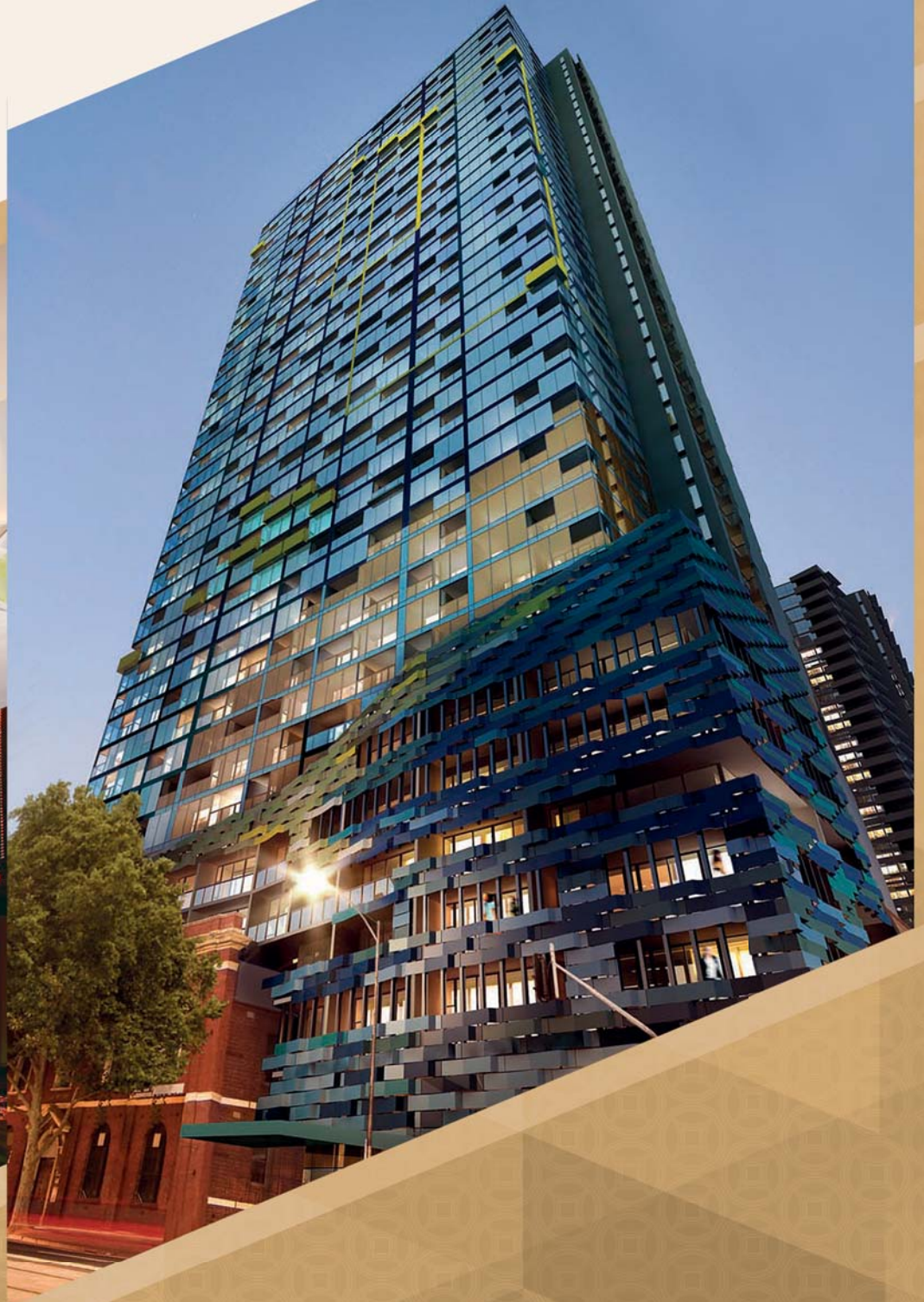


Report of Chairman and Chief Executive Officer



I am pleased to present the annual results of Far East Consortium International Limited (the “Company”) together with its subsidiaries (the “Group”) for the financial year ended 31 March 2012.

Despite uncertainties in the global economic environment, we continue to see growth in the Group’s overall business during the financial year ended 31 March 2012 with a 13.7% increase in the net profit attributable to owners of the Company. Our property division launched a number of major projects and achieved a cumulative presale totaling HK\$4.8 billion as at 31 March 2012. Our hotel division performed extremely well with a record of net profit attributable the owners of the Company of approximately HK\$442 million. Our car park division continued to make steady contribution to the Group with turnover reaching HK\$537 million during the financial year ended 31 March 2012. These achievements were the direct results of our strategic efforts to actively develop and diversify our residential development pipeline and to expand our business which has revenue stream with recurring nature, namely, the car park and hotel operations.



Star Ruby, Hong Kong

684 Clear Water Bay Road, Hong Kong

PROPERTY DEVELOPMENT

In the past years, the Group has undertaken significant steps to strengthen its residential property development pipeline and made preparation work for new launches. During the financial year 2012, we launched stage 2 of the Upper West Side project (namely Madison at Upper West Side) in Melbourne, Australia and the Star Ruby, Hong Kong. Together with presales recorded at stage 1 of Upper West Side and presales recorded at Dorsett Regency Residences in Singapore (which is owned by Kosmopolito Hotels International Ltd (“KHI”)), the Group’s total cumulative presales as at 31 March 2012 amounted to HK\$4.8 billion. Following the financial year end, the Group launched the presale of 288 apartments in its California Garden project in Shanghai, Mainland China. Through a joint venture set up between KHI and Mayland Valiant Sdn Bhd, the pre-sale of 1,989 serviced apartments at Subang (named as Dorsett Place Waterfront, Subang) in Malaysia was also launched. Other new residential development projects/phases for launch in the coming 24 months include projects in Guangzhou, Shanghai, Hong Kong and Malaysia. Total Gross Floor Area (“GFA”) of the properties available for sale and presale amounted to approximately 3.5 million sq. ft. during this period. With current presales and anticipated new projects in the pipeline, the Group expects financial performance of the property development business to be strong in the coming years.



Dorsett Regency London, London

The Group will continue to focus on developing future projects in the regions where we have an existing presence. The diversified location of our presence allows the Group to take advantage of the property cycle in different markets and the effect of cyclical risks can therefore be reduced. Our current development pipeline together with our land bank amounted to approximately 10 million sq. ft. in GFA as at 31 March 2012, which is sufficient for our property development in the coming 6 to 7 years. The Group will continue to search for attractive development opportunities to replenish our pipeline going forward.

HOTEL OPERATION

KHI being a hotel developer, owner and operator has business spreading over Hong Kong, Mainland China, Malaysia, Singapore and the United Kingdom. During the financial year 2012, KHI continued to achieve strong growth in both room rates and occupancy rates with average daily Revenue Per Available Room ("RevPar") at HK\$663, representing an increase of 23.9%, compared with last year. As at 31 March 2012, KHI was operating approximately 4,000 rooms. This is expected to increase to approximately 7,000 rooms in the upcoming years. Such increase is expected to continue to generate growth in operating profit.

The transaction involving a disposal of Dorsett Regency, Kennedy Town in Hong Kong has again proven the Group's capability in creating value for our shareholders. The Group will continue its strategy to recycle its capital by selling smaller hotels and investing in bigger ones with greater number of rooms and better operational efficiencies. This anticipated disposal, which is expected to be completed in September 2012, together with the Group's hotel development pipeline, and the expected contribution from sales of serviced apartments in Singapore (namely Dorsett Regency Residences) and Malaysia (namely Dorsett Place Waterfront, Subang), will continue to drive a strong growth of KHI in the coming few years.

CAR PARK OPERATION

The Group's car park business continued to grow with revenue reaching HK\$537 million for the year ended 31 March 2012, representing an increase of 15.7% as compared with last year. Steady growth in the business strengthened recurring cash flow stream. As at 31 March 2012, the Group managed more than 250 car parks, consisting of a car park management portfolio of approximately 49,000 car park bays. During the financial year 2012, approximately 3,000 car park bays under management were added to the portfolio. With steady increase in the number of car park bays under management, the car park business is expected to continue to contribute to stable income and cash flow to the Group.

INVESTMENT PROPERTY

The Group's investment properties have provided a stable source of rental income to the Group. In June 2012, the Group disposed of an investment property (namely 51 strata units in Parkway Centre) in Singapore. The disposal provided an additional capital for the Group's future expansion. The property investment business will continue to provide the Group with solid cash flow stream.

FINANCIAL POSITION

With total assets of approximately HK\$24.1 billion as at 31 March 2012 including the valuation surplus on hotel assets amounting to HK\$7,750 million which is not recorded in the consolidated financial statements, the net gearing ratio of the Group was 28.8% as at 31 March 2012. The Group believes that it has strong financing capacity for its future developments and for capturing new business opportunities that may arise.

In July 2012, it is expected that the Company will complete a share repurchase of 230 million shares, which represents approximately 11.7% of the issued share capital of the Company as at 31 March 2012. The share repurchase price was at a 67.6% discount to the net assets attributable to owners of the Company of approximately HK\$3.8 as at 31 March 2012 and resulted in an immediate enhancement in net asset value per share of 8.9% based on the financial position of the Group as at 31 March 2012. We believe the transaction is beneficial to the shareholders of the Company.

CONCLUSION

We are proud of the achievements of our Group in the past years. Going forward, the Group will continue its strategy of expanding its residential property development pipeline and hotel portfolio. Despite the uncertainties surrounding global economic situation, the Group believes that the long term prospects of the property sector remain good in Asia. The Group is confident that it is well positioned to continue its growth in the coming years.

All of the works heading to our growth are undertaken by our staff. They are the most valuable assets of the Group. I would like to take this opportunity to express my gratitude to my fellow directors and senior management team for their supports and all staff members for their dedications and hard work.

David CHIU

Chairman and Chief Executive Officer



Lan Kwai Fong Hotel@Kau U Fong, Hong Kong

Dorsett Regency Hong Kong, Hong Kong