



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Midtown at Upper West Side, Melbourne



This year has been the most satisfying year of development for Far East Consortium International Limited (the "Company") and its subsidiaries (together the "Group") since my return to the management board of the Company in the year of 2000. Not only did the Group achieve record revenue and net profit, we also made tremendous progress in business development.

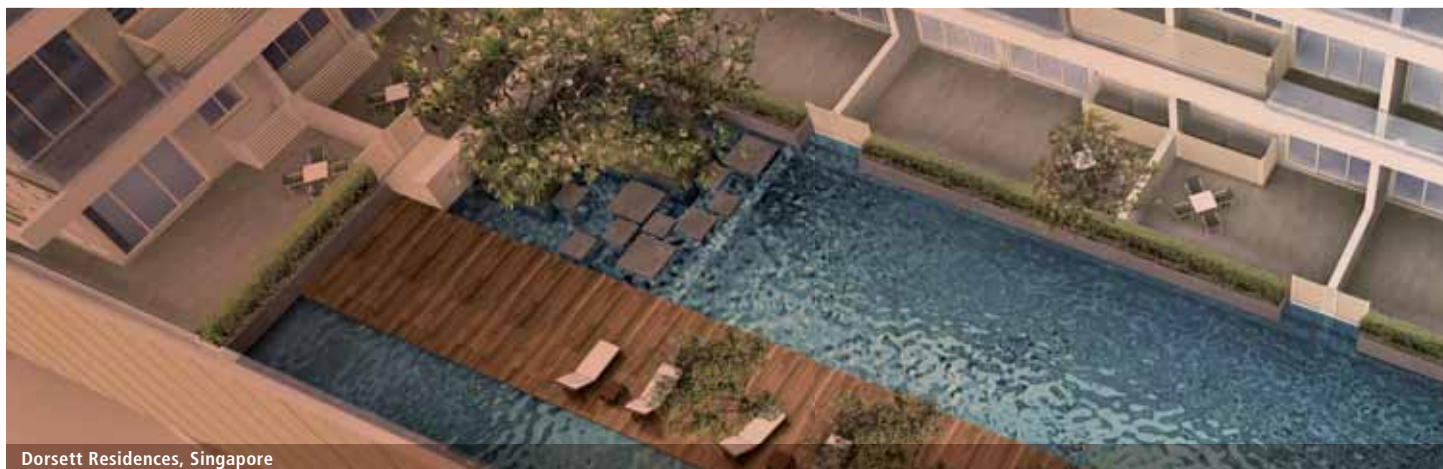
Since my return, the Group has achieved remarkable expansion of the hotel business in Hong Kong and the Asia Pacific region, with significant growth in net asset base year after year. Following the spin-off of the hotel division, Dorsett Hospitality International Limited ("Dorsett") in 2010, the hotel division has continued to grow. Today, I believe Dorsett, with its dedicated management team and strong track record of development, will be able to maintain a healthy expansion in the future.

As our hotel business grew, the Group's net asset backing and recurring income stream increased. However, due to the inherent nature of the hotel business, sales of assets were low. A few years ago, we started to reposition the Group by enlarging the property development division, which adopts a "build-to-sell" model.

Leveraging on our hotel development experience, we focus on building small size and well-designed one or two bedroom apartments, which are affordable to the first time home buyers in Asia, where the number of young families is growing. Our portfolio is diversified in different countries across Asia, namely Hong Kong, China, Malaysia and Australia in order to take advantage of different cycles in different regions. This requires a lot of hard work from the management team, but ensures that we are well placed to capitalize on opportunities to drive future revenue in a sustainable and balanced manner, whilst optimizing growth at the same time. To reduce development risk, we seek to pre-sell our projects to a considerable extent.

In the year ended 31 March 2013, we began to see the fruit of our success. The Group delivered a year of strong growth with substantial cash inflow from operations, enabling us to continue to invest in organic expansion, as well as rewarding our shareholders with a dividend increase. During the year, the Group made a number of value accretive acquisitions in Hong Kong and Australia, which set a foundation for major contributions in the years ahead.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)



Dorsett Residences, Singapore



Sevilla Crest showroom, Hong Kong



The middle class population in China has grown substantially in the past ten years and is projected to grow significantly in the next decade. Hong Kong, being a major destination for Chinese outbound visitors, will continue to benefit. More than ever before, I believe our continued focus on the 3-4 star hotel segments is right. We will continue to adopt the “Chinese Wallet” strategy where we focus on Chinese outbound travelers. Recognising the potential of greater competition due to an increase in the supply of hotel rooms in the sector, we will continue to remain vigilant and selective in our investment. In mainland China, we will focus our efforts on acquiring distressed hotel assets in strategic cities only.

One of our strengths is our experienced hotel development team. Through years of experience in designing and developing hotels, we have gained a wealth of valuable knowledge. We are now able to deliver quality hotel products at a highly competitive cost in comparison with other hotel operators. We have also accumulated significant revaluation surplus in our hotel portfolio. As a result, I believe our ability to withstand a downturn in the economy is superior to other operators.

Mainland China, having been a major engine of growth in the global economy, is now showing signs of consolidation, with the government implementing policies to address a number of imbalances. Although this represents a slow down in economic growth in the short term, I firmly believe the government actions are essential to achieve sustainable long term growth for the country. Hong Kong’s property market is inevitably affected by the recent government tightening measures. Although certain segments of the market will be impacted, I believe there is still a strong demand in the residential sector at a price point below HK\$8 million per apartment. With our current strong liquidity position, I believe we can benefit from increased land supply from the government in the next two to three years. Whilst being aggressive in bidding for new sites, the Group will remain conservative in pricing. We will be proactive in capturing development opportunities in Hong Kong to add to our existing pipeline.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)



In Australia, Singapore and Malaysia, where we have an established presence, I believe demand for our affordable high rise residential products will remain healthy. Our presale strategy can help reduce development risks substantially and we will continue to adopt a prudent approach.

Though the medium-term outlook remains challenging, I am confident that we can address these challenges in a corporate culture where we are supportive of each other and where we share a common long term goal.

To conclude, I remain positive on the long term prospects of the Group and I believe the Group is making good progress in establishing a strong foundation to deliver a satisfactory long term return to our shareholders. We will continue to enlarge our production capacity and increase our management team to sustain our growth.

While we are very focused on growing our business, we continue to be mindful of our corporate social responsibility. I am delighted to announce that our Employee Emergency Fund and Dorsett Scholarship Program for employees' children of Dorsett was approved during the year.

Our good results are a reflection of the quality and effort of our employees across the region from senior management to the team members of each department. On behalf of the Board, I would like to thank all of them for their continued contribution and commitment to the Group.



Upper West Side, Melbourne

David CHIU

Chairman and Chief Executive Officer