
CHAIRMAN'S STATEMENT



The financial year of 2004 was a challenging year to us as well as Hong Kong. In the beginning of the year, we were greeted with the outbreak of Severe Acute Respiratory Syndrome (SARS), which had a devastating impact on local economy and, probably, no single business could avoid being affected. Fortunately, with the fading of SARS and the introduction of Closer Economic Participation Arrangement (CEPA), the local economy had been promptly recovered and the market sentiment improved.

Despite the challenging economic environment, our Group was able to achieve a profit attributable to shareholders of HK\$149 million for the year. Earnings per share was HK14.3 cents.

The Board of Directors recommended a payment of final dividend of HK3 cents per share. Together with the interim dividend of HK2 cents per share, the total dividend for the full year is HK5 cents per share.

With the signing of the CEPA and more cities in China relax in granting tourist visas to their residents to visit Hong Kong, the domestic economy will benefit and the market conditions will be more favourable to the business community. In view of the increasing number of Mainland's visitors, we are positive about the performance of our hotel business going forward. In addition, we will add 597 hotel rooms into our hotel portfolio as our Cosmopolitan Hotel in Causeway Bay and Dorsett Olympia Hotel in Tai Kok Tsui commence operations in the second half of this financial year.

In recent months, the China property market has been clouded by the austerity measures announced by the Central Government. There have been concerns on the steep decline of property prices. We do not believe it is the Government's intention to disrupt the property developments in China. It is our view that the introduction of austerity measures is to prevent the property market from overheating. As a matter of fact, we believe the measures could actually support a healthy long-term growth of the property market.

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We confidently believe the future of Far East Consortium is exciting and promising. With the share placement and issue of convertible bonds in the financial year of 2004, we are now in a stronger financial position to pursue our goals in the years to come.

Finally, I would take this opportunity to express my appreciation to my fellow directors, senior management teams and all staff for their contributions and hard work during the year and our shareholders for their invaluable support to our Group.

Deacon Te Ken Chiu

Chairman

15th July 2004