



遠東發展
Far East Consortium

Press release

20 December, 2005

For Immediate Release

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2005

FINANCIAL HIGHLIGHTS

- **Turnover was HK\$414.2 million, up 64%**
- **Gross profit was increased by 88% to HK\$125.1million**
- **Operating profit reached HK\$193.7million, up 499%**
- **Net profit for the period was HK\$139.4 million, dropped by 32%.**
- **Diluted Earning Per Share was HK10.4 cents, down by 33%**
- **Interim dividend, HK3 cents, remains the same as 1H05**

For the six-month period ended 30th September 2005, the Group achieved a strong operating performance. Turnover of the Group reached HK\$414.2million, up 64% from the corresponding period last year. This increase was primarily driven by the expansion of our hotel portfolio, increased property sales in Australia and treasury investments.

Gross profit rose to HK\$125.1 million, an 88% increase as compared to the same period last year. Such growth was mainly attributable to the increased number of hotels and their exceptional performance.

Without substantial gain from asset disposal during the first half of the financial year, the net profit was reported at HK\$139.4 million, dropped from HK\$203.8 million of the same period of last year. An one-off gain of HK\$192.2million from the disposal of Far East Bank Mongkok Building was reported in the interim results of last year.

CORPORATE OVERVIEW

Hotel Division

It is our strategy to build up our recurring income base through expanding our hotel portfolio. Today, the Group has six hotels (Dorsett Regency, Dorsett Seaview, Cosmopolitan, Central Park, Dorsett Olympic and Cosmo) with about 1,500 hotel rooms in operations (three hotels with 1,042 rooms in operations at the end of last financial year) and will add another two hotels (Lan Kwai Fong and Dorsett Tsuen Wan) with over 400 rooms before the end of this financial year.

As the Closer Economic Participation Arrangement (CEPA) being extended to cover more cities in the Mainland and with the continuous line-up of trade fairs in Hong Kong, it is expected that both business and leisure travellers will continue to grow. In order to capture more overseas business and leisure travellers and to enhance our profitability, we decided to add the HIP hotel line to our existing 3- and 4-star hotel portfolio. Cosmo Hotel is our first HIP hotel, and it has been an immediate success since its opening in October. Its occupancy has been over 95% on average.

In June 2005, the Group acquired a site in Tai Kok Tsui for a 299-room hotel development. The hotel is expected to commence operations in the second half of 2007.

Property Development Division

The property markets, particularly the high-end segment in Shanghai, have softened since austerity measures announced by the central government in May 2004 and June 2005. However, with the continuous economic growth and urbanization in the Mainland China, the Group remains positive in middle-class property market and will continuously explore good return investment opportunities in property development in the major cities of the Mainland.

Presently, we have approximately 2.3 million square feet of gross floor area under construction in California Garden, Shanghai. When the construction is completed, we shall deliver the second phase of Ching Chu Xintiandi with another 100 commercial units and 1,500 residential units for sales in financial years of 2006 and 2007. The

occupancy permit for the commercial units will be applied in February or March 2006. For the residential units, mostly townhouses, pre-sale permits are expected to be granted around May or June 2006.

As we believe the property market of Guangzhou will begin to grow in near future, we recently acquired a residential site with a total gross floor area of approximately 800,000 square feet in Huadiwan, Guangzhou. With this new property development project, the Group now has three property development projects in Guangzhou with a total attributable gross floor area of over 1.3 million square feet. The construction works for these three projects are scheduled to commence from mid 2006 and will be completed in the second half of 2008.

We will continue to cultivate our future growth based on two principal businesses in the Mainland China and Hong Kong. The first one is to continue develop affordable quality housing in the Mainland China aiming at middle class as our primary targeted customers. Our second principal business is to develop and operate hotels in Hong Kong and Macau so as to capitalize the opportunity of increasing demand from business and leisure travellers in the region.

Significant Event

We have reached consensus on the commercial terms of the agreement with Las Vegas Sands Corp. (NYSE:LVS). Under the terms of the agreement, we will develop a multi-hotel property in Cotai, Macau, and work with a collection of world-renowned hotel brands, including Intercontinental Hotel, Holiday Inn, Cosmopolitan Hotel and Dorsett Hotel. Las Vegas Sands will own and operate the casinos and showrooms within the podium complex supporting the hotels. The final agreement is subject to execution of definitive documents and customary conditions.

According to the development plan, we target to begin construction work in early 2006 and to open the first hotel before the end of 2007. With significant economic growth in Macau, the Group strongly believes that this project will enhance our future growth.

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FAR EAST CONSORTIUM INTERNATIONAL LTD
Condensed Consolidated Income Statement
for the six months ended 30th September 2005

	Six months ended			Variance
	30/9/2005	30/9/2004		
	(unaudited)	(unaudited)		
	HK\$'000	HK\$'000	HK\$'000	
Turnover	414,232	251,929	162,303	64%
Cost of sales	<u>-289,115</u>	<u>-185,516</u>	<u>-103,599</u>	56%
Gross profit	125,117	66,413	58,704	88%
Other revenue	37,770	30,966	6,804	
Selling and distribution costs	-27	-3,176	3,149	
Administrative expenses	-90,167	-64,678	-25,489	
Increase in fair value of financial assets at fair value through profit or loss	4,947	0	4,947	
Decrease in fair value of derivative financial instruments	-6,475	0	-6,475	
Increase in fair value of investments held for trading	581	0	581	
Unrealised gain on trading securities	0	504	-504	
Profit on disposal of an investment property	3,456	192,225	-188,769	
Increase in fair value of investment properties	121,946	2,327	119,619	
Amortisation of goodwill arising on acquisition of associates	0	-291	291	
Amortisation of negative goodwill	0	3,847	-3,847	
Share of results of associates	3,960	2,257	1,703	
Share of results of jointly controlled entities	1,015	56	959	
Finance costs	<u>-45,377</u>	<u>-17,784</u>	<u>-27,593</u>	
Profit before taxation	156,746	212,666	-55,920	-26%
Taxation	<u>-16,951</u>	<u>-7,563</u>	<u>-9,388</u>	
Profit before minority interests	139,795	205,103	-65,308	
Minority interests	<u>-359</u>	<u>-1,311</u>	952	
Net profit for the period	<u><u>139,436</u></u>	<u><u>203,792</u></u>	<u><u>-64,356</u></u>	-32%