MANAGING DIRECTOR'S REPORT

Midtown at Upper West Side, Melbourne

The financial year ended 31 March 2013 ("FY 2013") was a significant year of development for Far East Consortium International Limited and its subsidiaries. Good progress was made on both property development and hotel divisions with substantial increase in sales and net profit.

On a consolidated basis, the Group's revenue and net profit for FY 2013 reached approximately HK$3.7 billion and HK$903 million respectively, representing an increase of 111.9% and 101.5% respectively as compared with last financial year. We are pleased to see that the Company produced another record year in FY 2013.

On 25 July 2012, the Company completed the repurchase of 230 million ordinary shares of the Company ("Shares") (representing 11.7% of the issued share capital before the repurchase) at the price of HK$1.23 per Share creating a significant enhancement in net asset value per Share. Adjusting for the revaluation surplus of approximately HK$9.5 billion over the carrying value of Dorsett Group's hotel portfolio which was not recorded in the Company's consolidated statement of financial position, net assets per Share increased 26.1% from HK$6.70 as at 31 March 2012 to HK$8.45 as at 31 March 2013.

Earnings per Share reached HK$0.50 (up 117.4% as compared with last financial year) and a final dividend of HK$0.11 per Share is recommended (up 120% as compared with last year). Including the interim dividend, dividend for the year will total HK$0.13 per Share (2012: HK$0.06).

PROPERTY DEVELOPMENT DIVISION

During the FY 2013, we have continued our efforts to further build up our pipeline and replenish our land bank. In November 2012, the Company acquired 90% ownership of a residential redevelopment site in Wong Tai Sin, Kowloon. A total of approximately 91,000 square feet ("sq. ft.") in gross floor area ("GFA") is expected to be added to our development portfolio in Hong Kong. The Group now has more than 94% ownership of the site and is still in the process of acquiring the remaining stake.

Sevilla Crest, Hong Kong

Star Ruby, Hong Kong

MANAGING DIRECTOR'S REPORT (CONTINUED)

More recently the Company acquired a new site in Melbourne located at 605-611 Lonsdale Street in April 2013 adjacent to our Upper West Side project, at the price of approximately AUD10 million. The Group's intention is to add another residential tower to the development. This tower will create synergies to the current Upper West Side development and will benefit the overall development. In addition, the Group also entered into a contract to acquire a site located across the Upper West Side development in June 2013 with a site area of approximately 1.176 hectare. Currently, the site has a planning permission for approximately 2.2 million sq. ft. in GFA of residential development. We expect completion of the acquisition to be in April 2014 and it will enlarge our development pipeline by 20%.

During the year, the Group continued to launch a number of property development projects for presales across Hong Kong, Shanghai, Singapore and Melbourne. As at 31 March 2013, the cumulative contracted presales of properties of the Group amounted to approximately HK$4.9 billion after booking significant sales from stage 1 of Upper West Side following completion of the project.

At present, it is expected that a total of 4 to 6 new residential projects will be launched in this current financial year. These projects are located in Guangzhou, Shanghai, Hong Kong and Malaysia. Among these, we have launched Sevilla Crest in Sai Yeung Choi Street North, Sham Shui Po, Hong Kong consisting of approximately 39,000 sq. ft. in GFA and "Midtown at Upper West Side", Stage 3 of Upper West Side consisting of 282 apartments. Other new residential development projects planned for launch include projects in Guangzhou (Huadijiayuan), Shanghai (California Garden), Hong Kong (Hill Road, West Point) and Malaysia (Lot 470, Jalan Imbi, Kuala Lumpur). In total, the Group has 12 projects of approximately 5.4 million sq. ft. in GFA currently under various stages of development across the regions with completion scheduled in the coming three financial years.

On land bank replenishment, we will continue to look for new sites in locations where we have an existing presence.

HOTEL DIVISION

The Group, through its 73.25% owned subsidiary, Dorsett Hospitality International Limited, (previously known as Kosmopolito Hotels International Limited and together with its subsidiaries, the ("Dorsett Group") listed on the Stock Exchange of Hong Kong (HKSE Stock Code: 2266), operates hotels in Hong Kong, Malaysia, mainland China, United Kingdom and Singapore. The Group has continued to make progress on new hotel additions and will increase the number of hotel rooms under its operation to over 7,000. Dorsett Kwun Tong which was opened in August 2012 started to make good contribution to Dorsett. In August 2012, Dorsett Grand Chengdu in Chengdu, mainland China started trial operation. Recently, Dorsett Singapore started trial operation and for the remaining of this financial year, we expect Dorsett Tsuen Wan and Dorsett Shepherds Bush, London

MANAGING DIRECTOR'S REPORT (CONTINUED)

will be opened. On site acquisition, Dorsett completed the acquisition of "Big Orange" in April 2012. In October 2012, we completed the acquisition of another hotel site in London (Aldgate) to add to the existing site at Shepherds Bush, London.

The Group has continued to prove its capability of recycling its capital tied up in hotel development. Following the sale of Central Park Hotel in FY 2012 and the Mercer in FY 2011, in September 2012, Dorsett Group sold a subsidiary holding Dorsett Regency Hotel, Hong Kong recognizing a gain on disposal before minority interests of approximately HK$458 million.

The operational performance of hotel division continued to record steady growth in FY 2013. For FY 2013, the revenues from hotel operations amounted to approximately HK$1,153 million, represented an increase of 5.2% as compared with last financial year. Net profit was approximately HK$647 million, up 7.0% from the previous year.

Approximately 64.6% of Dorsett's revenues was generated from Hong Kong, which has benefited from the increase in the number of tourists from mainland China in recent years. The Group expects Hong Kong will continue to be a significant contributor whilst overseas and mainland China operations will grow as new hotels become operational.

Through Dorsett, the Group's 68 serviced apartments in Singapore, namely *Dorsett Residences*, the residential component of the larger Dorsett Hotel development is near completion. The Group expects this will be booked in FY 2014.

Following the successful completion of a CNY850 million 5-year bond issue in April 2013, Dorsett is in a good financial position to add new room capacity to its pipeline. It is actively looking at new opportunities and will grow its pipeline in a selective and prudent manner. Dorsett is expected to continue to be a significant contributor to Group's results.

California Garden, Shanghai

Dorsett Shepherds Bush, London

MANAGING DIRECTOR'S REPORT (CONTINUED)

CAR PARK DIVISION

The car park division continued to make steady contribution to the Group with revenue reaching approximately HK$567 million during the FY 2013, representing an increase of 5.6% as compared with the previous year. As at end of the FY 2013, the Group managed more than 270 car parks, consisting of a car park management portfolio of about 50,000 car park bays, primarily located in Malaysia, Australia and New Zealand. In FY 2013, we added 25 car parks consisting of 900 car park bays to the portfolio under the Group's management.

On 30 May 2012, the Group acquired 2.3% of the total issued share capital of Care Park Group Pty. Ltd. ("Care Park") from the minority shareholders. Following the transaction, the Group increased its shareholding in Care Park to 76.05%.

With a steady increase in the number of car park bays under management, the car park business is expected to continue to deliver stable income and cash flow streams to the Group. We will continue to look for acquisition opportunities and expand third party management operations and develop its "Care Park" brand in Australia and New Zealand.

INVESTMENT PROPERTY

The Group's investment property portfolio comprises mainly retail and office buildings in Shanghai, Hong Kong and Singapore. For the FY 2013, rental revenues from the Group's property investment amounted to approximately HK$62 million. The division has provided a stable and recurrent source of income to the group over the years.

The Group has been streamlining its investment property portfolio to focus on larger assets and disposing of non-core assets. In May 2012, the Group disposed of an investment property consisting of 51 strata units in Parkway Centre in Singapore provided additional capital for the Group's future expansion. Recently the Group accepted an offer from the government of Singapore for a compulsory acquisition of the Group's interest in Pearl Centre in Singapore with a total consideration of approximately SG$89 million. The Group is expected to record a gain of approximately SG$33 million (equivalent to approximately HK$206 million) attributable to the shareholders of the Company in the transaction. The sale will also provide additional cash flows to the Group to enable it to redeploy its resources to other value-accretive investment opportunities. As we build out Upper West Side, the retail units will be leased out. The Group's intention is to keep the retail component of Upper West Side for income purposes and will reclassify the units as investment properties. The Group's investment property portfolio will continue to provide a stable source of recurring cashflow to the Group.

MANAGING DIRECTOR'S REPORT (CONTINUED)

FINANCIAL MANAGEMENT, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

On 4 March 2013, the Company raised CNY1 billion in its debut bond offering closely followed by Dorsett's issue of 5-year bonds raising CNY850 million on 3 April 2013. Through these successful bond offerings, the Group has established its credit profile in the international debt capital market and gained good market recognition.

At present, the Group is in a strong liquidity position. With additional cashflow arising from the completion of its residential development projects across the region, the Group's warchest for acquisition will strengthen further.

On the Group's capital structure, we will seek to have a diverse funding source of bank debt, bond and equity whilst maintaining a healthy gearing level. As at 31 March 2013, the net debt to equity ratio was at 25.4% adjusting for hotel revaluation surplus of approximately HK$9.5 billion.

In June 2013, Dorsett signed a new 5 year loan facility to refinance its HK$1.75 billion syndicated loan due in September 2013. Upon the refinancing, 4 hotel assets will become unencumbered. The Group will maintain a prudent approach in capital management going forward.

OUTLOOK

Global economies are expected remain challenging although there are signs of recovery in the US economy. Tightening measures targeted at the property sector in mainland China, Hong Kong and Singapore are affecting overall market sentiment. However, the Group believes that the fundamental demand for mass market residential housing in these regions remains strong. We will continue with the presale program of our pipeline projects to lock in revenue for future years. We will also strive to add new projects to our pipeline and are actively seeking opportunities in Asia. Our aim is to achieve a sustainable long term growth in earnings through constant replenishment of our land bank.

On hotel division, room supply in Hong Kong is expected to increase. However, occupancy rate is likely to be supported by continued growth in inbound, specifically from mainland China as the country's consumer spending continue to increase and the Renminbi remains strong versus other currencies. With the stabilization in operation of newly opened hotels and the additional new hotels in this financial year, we expect the Group's growth for the hotel division is likely to come from room additions.

In conclusion, Group's foundation for growth is good. I firmly believe that the Group can continue to bring long term growth to our shareholders.

Chris Cheong Thard HOONG
Managing Director