

PRESS RELEASE

For Immediate Release

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FAR EAST CONSORTIUM REPORTS A 104% SURGE IN TURNOVER

Locally listed Far East Consortium International Limited (Far East Consortium or the “Group”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31st March, 2006 as follows :

- Turnover surged 104% to HK\$1,141 million.
- Gross profit grew 94 % to HK\$354 million.
- Net profit for the year was HK\$332 million.
- Earnings Per Share was HK 27.5 cents.
- Proposed final dividend, HK6 cents.

Without any one-off gain from substantial asset disposals during the year, the net profit was reported at HK\$332.2 million, dropped from HK\$409.7 million of last year. If the one-off gains, totalling HK\$238.5 million, were excluded from the final results of last year, the Group would have reported a net profit growth of 94% in this financial year.

Commenting on the period under review, Deputy Chairman of Far East Consortium, Mr. David Chiu said, “The strong business growth was primarily driven by the expansion of our hotel portfolio, increased property sales and treasury investments. The growth in gross profit was notable, attributable to the increased number of hotels and their exceptional performance. The Group will continue to focus on the two principal strategies formulated four years ago. Firstly, we are dedicated to developing affordable quality townhouses and low-rise condominiums for the middle class sector in China. Secondly, we will continue to develop and operate 3–4 star hotels in Hong Kong, securing a steady recurring income for the Group.”

Commenting on the hotel sector, Mr. Chiu denoted, “During the year, the Group launched four new hotels, namely Central Park Hotel, Dorsett Olympic Hotel, Cosmo Hotel and Lan Kwai Fong Hotel, in Hong Kong. Our hotel portfolio had increased from 1,042 rooms to 1,629 rooms. Despite being new to the market, all hotels have been performing above our expectation and the market average. In order to capture more overseas business and leisure travellers and to enhance our profitability, we added the HIP hotel line to our existing 3- and 4-star hotel portfolio. Our first HIP hotel, Cosmo Hotel, has been an immediate success, achieving an average occupancy of over 90% since its opening in October 2005. We expect Lan Kwai Fong Hotel, our second HIP hotel, to perform as well as Cosmo Hotel.”

The Group has another three new hotels in the pipeline. Dorsett Far East Hotel in Tsuen Wan, with 243 rooms, is expected to open within the next two months. The newly acquired sites in Tai Kok Tsui and Kennedy Town are planned for hotel developments. Both hotels will have no less than 250 rooms each and are expected to commence operation by early 2008 and early 2009. After the opening of Dorsett Far East Hotel, we will be operating a total of 7 hotels in Hong Kong, making us the largest hotel group in Hong Kong in term of number of hotels.

Turning to the Group's Macau project, Mr. Chiu said, "The documentation of our Macau project with the Venetian Group ("Venetian") from USA is reaching the final stage. The Group will possibly form a 50:50 joint-venture company with Venetian to develop a site of over 3 million sq.ft. in Cotai, Macau. This project comprises of four to five hotels of different brands with a total of no less than 3,000 rooms, a one million sq. ft. shopping and entertainment complex, and serviced apartment buildings of 360,000 square feet. In addition, the joint-venture will also build a 200,000 sq. ft. casino/theatre shell, to be sold to Venetian upon completion. The construction work is scheduled to commence in the fourth quarter of 2006. With significant economic growth in Macau, the Group believes that this project will enhance our long-term growth."

Due to the austerity measures announced by the Central Government and the change of accounting standards, most of the Group's property development profits will be deferred to the financial year of 2007. The occupancy permit for the 190 commercial units of Ching Chu Xintiandi had been applied and is expected to be granted before the end of 2006. An estimated profit of RMB 54M is expected to be booked upon the receipt of the occupancy permit.

Presently, we have over 2 million square feet of gross floor area under construction in California Gardens. Upon completion, we shall deliver about 1,500 residential units for sale over the next 12 to 18 months. According to the present development plan, California Gardens still has a balance of about 3,500 residential units to be developed over the next three years. The whole project is expected to complete by 2010.

Mr. Chiu continued, "As we believe the property market of Guangzhou will take off in the near future, we acquired a residential site in Huadiwan, Gangzhou in September 2005, with a plan to develop seven blocks of multi-storey residential buildings with a total gross floor area of approximately 800,000 sq. ft.. Including this new development, the Group currently has three property development projects in Guangzhou with a total attributable gross floor area of over 1.4 million sq. ft.. The construction and demolition works for these three projects have already begun and all of them will be completed in the financial year of 2009."

Presently, the Group is also finalizing the negotiations of another two property development projects in two different major cities in China. Both projects will be concluded shortly.

Although the Group does not maintain a significant land bank, we continue to seek for attractive property development projects in Hong Kong. The additional landscaping and exterior finishing of our luxurious property project, The Cove, had been completed and launched for sales. Subsequent to the year-end, the Group acquired a property project in Sai Kung with a total gross floor area of approximately 12,000 sq. ft.. The renovation work is expected to complete in February 2007.

The Group has two luxury residential development projects in Melbourne, namely Flinder Wharf and Royal Domain Tower. The Group owns a 50% interest in Flinder Wharf, of which all 301 units had been sold. The construction of the Group's 90%-owned Royal Domain Tower had been fully completed. Up to the end of the year, over 50% of the 133 units have been sold.

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