

PRESS RELEASE

For Immediate Release

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FAR EAST CONSORTIUM POSTED A 169% SURGE IN NET PROFIT FOR FY2005

Highlights of final results of FY2005

- **Net profit rose 169% to approximately HK\$400 million**
- **Earnings Per Share of HK 32 cents**
- **Final Dividend of HK 5 cents**

Locally listed Far East Consortium International Limited (stock code : 035 – "Far East Consortium" or together with its subsidiaries the "Group") today announced its audited consolidated results for the year ended 31 March, 2005. Recorded turnover of HK\$547.09 million (corresponding period in 2004 : HK\$819.86 million). Profits attributable to shareholders surged 169 % to HK\$400.47 million (2004 : HK\$149.42 million). An earnings per share of HK32 cents. The Board of Directors recommend a final dividend of HK 5 cents per share (2004 : HK 3 cents). A scrip dividend with cash option was declared.

Commenting on the period under review, deputy chairman of Far East Consortium Dato David Chiu said, "The remarkable results were attributable to the property sales during the period and the surging demand for hotel rooms in Hong Kong. The Group remains extremely well positioned in the property development market and the hotel industry."

Mr. Chiu continued, "The introduction of CEPA resulted in a tremendous boost to the hotel industry in Hong Kong. The Group's hotel portfolio had experienced prominent increases in occupancy rates and profit contributions. The Group expects stronger demand of hotel accommodation in Hong Kong with the opening of Disneyland. Before the end of this year, the Group will strive to become one of the leading 3-4 star hotel operators in Hong Kong with close to 2,000 hotel rooms in operations."

During the period under review, the Group had formed a strategic alliance with Venetian Group (Venetian) from Las Vegas, USA, in which the Group will develop a site with a gross floor area of more than three million sq. ft. in Cotai, Macau. The Macau project is divided into two phases, targeting to begin construction work in August / September 2005. In anticipation of the completion and business commencement of Phase I in the second half of 2007, the Group will have four hotels with no less than 2,000 rooms, a one million sq. ft. shopping and entertainment complex, a casino / showroom shell exceeding 200,000 sq. ft., and a serviced residential development of approximately 360,000 sq. ft.. The casino / showroom shell will be leased to Venetian for operation of a casino and related activities. The Group will not involve in gaming operation in this complex. With significant economic growth in Macau, the Group is confident that this project will enhance its future growth in recurring income.

Looking at the property development projects in China, Mr. Chiu said, "Despite the austerity measures announced by the central government in 2004, the Group remains positive in mainland's middle-class property market and will continue to explore and assess good return investment opportunities in property development in several major cities in China. Our property development in Shanghai -California Garden, will be one of the main revenue contributors for the Group over the next few years. In addition, two other developments in Guangzhou, New Time Plaza and Gantangyuan are scheduled to complete in 2007 and 2008 respectively. Guangzhou will be a key focus for the Group's property development as we believe the Guangzhou's property market will gain momentum to recover in the near future."

Mr. Chiu continued, "In March 2004, the Group sold 60% of the commercial units launched for pre-sale in California Garden. Based on the revenue recognition from the stage of completion method, the estimated gross profit was about RMB 56 million. However, with the introduction of HK Interpretation 3 "Revenue – Pre-completion Contracts for the sale of Development Properties (previously SSAP-Int24)" issued by the Hong Kong institute of Certified Public Accountants in May 2005, we were required to exclude such profit from our FY2005 final results. Such profit will be deferred to FY2006 when the occupancy permits for those pre-sold units are being obtained."

Hotels launched by the Group this year include: Cosmopolitan Hotel in Wanchai (454 rooms), Dorsett Olympic Hotel in Tai Kok Tsui (141 rooms) and Central Park Hotel in Central (142 rooms). Three additional hotels, namely Cosmo Hotel in Wanchai, Lang Kwai Fong Hotel in Central and Dorsett Tsuen Wan Hotel of the Group, with a total of 560 rooms, will be opened within the next six months. Including Dorsett Regency Hotel in Kuala Lumpur and Dorsett Seaview Hotel in Mongkok, the Group will have a total of 8 hotels with close to 2,000 rooms in operations.

The Group recently paid HK\$ 81 million to acquire an industrial site with a site area of 5,528 sq. ft. in Tai Kok Tsui. The Town Planning Board has granted the approval for converting the site for hotel development. According to the present development plan, the Group expects to complete a 3-star hotel with 285 rooms within two and a half years. The sale and purchase transaction is expected to be completed in August this year.

Looking ahead, Mr. Chiu said, "We will continue to cultivate our future growth based on our two principal businesses in Greater China. The first one is to continue developing affordable quality housing in mainland targeting at middle class customers. Our second principal business is to develop and operate 3-4 star hotels in Hong Kong and Macau so as to capitalize the opportunity of increasing demand from mainland's travelers in the region. In addition, the Group will continue to dispose its non-core investment assets, in order to employ our resources more efficiently and effectively."

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