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FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: <http://www.fecil.com.hk>

(Stock Code: 35)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009

RESULTS

The board of directors (“Directors”) (“Board”) of Far East Consortium International Limited (“Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (“Group”) for the year ended 31st March, 2009 which are as follows:

FINANCIAL HIGHLIGHTS

- **Revenue was HK\$1,733 million**
- **Gross profit was HK\$728 million**
- **Net profit for the year was HK\$105 million**
- **Earning Per Share was HK5.3 cents**
- **Final dividend, HK2 cents**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		1,732,841	2,159,514
Depreciation and amortisation		(67,659)	(60,827)
Other cost of sales		(937,497)	(1,028,142)
Gross profit		727,685	1,070,545
Other income		26,539	42,593
Administrative expenses		(275,723)	(258,197)
Fair value increase on properties held for sale upon transfer to investment properties		230,038	–
(Decrease) increase in fair value of investment properties		(232,753)	205,562
Discount on acquisition of subsidiaries		–	66,140
Other gains and losses	3	(135,915)	(373,034)
Share of results of associates		(133)	15,675
Share of results of jointly controlled entities		7,956	(2,904)
Finance costs		(125,747)	(107,984)
Profit before taxation		221,947	658,396
Income tax expense	4	(116,847)	(215,016)
Profit for the year	5	105,100	443,380
Attributable to:			
Equity holders of the Company		85,540	432,905
Minority interests		19,560	10,475
		105,100	443,380
Dividends	6	177,389	206,789
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
– Basic		5.3	27.8
– Diluted		2.3	26.4

CONSOLIDATED BALANCE SHEET
AT 31ST MARCH, 2009

	<i>Notes</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,943,061	1,936,939
Property, plant and equipment		3,141,956	2,598,266
Prepaid lease payments		1,493,376	1,115,311
Interests in associates		163,276	170,675
Interests in jointly controlled entities		84,664	70,942
Available-for-sale investments		83,282	93,802
Financial assets designated at fair value through profit or loss		6,903	264,384
Deposit for acquisition of properties		73,450	97,249
Amounts due from associates		90,318	82,221
Amount due from an investee company		119,995	119,995
Amount due from a minority shareholder		451	563
Loans receivable		1,885	2,110
Pledged deposits		11,768	–
		7,214,385	6,552,457
Current assets			
Completed properties for sale		488,890	759,407
Properties for/under development for sale		1,705,278	1,201,666
Other inventories		4,431	1,805
Prepaid lease payments		26,969	20,141
Loans receivable		23,802	1,154
Debtors, deposits and prepayments	8	124,873	167,687
Amount due from a jointly controlled entity		15,234	13,135
Amounts due from associates		4,718	407
Amount due from a related company		2,550	4,773
Tax recoverable		13,454	1,889
Available-for-sale investments		163,751	72,101
Financial assets designated at fair value through profit or loss		16,754	166,103
Investments held for trading		11,597	71,277
Derivative financial instruments		8,255	–
Pledged deposits		75,658	143,635
Bank balances and cash		626,678	408,324
		3,312,892	3,033,504

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current liabilities			
Creditors and accruals	9	379,626	279,855
Obligations under finance leases		1,015	1,247
Amounts due to directors		933	3,352
Amounts due to related companies		41,910	43,548
Amounts due to associates		15,894	13,760
Amounts due to minority shareholders		28,367	29,665
Customers' deposits received		81,505	349,050
Derivative financial instruments		–	141,038
Financial liabilities designated at fair value through profit or loss		121,845	430,123
Tax payable		192,619	256,747
Secured bank and other borrowings		1,009,219	1,018,476
		<u>1,872,933</u>	<u>2,566,861</u>
Net current assets		<u>1,439,959</u>	<u>466,643</u>
Total assets less current liabilities		<u>8,654,344</u>	<u>7,019,100</u>
Capital and reserves			
Share capital		162,200	161,941
Share premium		2,041,906	2,042,873
Reserves		2,539,438	2,707,863
		<u>4,743,544</u>	<u>4,912,677</u>
Equity attributable to equity holders of the Company		4,743,544	4,912,677
Minority interests		30,456	39,467
		<u>4,774,000</u>	<u>4,952,144</u>
Non-current liabilities			
Convertible bond		228,995	–
Amount due to a minority shareholder		5,175	22,277
Amount due to a jointly controlled entity		12,552	12,552
Deferred taxation		251,771	221,395
Obligations under finance leases		1,236	574
Secured bank and other borrowings		3,380,615	1,810,158
		<u>3,880,344</u>	<u>2,066,956</u>
		<u>8,654,344</u>	<u>7,019,100</u>

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁷
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁸

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2009

⁵ Effective for annual periods ending on or after 30th June, 2009

⁶ Effective for annual periods beginning on or after 1st July, 2008

⁷ Effective for annual periods beginning on or after 1st October, 2008

⁸ Effective for transfers on or after 1st July, 2009

The adoption of HKAS 1 results in changes in the presentation of primary financial statements and HKFRS 8 results in a change in the basis of reporting of segment information. The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group’s accounting treatment for changes in the Group’s ownership interest in a subsidiary.

The directors of the Company anticipated that the application of the other new or revised standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

2. BUSINESS SEGMENTS

Business segments

For management purposes, the Group is currently organised into three major operating divisions listed below. These divisions are the basis on which the Group reports its primary segment information. Other operations mainly include sale of boiler products and provision of financing services including provision of second mortgage loans and loans receivable.

Property development and investment – properties development, letting and sale

Hotel operations – hotel operations and management

Financial products investments – investment and trading in securities

Segments information about these businesses is presented below.

Year ended 31st March, 2009

	Property development and investment HK\$'000	Hotel operations HK\$'000	Financial products investments HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,043,946	647,611	37,505	3,779	–	1,732,841
Inter-segment sales	45,210	–	–	–	(45,210)	–
Total revenue	<u>1,089,156</u>	<u>647,611</u>	<u>37,505</u>	<u>3,779</u>	<u>(45,210)</u>	<u>1,732,841</u>

Inter-segment sales are charged at mutually agreed price.

RESULTS						
Segment results	274,937	202,740	(140,889)	(1,713)		335,075
Bank interest income						13,970
Unallocated corporate expenses						(65,075)
Decrease in fair value of financial liabilities designated at fair value through profit or loss						55,901
Share of results of associates	(3,483)	–	–	3,350		(133)
Share of result of a jointly controlled entity	–	–	–	7,956		7,956
Finance costs						<u>(125,747)</u>
Profit before taxation						221,947
Income tax expense						<u>(116,847)</u>
Profit for the year						<u>105,100</u>

	Property development and investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial products investments <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	4,404,048	4,683,946	301,809	126,308	9,516,111
Interests in associates	40,059	–	–	123,217	163,276
Interests in jointly controlled entities	–	–	–	84,664	84,664
Amounts due from associates	60,719	–	–	34,317	95,036
Amount due from a jointly controlled entity	–	–	–	15,234	15,234
Tax recoverable					13,454
Unallocated corporate assets					<u>639,502</u>
Consolidated total assets					<u>10,527,277</u>
LIABILITIES					
Segment liabilities	380,745	93,064	2,083	22,485	498,377
Amounts due to associates	15,796	–	–	98	15,894
Amount due to a jointly controlled entity	–	–	–	12,552	12,552
Borrowings					4,742,925
Tax payable					192,619
Deferred taxation					251,771
Unallocated corporate liabilities					<u>39,139</u>
Consolidated total liabilities					<u>5,753,277</u>
OTHER INFORMATION					
Allowance for bad and doubtful debts	1,322	898	–	–	2,220
Capital additions	109,972	941,593	–	5,104	1,056,669
Depreciation and amortisation	17,013	68,068	–	1,486	86,567
Decrease in fair value of financial assets designated at fair value through profit or loss	–	–	67,415	–	67,415
Decrease in fair value of investments held for trading	–	–	25,213	–	25,213
Decrease in fair value of investment properties	232,753	–	–	–	232,753
Fair value increase on properties held for sale upon transfer to investment properties	230,038	–	–	–	230,038
Loss on disposal of available-for-sale investments	–	–	77,317	–	77,317
Impairment loss on available-for-sale investments	–	–	31,921	–	31,921
Increase in fair value of derivative financial instruments – liabilities	–	–	10,050	–	<u>10,050</u>

Year ended 31st March, 2008

	Property development and investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial products investments <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	1,408,583	611,789	135,912	3,230	–	2,159,514
Inter-segment sales	<u>32,636</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(32,636)</u>	<u>–</u>
Total revenue	<u>1,441,219</u>	<u>611,789</u>	<u>135,912</u>	<u>3,230</u>	<u>(32,636)</u>	<u>2,159,514</u>

Inter-segment sales are charged at mutually agreed price.

RESULTS						
Segment results	720,717	253,486	(186,614)	(14,551)	–	773,038
Bank interest income						7,093
Unallocated corporate expense						(66,845)
Discount on acquisition	–	66,140	–	–	–	66,140
Increase in fair value of financial liabilities designated at fair value through profit or loss						(25,817)
Share of results of associates	11,675	–	–	4,000	–	15,675
Share of result of a jointly controlled entity	–	–	–	(2,904)	–	(2,904)
Finance costs						<u>(107,984)</u>
Profit before taxation						658,396
Income tax expense						<u>(215,016)</u>
Profit for the year						<u>443,380</u>

	Property development and investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Financial products investments <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	3,972,053	3,960,477	739,713	126,692	8,798,935
Interests in associates	43,613	–	–	127,062	170,675
Interests in jointly controlled entities	–	–	–	70,942	70,942
Amounts due from associates	60,712	–	–	21,916	82,628
Amount due from a jointly controlled entity	–	–	–	13,135	13,135
Tax recoverable					1,889
Unallocated corporate assets					447,757
Consolidated total assets					<u>9,585,961</u>
LIABILITIES					
Segment liabilities	560,944	98,229	146,623	18,255	824,051
Amounts due to associates	13,760	–	–	–	13,760
Amount due to a jointly controlled entity	–	–	–	12,552	12,552
Borrowings					3,260,578
Tax payable					256,747
Deferred taxation					221,395
Unallocated corporate liabilities					44,734
Consolidated total liabilities					<u>4,633,817</u>
OTHER INFORMATION					
Allowance for bad and doubtful debts	–	3,460	–	–	3,460
Allowance for loans receivables	–	–	–	3,900	3,900
Capital additions	501,985	838,550	–	–	1,340,535
Depreciation and amortisation	5,270	65,714	–	–	70,984
Decrease in fair value of financial assets designated at fair value through profit or loss	–	–	154,391	–	154,391
Decrease in fair value in derivative financial instruments	–	–	139,105	–	139,105
Decrease in fair value of investments held for trading	–	–	48,061	–	48,061
Loss on disposal of available-for-sale investments	–	–	5,660	–	5,660
Increase in fair value of investment properties	205,562	–	–	–	<u>205,562</u>

3. OTHER GAINS AND LOSSES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss on disposal of available-for-sale investments	(77,317)	(5,660)
Impairment loss on available-for-sale investments	(31,921)	–
Decrease in fair value of financial assets designated at fair value through profit or loss	(67,415)	(154,391)
Decrease (increase) in fair value of financial liabilities designated at fair value through profit or loss	55,901	(25,817)
Increase (decrease) in fair value of derivative financial instruments	10,050	(139,105)
Decrease in fair value of investments held for trading	(25,213)	(48,061)
	<u>(135,915)</u>	<u>(373,034)</u>

4. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
The income tax expense comprises:		
Current year:		
Hong Kong	22,615	29,764
PRC Enterprises Income tax	77,686	165,459
Other jurisdictions	3,975	615
	<u>104,276</u>	<u>195,838</u>
Prior years under (over) provision:		
Hong Kong	977	(7,590)
PRC Enterprises Income tax	–	(4,334)
Other jurisdictions	–	(2,087)
	<u>977</u>	<u>(14,011)</u>
Deferred taxation		
Current year	25,315	33,189
Attributable to changes in tax rate	(13,721)	–
	<u>11,594</u>	<u>33,189</u>
	<u>116,847</u>	<u>215,016</u>

5. PROFIT FOR THE YEAR

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Amortisation of investment in a jointly controlled entity (include in share of results of jointly controlled entities)	2,904	2,904
Amortisation of prepaid lease payments	21,564	19,993
Less: Amount capitalised in respect of:		
– building under development	(239)	(1,609)
– hotel properties under development	(10,614)	(6,491)
	<u>10,711</u>	<u>11,893</u>
Allowance for bad and doubtful debts	2,220	3,460
Allowance for loans receivable	–	3,900
Auditor's remuneration	5,250	5,661
Cost of completed properties for sale recognised as an expense	699,750	797,186
Depreciation:		
Owned assets	63,263	58,872
Assets held under finance leases	1,740	219
Loss (gain) on disposal of property, plant and equipment	103	(31)
Directors' remuneration and other staff costs	115,730	105,378
Share of taxation of associates (included in share of results of associates)	1,646	2,716
Net foreign exchange loss	486	–
Dividend income from:		
Investment held for trading	(2,024)	(553)
Available-for-sale investments	(2,737)	(3,508)
	<u>(4,761)</u>	<u>(4,061)</u>
Bank interest income	(13,970)	(7,093)
Net foreign exchange gain	–	(9,650)
Rental income, net of outgoings of HK\$16,137,000 (2008: HK\$16,979,000)	<u>(68,676)</u>	<u>(50,120)</u>

6. DIVIDENDS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend of HK1 cent (2008: HK5 cents) per share	16,213	80,293
Final dividend, paid for 2008 – HK10 cents (2008: Final dividend, paid for 2007 – HK8 cents) per share	<u>161,176</u>	<u>126,496</u>
	<u>177,389</u>	<u>206,789</u>

A final dividend for the year ended 31st March, 2009 of HK2 cents (2008: HK10 cents) per share, amounting to HK\$32,440,000 in total was proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to receive new shares of the Company in lieu of cash for the dividend proposed and paid during the year.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings:		
Earnings for the purpose of basic earnings per shares	85,540	432,905
Effect of convertible bonds		
– (decrease) increase in fair value of financial liabilities designated at fair value through profit or loss	(55,901)	25,817
– interest expense	11,381	–
	<u>41,020</u>	<u>458,722</u>
Earnings for the purpose of diluted earnings per share	41,020	458,722
	2009 <i>'000</i>	2008 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,617,418	1,555,305
Effect of dilutive potential ordinary shares		
– convertible bonds	128,924	173,303
– share options	–	9,248
	<u>1,746,342</u>	<u>1,737,856</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,746,342	1,737,856

The computation of diluted earnings per share for the year does not assume the conversion of outstanding share options since the exercise price is higher than average market price of the Company's shares for the year ended 31st March, 2009.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade and other debtors of HK\$54,107,000 (2008: HK\$49,202,000) and HK\$38,605,000 (2008: HK\$65,371,000) respectively.

Trade debtors mainly comprise of receivable from sale of properties and rental. Sales receivable are settled according to the payment terms of each individual projects and have to be fully settled before the transfer of the legal titles. Rentals are payable upon receipt of demand notes. No credit are allowed to these customers.

The following is an aged analysis of trade debtors and based on the invoice date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	42,942	42,069
61 – 90 days	5,541	1,454
Over 90 days	5,624	5,679
	54,107	49,202

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$107,465,000 (2008: HK\$131,144,000). The following is an aged analysis of the trade creditors:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 60 days	27,247	21,804
61 – 90 days	1,860	670
Over 90 days	78,358	108,670
	107,465	131,144

DIVIDEND

The Board of Directors has recommended the payment of a final dividend for the year ended 31st March, 2009 of HK2 cents (2008: HK10 cents) per ordinary share (“Final Dividend”). The proposed Final Dividend will be paid to the shareholders whose names appear on the Company’s Register of Members on 31st August, 2009. The proposed Final Dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (“Scrip Dividend Scheme”).

The Scrip Dividend Scheme will be subject to (i) shareholders’ approval of the proposed Final Dividend at the annual general meeting to be held on 31st August, 2009; and (ii) The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 31st August, 2009. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or about 7th September, 2009. Dividends warrants or new shares certificates will be posted on or about 5th October, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 25th August, 2009 to 31st August, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed Final Dividend, all transfers of shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrars, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 24th August, 2009.

BUSINESS OVERVIEW

Despite the outbreak of the global financial tsunami and the H1N1 flu virus, the Group remains positive on the long term prospects of its hotel and property development businesses. We are confident that we can overcome the recent adverse market conditions and to further develop our business through the strengthening of our financial position and capturing new opportunities in the region.

With the addition of two new hotels, namely Maytower Hotel and Dorsett Johor Hotel in Malaysia, revenue and profit contribution from our hotel division increased by 6% and 13% to HK\$648 million and HK\$387 million, respectively. Today, we have a total of 13 hotels in operations, including seven in Hong Kong, five in Malaysia and one in China. We expect to add another ten hotels to our hotel portfolio within the next three years. With all the new hotels in operation, we will be operating a portfolio of over 6,000 hotel rooms, almost doubling the size of current portfolio, making us one of the largest listed hotel group in Hong Kong,

As of the year end, our operating hotels were valued at HK\$5,748 million while they were recorded at HK\$2,821 million in our balance sheet. A revaluation surplus of HK\$2,927 million was not reflected in our book. To unlock this hidden value, the Group is evaluating various alternatives, which include adopting a sale and leaseback model or a spin-off of our hotel division. The Board of Directors believe this will enhance our shareholders' value longer term.

During the year, the profit contribution from our property development division was HK\$247 million, representing a drop of 54%. The decrease was mainly due to a reduced number of units for sale from the California Garden project, Shanghai. In order to fully utilize the increased plot ratio, a substantial modification to the overall development plan was made. As a result, most of the construction was suspended for most of the year. Recently, construction works have resumed and in addition to 134 units townhouses which are presently available for sale, we also plan to pre-sell another 510 units of low-rise and townhouses in 2010 and 2011. The three property development projects in Guangzhou are in different stages of development and are now scheduled to be completed by 2011 and 2012. On the other hand, contribution from our Australian property development division increased as compared to last year with a recorded revenue of HK\$570 million versus HK\$331 million the year before.

In March 2009, the Group took advantage of the weakened markets to acquire a piece of land in the prime location in Melbourne, Australia. According to the present plan, we plan to build 1,500 to 2,000 condominiums with a total gross floor area of approximately 1 million square feet. At present, we expect the whole project to be phased out over a period of three to four years.

1. Hotel Division

The Group is now formulating a strategy in which we will position our hotels under various brands. We believe such branding exercise will position the Group to capture new hotel management business in the future which will be a new line of business for our hotel division.

Two of the ten hotels under development, namely Cosmo Kowloon Hotel and Shanghai Cosmopolitan Hotel, are currently scheduled to commence operations before the end of 2009.

The Group is now assessing the redevelopment potential of Sheraton Subang Hotel. In the meantime, upgrading work is being carried out in Sheraton Subang Hotel (which will be rebranded as "Grand Dorsett Subang"), Dorsett Regency Hotel, Grand Dorsett Labuan Hotel and Dorsett Seaview Hotel. The hotels will provide comfortable and upgraded facilities to our hotel guests upon completion of such upgrading work.

2. Property Division

China remains our key market for our middle-class housing development. We have been actively looking for new development opportunities to extend the success of our California Garden project in China.

Outside of China, Australia has been a key contributor and the Group has been looking for various investment opportunities in the region to increase its presence.

3. Investment Properties

The Group's existing investment properties comprise mainly of retail shops, car parks, commercial office properties and residential properties. Turnover of the Group's property rental for the year was HK\$85 million, an increase of 27% when compared to last year.

To improve management and operation efficiencies, the Group will continue to streamline our existing portfolio by disposing smaller investment properties and diverting the resource to focus on larger assets. The current portfolio will contribute to a steady stream of recurrent income.

Significant post balance sheet event

Subsequent to the balance sheet date, the Group entered into various agreements in relation to the acquisition of 73.75% and 100% interest in certain companies with principal activities of car park operation in Australia ("Australia Acquisition") and Malaysia ("Malaysia Acquisition") for a consideration of A\$29.5 million (equivalent to approximately HK\$171 million) and RM52 million (equivalent to approximately HK\$114.4 million) respectively. Of the total acquisition, 84% of the Australia Acquisition and the Malaysia Acquisition shall be settled by the issuance of 102,328,571 and 81,714,285 new shares of the Company respectively at the issue price of HK\$1.4 per share. The remaining 7% and 9% of the Australia Acquisition which are acquired from another director of the Company and independent third parties are to be settled in cash of A\$2 million and A\$2.8 million respectively (equivalent to approximately HK\$11.6 million and HK\$16.2 million).

The sellers are in the process of finalising the financial information of the subsidiaries and it is impracticable to disclose these financial information and their impacts on the consolidated financial statements.

FINANCIAL REVIEW

For the twelve months under review, revenue amounted to HK\$1,733 million, a decrease of 20% over HK\$2,160 million for previous year. Meanwhile, gross profit for the year of HK\$728 million also represented a decrease of 32% from previous year's HK\$1,071 million. Net profit for the year was reported at HK\$105 million, whereas net profit in financial year of 2008 was HK\$443 million.

The results of the Group for the 2009 financial year were affected by a reduction in property sales from California Garden project in Shanghai and the lack of substantial property sales in Hong Kong. The total property sales reduced from HK\$1,334 million in the previous year to this year's HK\$944 million. As a result, the gross profit contribution from the property development division was recorded at HK\$247 million as compared to HK\$537 million in the year before.

Furthermore, in view of the volatility of the financial markets and consistent with our objective to reduce earnings volatility arising from treasury activities, we downsized our treasury investment portfolio. As a result, interest income from financial instruments amounted to HK\$38 million for the year, as compared to HK\$136 million last year. We also took a loss of HK\$77 million while we liquidated part of our investment portfolio during the year.

Despite the financial crisis, our hotel operation reported 6% and 13% increases to HK\$648 million and HK\$387 million in revenue and gross profit, respectively. While the performance of our hotels in Hong Kong remained relatively stable, the increase was primarily coming from the addition of two new Malaysian hotels, namely Maytower Hotel and Dorsett Johor Hotel, in October 2008.

In order to improve our capital structure and increase our funding source, we raised a syndication loan of HK\$1.9 billion in September 2008 with the seven operating hotels in Hong Kong as the collateral. This is a 5-year term loan with bullet payment of principle at maturity. The interest rate was HIBOR plus 150 basis points. Primarily because of this syndication loan, our finance cost increased 16% to HK\$126 million for the year. The Group is well positioned with sufficient cash reserves to expand its hotel portfolio as well as to capture good acquisition opportunities.

OUTLOOK

1. Hotel Division

We expect it will be a challenging year ahead of us in Hong Kong. Despite the financial tsunami, visitor arrivals to Hong Kong increased by 4.7% for 2008 as compared to 2007. However, with the outbreak of H1N1 flu virus and the quarantine policy implemented in some countries, visitor arrivals posted a significant drop of 13.4% in May 2009. Not until travelers concern over the H1N1 flu pandemic fades away, we do not expect a strong rebound of visitor arrivals in Hong Kong in the near future.

To counter the impact of weakened tourist arrivals, our hotels in Hong Kong have implemented a number of promotional initiatives using the online media as well as travel agents. In addition, our sales teams are diversifying our client base to those countries which were not our focus before, such as India. Thirdly, given our hotels are located at convenient locations in the city, we are making special offers to long-stay guests to secure certain level of occupancy.

Our hotel operations in Malaysia are less affected overall by the H1N1 flu virus. Upon the completion of refurbishment and upgrading of hotel facilities, our hotels in Malaysia will be able to further improve their performance.

We expect our Cosmo Kowloon Hotel in Hong Kong and Shanghai Cosmopolitan Hotel in Pudong will be opened by the end of the year. This will add to the profit contribution from our hotel portfolio in the short term future.

2. Property Development Division

With a series of economic stimulus packages launched in China, the Chinese economy is expected to maintain a steady growth, the sentiment of the property buyers and investors has turned positive. We are optimistic that buyers will be supportive of our launch of property sale at California Garden. Furthermore, the opening of 2010 World Expo in Shanghai should also stimulate the local property sales.

In the coming year, we also expect there will be further profit contribution coming from the sale of Northbank project, Australia, which is expected to be completed before the year-end.

We are determined to strengthen our property development business by increasing our pipeline for development. We are actively looking for new opportunities and will continue to focus on projects in mainland China where demand for housing is huge and Australia where we have a proven track record.

3. Investment Properties

The Group owns a portfolio of investment properties located in Hong Kong, Singapore and mainland China. We will continue to consolidate our investment property portfolio by disposing smaller units. Despite some rental pressure, value of properties in the region has generally moved upwards post our financial year end. We will continue to monitor the market closely to rebalance our portfolio.

4. Car Park Division

On 7th May 2009, the Group announced its entry into the car park business with the acquisition of Care Park Group and Best Impact Group.

Through the acquisitions, the Group will become one of the largest independent car park operators in the Asia Pacific region with 200 car parks comprising over 42,600 parking bays under its management among which 18 car parks comprising 5,200 parking bays will be owned. We are actively looking at opportunities to further grow the business. The acquisitions are expected to complete shortly and the new business division will generate good recurrent cashflow to the Group.

FINANCIAL RESOURCES AND LIQUIDITY

Borrowings and charge on Group assets

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Bank and other loans	4,389,834	2,828,634
Convertible bond	228,995	–
Financial liabilities designated at fair value through profit or loss	121,845	430,123
Obligations under finance leases	2,251	1,821
	<u>4,742,925</u>	<u>3,260,578</u>
Analysed as:		
Secured	4,392,085	2,830,455
Unsecured	350,840	430,123
	<u>4,742,925</u>	<u>3,260,578</u>
The above borrowings are repayable as follows:		
On demand or within one year	1,132,079	1,449,846
Amount due after one year	3,610,846	1,810,732
	<u>4,742,925</u>	<u>3,260,578</u>

Contingent Liabilities and Commitments

Contingent Liabilities

The Group has given guarantee for mortgage loans provided to the home buyers of the Group's properties in the PRC. At 31st March, 2009, the total amount of mortgage loans outstanding which are under the guarantee was HK\$150,443,000 (2008: HK\$354,419,000). The Directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.

Capital Commitments

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Capital expenditure contracted but not provided in the financial statements in respect of:		
Acquisition and development of hotel properties	260,698	611,695
Others	3,025	14,164
	<hr/> 263,723	<hr/> 625,859
Capital expenditure authorised but not contracted for in respect of:		
Development of hotel properties	83,942	73,636
	<hr/> 347,665	<hr/> 699,495

Net gearing ratio

The net gearing ratio as at 31st March, 2009 was 79% (2008: 44%).

Current ratio

The current ratio as at 31st March, 2009 was 1.8 (2008: 1.2). The Group has maintained sufficient liquid assets to finance its operation.

Exchange rate

The Group was not exposed to material exchange rates fluctuations during the year.

Pledge of assets

At the balance sheet date, the Group had pledged the following assets:

Bank loan facilities to the extent of approximately HK\$5,455,069,000 (2008: HK\$3,626,111,000) of which HK\$4,448,158,000 (2008: HK\$2,675,930,000) utilised at the balance sheet date are secured by a charge over the Group's properties (presented in the consolidated balance sheet as completed properties for sale, investment properties, property, plant and equipment and prepaid lease payments) with an aggregate carrying amount of HK\$5,858,000,000 (2008: HK\$4,989,610,000), bank deposits of HK\$25,286,000 (2008: HK\$76,157,000) and available-for-sales investments of Nil (2008: HK\$764,000).

Other loans facilities to the extent of approximately HK\$623,763,000 (2008: HK\$732,846,000), of which HK\$4,857,000 (2008: HK\$152,704,000) were utilised are secured by a pledge of the Group's investments held for trading, available-for-sale investments, derivative financial instruments, and deposits with financial institutions with an aggregate carrying amount of approximately HK\$285,481,000 (2008: HK\$228,894,000).

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 31st March, 2009 was approximately 1,900. The Group provides a comprehensive benefit package and career development opportunities, including medical benefit and both internal and external training appropriate to each individual's requirements.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code and Provisions in the Code of Corporate Governance Practices ("Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st March, 2009, except for the deviations from the code provisions A.4.1 and A.4.2 of the Code described below.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term and subject to re-election. The non-executive Directors of the Company are not appointed for a specific term of office. However, the non-executive Directors of the Company are subject to retirement by rotation and their appointments will be reviewed when they are due for re-election at annual general meetings in accordance with the Company's Articles of Association. In the opinion of the Board of Directors, this meets the objective of the Code.

Under the second part of code provision A.4.2 of the Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Chairman of the Company, however, is not subject to retirement by rotation. In accordance with the second part of Article 115(B) of the Articles of Association of the Company, a Director appointed as an executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, the executive Chairman voluntarily retires from his office and offers himself for re-election at the forthcoming annual general meeting of the Company notwithstanding that he is not required to do so pursuant to the Company's Article 115(B). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors by the Company, all the Directors have confirmed they had complied with the required standards set out in the Model Code during the year ended 31st March, 2009.

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-executive Directors. The Audit Committee has reviewed the 2008/2009 financial statements with the management and the Company's external auditors and recommended its adoption by the Board.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company via its subsidiary, Singford Holdings Limited, purchased a total of 12,397,000 shares on the Stock Exchange and details of which are as follows:

Month of Repurchase	Number of Shares Repurchased	Price per share		Aggregate Consideration paid HK\$
		Highest HK\$	Lowest HK\$	
April 2008	1,825,000	3.00	2.72	5,178,000
May 2008	904,000	2.80	2.62	2,468,000
June 2008	600,000	2.58	2.55	1,536,000
July 2008	4,320,000	2.00	1.82	8,460,000
August 2008	3,748,000	1.90	1.70	6,906,000
September 2008	1,000,000	1.51	1.43	1,482,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at www.irasia.com/listco/hk/fareastcon/index.htm. The Annual Report and the Notice of Annual General Meeting will be despatched to the shareholders on or about 31st July, 2009 and will also be available for viewing at each of the website of the Stock Exchange and the Company at the same time.

By Order of the Board
FAR EAST CONSORTIUM INTERNATIONAL LIMITED
Bill Kwai Pui Mok
Chief Financial Officer and Company Secretary

Hong Kong, 16th July, 2009

As at the date of this announcement, the Board of the Company comprises four executive Directors, namely Mr. Deacon Te Ken Chiu, Tan Sri Dato' David Chiu, Mr. Dennis Chiu, Mr. Craig Grenfell Williams; two non-executive Directors, namely Madam Ching Lan Ju Chiu, Mr. Daniel Tat Jung Chiu; and three independent non-executive Directors, namely Mr. Jian Yin Jiang, Mr. Kwok Wai Chan and Mr. Peter Man Kong Wong.