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FAR EAST CONSORTIUM'S HALF YEAR PROFIT INCREASES 389%

Locally listed Far East Consortium International Limited (the "Group"- stock code:35) announced today the unaudited consolidated results for the six months ended 30th September, 2009: Turnover surged 62% to HK$1,393 million (corresponding period last year: HK$861.3 million). Profit attributable to owners increased 389% to HK$171 million (corresponding period last year : HK$35 million), or HK$10 cents per share (corresponding period last year : HK$2.2 cents per share).

The Board of Directors recommends payment of an interim dividend of HK 2 cents per share (corresponding period last year : HK 1 cent). The Registry of Members of the Company will be closed from11th January, 2010 to 15th January, 2010, both days inclusive.

Reviewing the business of the period, Deputy Chairman of the Group, Mr. David Chiu said, "The strong property development performance offset temporary weakness in our hotel division caused by H1N1 and economic crisis. The newly completed acquisition of the car park business also made substantial contributions. Besides, our effort in streamlining our treasury investment portfolio which minimized the financial impact on the valuation of our investments."

As regards the property development in China, Mr. Chiu is optimistic about the sale of the remaining 121 units, mainly townhouses, of their project, California Garden, in Shanghai. "The construction works of the new phase of 762 units 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 scheduled to launch within the next two years," said Mr. Chiu.

The Group owns a number of property projects in Australia, which are in various stages of development. These projects will bring in decent profits to the Group over the next few years. As to the property development in Hong Kong, the Group has seven residential projects under development, with a total attributable gross floor area of approximately 2.4 million square feet. The Group will only look for selective opportunities in Hong Kong with attractive returns.

With regard to the Group’s hotel division, Mr. Chiu said, "During the period under review, revenue dropped 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. However, with the improving overall sentiment, tourist arrivals started to pick up in August. On the other hand, the hotel performance in Malaysia was more stable compared to the performance of the Group’s hotels in Hong Kong. Our first hotel in China, Wuhan Cosmopolitan Hotel, also improved performance in first half of 2010 and we expect that 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," said Mr. Chiu.

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. The Groups is currently operating more than 200 car parks with over 42,000 parking bays, of which 18 car parks with 5,200 bays are owned by the Group.

Mr. Chiu continued. " The Group's investment property portfolio comprises mainly commercial buildings and retail units in Hong Kong, mainland 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."

Envisaging the future, Mr. Chiu said, "Over the last few months, we saw strong increase in our hotel occupancy rates and room rates. We expect such a 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 year end 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."

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