 March, 2011 will be affected by the partial disposal of the Group's interest in certain subsidiaries.

Intangible assets acquired in a business combination

Intangible assets are recognised when they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are measured at fair value on initial recognition. Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful live is provided on a straight-line basis over their estimated useful lives.

The Group has not early applied the following new and revised Hong Kong Financial Reporting Standards, amendments that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July, 2010 and 1 January, 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July, 2010
3 Effective for annual periods beginning on or after 1 January, 2011
4 Effective for annual periods beginning on or after 1 July, 2011
5 Effective for annual periods beginning on or after 1 January, 2013

HKFRS 9 "Financial Instruments" as issued in November 2009 introduces new requirements for the classification and measurement of financial assets. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets. In addition, HKFRS 9 as revised in November 2010 adds requirements for the classificantion and measurement of financial liabilities and derecognition. HKFRS 9 will be effective from 1 January, 2013, with earlier application permitted.

The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of these news and revised Hong Kong Financial Reporting Standards will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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 each of the geographical areas, namely, Hong Kong, PRC, Australia, Malaysia and Singapore in property development, property investment, hotel operation, car park operation and financial product investments.

The following is an analysis of the Group's revenue and results by reportable segment for the period. Segment profit or loss represents pre-tax profit or loss earned by each segment without allocation of central administrative cost, and directors' salaries, gain from change in fair value on financial liabilities classified as at fair value through profit or loss and finance costs.

	Segment revenue		**Segment profit(loss)**	
	Six months ended 30.9.2010	Six months ended 30.9.2009	**Six months ended 30.9.2010**	Six months ended 30.9.2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property development				
– Australia	14,515	791,631	5,829	47,424
– HK	3,930	22,943	2,130	20,886
– PRC	128,772	182,529	102,513	93,278
– Malaysia	–	–	–	(20)
	147,217	997,103	110,472	161,568
Property investment				
– HK	12,034	15,082	136,747	82,953
– PRC	5,711	5,257	(925)	4,530
– Singapore	11,925	10,383	60,655	22,147
	29,670	30,722	196,477	109,630
Hotel operation				
– HK	211,096	132,912	61,634	24,289
– Malaysia	127,805	115,969	25,420	28,125
– PRC	45,261	15,199	7,400	(19,779)
– Singapore	–	–	(6,422)	–
	384,162	264,080	88,032	32,635
Car park operation				
– Australia and New Zealand	202,718	91,175	21,118	12,512
– Malaysia	8,095	1,088	4,232	478
	210,813	92,263	25,350	12,990
Financial product investments	9,433	5,610	835	31,965
Other operation	1,129	3,180	(17,330)	(6,297)
Segment revenue/segment profit	782,424	1,392,958	403,836	342,491
Unallocated corporate expenses			(35,459)	(28,636)
Gain from change in fair value of financial liabilities classified as at fair value through profit or loss			–	951
Finance costs			(84,214)	(55,249)
Profit before taxation			284,163	259,557

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.

	As at 30.9.2010 *HK$'000*	As at 31.3.2010 *HK$'000*
Property development		
– PRC	**1,526,618**	1,701,343
– HK	**469,908**	472,180
– Australia	**590,539**	527,185
– Malaysia	**283,049**	241,823
	2,870,114	2,942,531
Property investment		
– HK	**1,425,203**	1,271,166
– Singapore	**509,050**	421,950
– PRC	**2,890**	2,604
	1,937,143	1,695,720
Hotel operation		
– HK	**2,986,504**	2,839,156
– PRC	**1,525,094**	1,443,151
– Malaysia	**1,055,644**	1,000,083
– Singapore	**472,695**	419,092
	6,039,937	5,701,482
Car park operation		
– Australia and New Zealand	**665,629**	635,552
– Malaysia	**42,773**	151,004
	708,402	786,556
Financial product investments	**170,155**	423,401
Other operation	**341,293**	307,101
Segment assets	**12,067,044**	11,856,791
Unallocated corporate assets	**1,273,008**	1,291,942
	13,340,052	13,148,733

Segment liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Gain on disposal of available-for-sale investments	**53,575**	22,672
Gain from change in fair value of financial assets classified as at fair value through profit or loss	**3,241**	4,461
Gain from change in fair value of financial liabilities classified as at fair value through profit or loss	**–**	951
Loss from change in fair value of derivative financial instruments	**(66,873)**	(2,026)
Allowance for amount due from a jointly controlled entity	**(5,152)**	(12,200)
Impairment loss on other building under development	**(18,300)**	–
	(33,509)	13,858

5. FINANCE COSTS

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Interest on:		
Bank loans		
– wholly repayable within five years	**58,624**	63,795
– not wholly repayable within five years	**20,517**	11,119
Other loans		
– wholly repayable within five years	**813**	1,026
Interest expense on convertible bonds	**23,755**	5,691
Finance leases	**15**	46
Amortisation of front-end fee	**6,284**	6,235
Others	**3,385**	311
Total interest costs	**113,393**	88,223
Less: Amounts capitalised	**(29,179)**	(32,974)
	84,214	55,249

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current period:		
Hong Kong	**7,849**	5,227
PRC	**46,428**	43,447
Other jurisdictions	**6,257**	4,056
	60,534	52,730
Under (over)-provision in prior periods:		
Hong Kong	**646**	(2,089)
PRC	**269**	–
	915	(2,089)
Deferred taxation	**32,258**	7,978
	93,707	58,619

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods of each individual companies comprising the Group.

PRC Enterprise Income Tax are provided at the rate of 25%. The PRC Enterprise Income Tax charge includes land appreciation tax of HK$26,831,000 (six months ended 30.9.2009: HK$27,201,000).

The domestic statutory tax rates of Australia and Singapore are provided at the rates of 30% and 17% respectively.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Allowance for amount due from a jointly controlled entity	**5,152**	12,200
Allowance for trade and loans receivable	**–**	153
Amortisation of prepaid lease payments	**9,682**	1,119
Depreciation on property, plant and equipment	**51,130**	40,805
Impairment loss on other building under development	**18,300**	–
Share of taxation of associates (included in share of results of associates)	**1,650**	1,714
Share option expense	**6,451**	1,593
and crediting:		
Bank interest income	**2,172**	1,966
Reversal of allowance for trade and loans receivable	**12,429**	–
Dividend income from:		
Investments held for trading	**332**	16
Available-for-sale investments	**369**	1,056
	701	1,072

8. DIVIDENDS

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 March, 2010 of HK4 cents (2009: final dividend for the year ended 31 March, 2009 of HK2 cents) per share	**76,092**	37,663

Subsequent to 30 September, 2010, the directors declared an interim dividend of HK2 cents (2009: HK2 cents) per share. Shareholders have an option to receive new shares of the Company in lieu of cash.

Of the total final dividend in respect of the year ended 31 March, 2010, HK$62,291,000 (2009: HK$7,876,000) was paid in cash and HK$13,801,000 (2009: HK$29,787,000) was settled by the issue of shares on 27 August, 2010.

9. 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	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**187,133**	170,450
Effect of convertible bonds		
– gain from change in fair value of convertible bonds designated as financial liabilities classified as at fair value through profit or loss	**–**	(951)
– interest expense on convertible bonds	**–**	5,691
Earnings for the purpose of diluted earnings per share	**187,133**	175,190

	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	**1,904,117**	1,702,335
Effect of dilutive potential ordinary shares		
– conversion of convertible bonds	**–**	88,655
– share options	**3,218**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,907,335**	1,790,990

The computation of diluted earnings per share for six months ended 30 September, 2010 does not assume the conversion of outstanding convertible bonds since their exercise would result in an increase in earnings per share.

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK$89,596,000 (31.3.2010: HK$107,374,000) and other debtors net of allowance of HK$27,657,000 (31.3.2010: HK$51,977,000).

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows on average credit period of 30 to 60 days to travel agents and corporate customers.

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

	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
0-60 days	**80,162**	95,597
61-90 days	**5,049**	4,926
Over 90 days	**4,385**	6,851
	89,596	107,374

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK$94,946,000 (31.3.2010: HK$131,586,000). The following is an aged analysis of the trade creditors at the reporting dates:

	30.9.2010	31.3.2010
	HK$'000	*HK$'000*
0-60 days		
61-90 days	**51,708**	57,736
Over 90 days	**9,046**	30,528
	34,192	43,322
	94,946	131,586

INTERIM DIVIDEND

The Board of Directors ("Board") has declared an interim dividend of HK2 cents per share ("Interim Dividend") for the six months ended 30 September, 2010. Interim Dividend will be paid to shareholders whose names appear on the Company's Register of Members on 29 December, 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 4 January, 2011. 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 10 January, 2011. Dividends warrants or new share certificates will be posted on or about 16 February, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 December, 2010 to 4 January, 2011, 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 Hong Kong branch 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 28 December, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations and Financial Reviews

Financial review

1. Interim result

   Turnover for the first half of FY2011 decreased by 44% to HK$782 million (1H 2010: HK$1,393 million), mainly contributed by a HK$850 million decrease in properties sale due to a lack of completion of development project. However, turnover of hotel division and car park division increased by HK$120 million and HK$118 million respectively (45% and 128% respectively). For the first half of FY2011, revenue of hotel division increased to HK$384 million from HK$264 million of the same period of last financial year. During the period, the car park division made full period contribution, as it was acquired in July 2009. For the first half of FY2011, revenue of car park division increased to HK$210 million from HK$92 million of the same period of last financial year.

   Gross profit increased by HK$6.9 million to HK$374 million this period as compared to the same period of last financial year (1H 2010: HK$367 million). Gross margin increased significantly to 48% from 26%, mainly due to significant increase in profit margin in our hotel division and sale of properties in Shanghai California Garden.

   Net profit attributable to owners of the Company for the first half 2011 amounted to HK$187 million, an increase of 10% from the same period of last financial year. The major contributions were from the hotel division, sale of inventory at our Shanghai California Garden project, investment property fair value increase and gain on disposal of 'available for sale' investments.

   A number of one-off expenses were incurred during the first half of 2011, namely IPO expenses related to our hotel division spinoff amounting to HK$19 million, write-off of Macau project expenses amounting to HK$18 million and provision for impairment loss on receivable amounting to HK$5 million. In addition, the Group also recorded a non-cash fair value decrease in interest rate swap of HK$43 million during the period.

   Finance costs for the period was HK$84 million, an increase of HK$29 million compared to the same period last year. The increase was mainly due to an increase of interest cost on the HK$800 million convertible bonds issued in March, 2010 of HK$24 million (of which HK$10 million was a non-cash provision).

2. Liquidity, financial resources and net gearing

Borrowings and charge on Group assets

	30 September, 2010 *HK$'000*	31 March, 2010 *HK$'000*
Bank and other loans	**5,041,069**	5,058,457
Convertible bond	**682,187**	675,013
Obligations under finances leases	**1,203**	1,761
Derivative financial instruments	**90,694**	44,474
	5,815,153	5,779,705
The above borrowings are repayable as follows:		
On demand or within one year	**1,381,045**	1,237,247
Amount due from one year	**4,434,108**	4,542,458
	5,815,153	5,779,705
Analysed as:		
Secured	**5,042,272**	5,060,218
Unsecured	**772,881**	719,487
	5,815,153	5,779,705
Net asset value, other than bank balances and cash	**4,842,721**	4,480,990
Bank balances and cash	**1,420,256**	1,579,139
Equity attributable to owners of the Group	**6,262,977**	6,060,129
Hotel revaluation surplus as at 30 June, 2010 (not recognised in consolidated statement of financial position)	**4,987,000**	4,987,000
	11,249,977	11,047,129
Net gearing ratio	**70%**	69%
Net gearing ratio (adjusted for hotel revaluation surplus)	**39%**	38%

The equity attributable to owners of the Company is HK$6.26 billion as at 30 September, 2010 (31 March, 2010: HK$6.06 billion), an increase of HK$203 million or 3%. As at 30 September, 2010, bank balances and cash was HK$1.4 billion (31 March, 2010: HK$1.6 billion).

As at 30 September, 2010, the Group's net borrowing (total bank loans, obligations under finance lease, convertible bonds and derivative financial instruments less bank balances and cash) was HK$4.4 billion (31 March, 2010: HK$4.2 billion), representing a net gearing ratio of 70% (31 March, 2010: 69%).

Increase in fair value from hotel division (revalued as at 30 June, 2010) amounting to HK$5 billion in relation to hotel assets was not recognized in consolidated statement of financial position. Adjusting for the increase in fair value of the hotels, the net gearing ratio would be 39% as at 30 September, 2010.

3. Capital expenditure

The Group is carrying out a number of residential property developments and hotel property developments in Asia Pacific. Capital expenditure in relation to expansion of our hotel portfolio is expected to be approximately HK$750M for the second half of the financial year 2011. Capital expenditure in relation to property development including land acquisition cost is expected to be approximately HK$500M for the second half of the financial year 2011.

We expect to fund our capital expenditure and residential property development from our existing cash resources, proceeds from property pre-sales, bank borrowings and fund generated from our operating activities.

Business review

1. Property division

Our property division operation includes property development and investment development property holding.

During the period ended 30 September, 2010, revenue from the property development was HK$147 million, a decrease of 85% compared to the same period of last financial year. Gross profit contribution dropped to HK$90 million from HK$187 million for the same period between FY 2010 and 2011.

During the first half of the financial year 2011, a number of projects have been pre-sold. They include Upper West Side – phase 1 in Australia and Dorsett Residence in Singapore. Pre-sales value amounted to over HK$2 billion. Revenue from these properties will be recognised when the development of the respective projects are completed and delivered to the buyers in the coming years.

On 7 September, 2010, the Group entered into an agreement to acquire a property comprising residential and commercial properties at San Wai Street, Hunghom, Hong Kong, for HK$325 million. The property is located in the heart of Kowloon. The Group plans to redevelop the property into residential and commercial properties with gross floor areas of approximately 66,000 sq. feet. It is expected to launch presales in FY 2012, and the project is expected to be completed in FY 2014. The development represents our new focus on serviced apartment/residential development.

In Kuala Lumpur, the Group obtained development order permit in October, 2010 to build approximately 2,000 apartments for Grand Dorsett Subang. The property carries about 1,127,000 sq. feet GFA and is located next to our Grand Dorsett Subang Hotel in Kuala Lumpur. The development is owned by KHI and it is under planning stage.

In addition, the Group entered into an agreement in October, 2010 to acquire a parcel of land located in Kuala Lumpur of approximately 330,000 sq. feet GFA for approximately HK$80 million. The development is a residential/serviced apartment and property development is under planning stage.

The above three additions to our pipeline represent approximately 10% of our current gross floor area under development and also represent our recent efforts to strengthen our residential property development business. The Group expects that residential development will contribute significant revenue in the next few years.

Residential property development

China

One of our major sources of income is derived from sale of properties in California Garden, Shanghai. California Garden is a residential development of approximately 15 million sq. feet GFA, consisting of more than 10,000 various residential types of apartments, mid rise, low rise, high rise and townhouses. As at 30 September, 2010, approximately 7 million sq. ft gross floor area remained to be developed. This remaining area is expected to generate significant revenues within the next 5 to 6 years.

During the first half of the financial year 2011, revenue of HK$129 million with respect to remaining stocks on built development with profit margin of 68% was recognised. Compared with the same period of last financial year, revenue and profit margin were HK$182 million and 55% respectively. 36 units of apartments and townhouses were sold and delivered during the first half of 2011. Current phase with approximately 1.2 million sq. feet gross floor areas is under various stages of development and presales of a new phase of development is expected to commence in FY 2012 with completion in FY 2013.

Australia

During the first half of the financial year 2011, revenue dropped to HK$14 million, a decrease of HK$777 million from the same period of last financial year 2010. Last year's revenue was mainly derived from the Northbank project which was all sold.

During the period, the Jarrah Estate development of 88 townhouses in Bundoora, a suburb of Melbourne, was completed. Out of these 88 townhouses, 66 townhouses were settled as at end of September. The company has 25% interest in this development. The remaining 22 townhouses are estimated to be settled within the second half of financial year 2011.

One of our major developments is Upper West side development which is located in the heart of Melbourne Central Business District. This is a residential development of approximately 1.3 million sq. feet GFA, with 2,700 apartments divided into four phases. The development is expected to contribute revenues in the next 4 to 5 years. Phase 1 will have 700 apartments with approximately 400,000 sq. feet GFA. Pre-sales commenced in July, 2010. Earthworks have started on the site and it is anticipated that phase 1 will be completed in FY 2014. Planning has commenced on phase 2 which will have 723 apartments with approximately 400,000 sq. feet GFA.

Hong Kong

The company did not have significant sale of properties during the first half of financial year 2011 in Hong Kong. Existing developments continued and a number of these projects including the Hill Road development and the Sai Yeung Choi Street North development are expected to make significant progress in the second half of financial year 2011. Show house for the Clearwater Bay Road project is near completion and pre-sale is expected to commence in the second half of FY2011.

Investment property

The Group primary investment properties comprise residence, retail space and commercial offices in Shanghai, Hong Kong and Singapore. As at 30 September, 2010, valuation of the investment properties was HK$2.4 billion (as at 31 March, 2010: HK$2.2 billion), of which valuation surplus of HK$194 million was recognised during the period. For the first half financial year 2011, the Group's revenue and gross profit in relation to investment property reached HK$29 million and HK$19 million, respectively.

2. Hotel division

The hotel division currently has 7 hotels under development (2 in China; 1 in Singapore; and 4 in Hong Kong) with a total of 2,406 rooms.

The following table sets out the operating data of our hotels under operation during the period under review.

	Six months ended 30 September, 2010	2009	**% of growth**
Hong Kong			
Occupancy rate	**89%**	75%	18%
Average room rate (HK$)	**709**	587	21%
RevPAR (HK$)	**630**	441	43%
Revenue (HK$m)	**211**	133	59%
Malaysia			
Occupancy rate	**73%**	67%	9%
Average room rate (HK$)	**464**	436	6%
RevPAR (HK$)	**340**	294	16%
Revenue (HK$m)	**128**	116	10%
China			
Occupancy rate	**53%**	48%	10%
Average room rate (HK$)	**604**	247	145%
RevPAR (HK$)	**320**	119	169%
Revenue (HK$m)	**45**	15	200%
Group Total			
Occupancy rate	**78%**	71%	11%
Average room rate (HK$)	**615**	513	20%
RevPAR (HK$)	**479**	362	32%
Revenue (HK$m)	**384**	264	45%

The hotel division main operations are located in Hong Kong, Malaysia and China. As at 30 September, 2010, the division owned and managed a total of 15 hotels (8 in Hong Kong; 5 in Malaysia; and 2 in China) with a total of 3,889 rooms. For the first half financial year, increase in revenue and revenue per available room ("RevPar") were 45% and 32% respectively, mainly due to rebound of economic growth in Asia, and the recovery from H1N1 epidemic. Commencement of business of Yue Shanghai @ Century Park in February, 2010 and Cosmo Kowloon Hotel in July, 2010 further enhanced the hotel division's performance.

3. Car park division

The car park division main operations are located in Australia, New Zealand and Malaysia. As at 30 September, 2010, 254 car parks (235 third party car parks and 19 self owned car parks) with approximately 45,000 parking bays were under our Group's management. During the first half of financial year 2011, the Group added approximately 10 car parks under management.

Revenue and gross profit for the first half financial year were HK$210 million and HK$39 million respectively, an increase of 128% and 55% respectively from the same period of last financial year. The increase was due primarily to full period contribution following the acquisition of the operation in July, 2009. The car park division steady organic growth will continue to provide increasing recurring income to the Group.

Recent development

Our hotel division (Kosmopolito Hotels International Limited, "KHI", stock code 2266) was listed on the Hong Kong Stock Exchange Limited on 11 October, 2010. The hotel division spin-off strengthened the cash position both at the Company's level and at hotel division level. After the spinoff, the Company's holding in KHI was reduced to 73%.

Gain resulting from the spin-off was approximately HK$450 million which was arrived at after deducting the related expenses at the time of completion of the global offering. This gain on disposal will be recognized as reserve movement in the consolidated financial statements of the company for the financial year ended 31 March, 2011.

With the spin-off in October, 2010, FEC and KHI raised HK$574 million and HK$573 million, net of IPO expenses, respectively. This will add to the Groups cash and bank balance which, as at 30 September, 2010, was HK$1.4 billion.

The spin off exercise also helps to unlock some of the revaluation surplus on KHI's hotel properties. The revaluation surplus as at 30 June, 2010 was estimated to be HK$5 billion approximately.

As at 30 September, 2010, the company's equity was approximately HK$6.26 billion. On a proforma basis, taking into account the new equity raised by KHI, spin off gain by the Group and the hotel division's revaluation surplus and deducting minority interest, the Group's consolidated equity attributable to shareholders of the Group is estimated to be approximately HK$10 billion. (HK$5.35 per share)

Contingent Liabilities

The Group has given guarantees in respect of mortgage loans provided to the home buyers of the Group's properties in the PRC. At 30 September, 2010, the total amount of mortgage loans outstanding which are under the guarantee was HK$125,060,000 (31.3.2010: HK$127,006,000). 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.

During the year ended 31 March, 2010, a subsidiary of the Company initiated a law suit against the contractor for the unsatisfactory performance in relation to the construction of a hotel for amount of HK$14,735,000. In response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK$25,841,000. The financial impact and outcome of these proceedings cannot be estimated with reasonable certainty at this preliminary stage. The Directors are of the view that the counterclaims would not have a material adverse impact on the financial position of the Group as at 30 September, 2010.

Commitments

	30.9.2010	31.3.2010
	HK$'000	*HK$'000*
Capital expenditure contracted but not provided for in the interim financial information in respect of:		
Acquisition, development and refurbishment of hotel properties	**446,985**	315,527
Others	**12,588**	2,311
	459,573	317,838
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	**123,342**	271,948
Development and refurbishment of investment properties under development	**52,579**	52,579
	635,494	642,365

SIGNIFICANT AND SUBSEQUENT EVENT

During the period, certain subsidiaries underwent corporate re-organisation to rationalise the hotel development and operation business in preparation for listing of the shares of a subsidiary, Kosmopolito Hotels International Limited, ("Kosmopolito" formerly known as Hong Kong Hotel REIT Holdings Limited). The corporate reorganisation involved transfers of certain wholly-owned subsidiaries of the Company to Kosmopolito and capitalisation of an amount of HK$1,859,812,000 due by Kosmopolito and its subsidiaries to the Group by the subscription of 1,730,000,000 ordinary shares of Kosmopolito at a price of HK$1,075. After the corporate re-organisation, 27% of the Company's interest in the ordinary shares of Kosmopolito were offered for sale to the public. The transfer of subsidiaries were completed on 17 September, 2010 whereas the capitalisation and offer for sale were completed on 11 October, 2010. Since then the Company's interest in Kosmopolito has been reduced from 100% to 73%. As the Company has not lost control over Kosmopolito, the decrease in interest in Kosmopolito, being the difference between the consideration received and the increase in the carrying amount of the non-controlling interests will be recognised directly in reserve in the financial statements for the year ending 31 March, 2011 in accordance with HKAS 27 (Revised 2008). Had the previous accounting policy been applied, the amount will be recognised in profit or loss.

PROSPECTS

The gradual economic recovery worldwide provides a favourable backdrop for property development market, hotel industry, and car park business. In Asia Pacific, the major markets of the Group, sales of residential property, revenue of hotel business and growth of car park division are expected to be helped by the increasing per capita disposable income and increasing living standard.

A strong balance sheet, strong cashflow and its asset backing provide a solid foundation and strong financing capacity for the Group's future development. Being a fast growing property player in Asia Pacific, the Group aims to expand its market share, by capturing new business opportunities and through development of its pipeline.

The Group is actively expanding its residential property development business and believes that revenue from residential property development will increase significantly in the coming years. We will continue to focus our future projects in the regions where we have an existing presence.

With respect to the hotel division, the Group witnessed a strong recovery in room rates and occupancy rates during the period under review. The Group believes that this trend will continue in the second half which will have a positive impact on profit margin. The Group sees strong potential for its own branded hotel portfolio and through completion of its current pipeline projects, the hotel division will continue its high growth in the next few years.

The car park division will continue to grow steadily and it will continue to adopt the model of third party carpark management as well as a selective ownership.

The Group is confident that with the implementation of its strategy in its 3 core businesses it can continue to bring steady long term return to its shareholders.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group as at 30 September, 2010 was approximately 2,300. 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 September, 2010, 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 Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of 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, 2010.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of them are Independent Non-executive Directors, namely Mr. CHAN, Kwok Wai, Mr. JIANG, Jian Yin and Mr. WONG, Man Kong Peter. The Audit Committee has reviewed unaudited consolidated interim results for the six months ended 30 September, 2010.

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 listed on the Stock Exchange.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.fecil.com.hk). The Interim Report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
FAR EAST CONSORTIUM INTERNATIONAL LIMITED
CHEUNG Wai Hung Boswell
Chief Financial Officer and Company Secretary

Hong Kong, 26 November, 2010

As at the date of this announcement, the executive Directors are Mr. CHIU, Te Ken Deacon, Tan Sri Dato' CHIU, David, Mr. CHIU, Dennis and Mr. WILLIAMS, Craig Grenfell. The non-executive Directors are Madam JU CHIU, Ching Lan and Mr. CHIU, Tat Jung Daniel. The independent non-executive Directors are Mr. JIANG, Jian Yin, Mr. CHAN, Kwok Wai and Mr. WONG, Man Kong Peter.