



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

INTERIM RESULTS

The Board of Directors of Far East Technology International Limited (the "Company") announces the unaudited interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2001. This unaudited interim financial results has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

Notes	Six months ended	
	30/6/2001 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000
Turnover	57,133	66,939
Cost of sales	(38,331)	(51,228)
Gross profit	18,802	15,711
Other revenue	1,941	2,094
Distribution costs	(253)	(659)
Administrative expenses	(24,035)	(13,686)
Other operating expenses	(409)	-
(Loss) profit from operations	(3,954)	3,460
Finance costs	(9,210)	(8,752)
Share of results of a jointly controlled entity	(421)	-
Loss before taxation	(13,585)	(5,292)
Taxation	181	(626)
Loss before minority interests	(13,404)	(5,918)
Minority interests	2,221	2,039
Loss for the period	(11,183)	(3,879)
Dividends	Nil	Nil
Loss per share		
Basic	(3.4 cents)	(1.3 cents)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2001

Notes	30/6/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
Non-current Assets		
Investment properties	242,738	252,826
Property, plant and equipment	200,720	206,799
Land held for development	33,807	33,802
Investments in associates	-	5,355
Investment in a jointly controlled entity	5,724	6,146
Investments in securities	87,404	87,404
	570,393	592,332
Current Assets		
Inventories	5,200	4,029
Properties under development for sale	24,872	19,536
Investments in securities	25,139	17,885
Trade and other receivables	182,168	203,858
Pledged bank deposits	20,781	20,581
Bank balances and cash	20,381	14,515
	278,541	280,404
Current Liabilities		
Trade and other payables	101,136	122,716
Amounts due to directors	7,935	8,224
Amounts due to related companies	1,267	1,311
Tax liabilities	19,527	19,883
Obligations under finance leases	750	744
Bank borrowings	240,503	235,162
	371,118	388,040
Net Current Liabilities	(92,577)	(107,636)
	477,816	484,696
Capital and Reserves		
Share capital	331,669	331,669
Share premium and reserves	48,619	56,537
	380,288	388,206
Minority Interests	58,449	58,841
Non-current Liabilities		
Bank borrowings	37,529	37,090
Deferred taxation	1,269	238
Obligations under finance leases	281	321
	39,079	37,649
	477,816	484,696

- Notes:**
- Accounting policies**
The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities. The interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented, for the cash flow statement to be included in the interim financial report relating to accounting period ended 30th June, 2001. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
Save as disclosed above, the condensed financial statements have been prepared in accordance with SSAP 25. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2000.
Under SSAP 24, investments in securities are now recognised on a trade-date basis and are initially measured at cost. Investments other than held-to-maturity debt securities are classified as investment securities and other investments. Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary. Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.
 - Segmental information**
The Group's turnover and contribution to (loss) profit from operations, analysed by principal activity are as follows:

Turnover	Contribution to (loss) profit from operations		Turnover	Contribution to (loss) profit from operations	
	Six months ended	Six months ended		Six months ended	Six months ended
30/6/2001 (unaudited) HK\$'000	30/6/2001 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000
Sales of goods	28,331	(229)	22,155	(655)	
Share investment	10,633	3,745	27,876	4,517	
Restaurant income	7,945	(3,042)	5,987	229	
Gross rental income from investment properties	5,825	(1,552)	4,732	508	
Golf-resort complex	3,064	(2,926)	3,068	(2,124)	
Sales of properties	691	91	2,449	2,449	
Dividend income	96	96	47	47	
Interest income	327	327	356	356	
Amusement park	221	(1,064)	269	(1,867)	
	57,133	(3,954)	66,939	3,460	

A geographical analysis of the Group's turnover and contribution to (loss) profit from operations, by location of market, are as follows:

Turnover	Contribution to (loss) profit from operations		Turnover	Contribution to (loss) profit from operations	
	Six months ended	Six months ended		Six months ended	Six months ended
30/6/2001 (unaudited) HK\$'000	30/6/2001 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000
Hong Kong	5,290	(3,948)	5,791	(401)	
Singapore	11,969	(4,814)	9,849	(891)	
Malaysia	5,359	(1,401)	5,671	479	
PRC	11,198	3,610	4,147	(2,507)	
Japan	23,317	2,599	41,481	6,780	
	57,133	(3,954)	66,939	3,460	

3. Depreciation
During the period, depreciation of HK\$6 million (six months ended 30th June, 2000: HK\$3 million) was charged in respect of the group's property, plant and equipment.

4. Taxation
The charge comprises:

The Company and Subsidiaries	Six months ended	Six months ended
Profits for the period	30/06/2001 (unaudited) HK\$'000	30/06/2000 (unaudited) HK\$'000
Hong Kong	-	-
Other jurisdictions	181	(626)
	181	(626)

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit during the period (six months ended 30th June 2000: 16%). Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

No provision for deferred tax has been made for the Company as the effect of timing differences is immaterial. No provision for deferred tax is required for subsidiaries as there are deferred tax debits which will be recognised only when they become crystallized.

5. Dividends
The Directors have resolved not to declare any interim dividend for the six months ended 30th June, 2001 (Six months ended 30th June, 2000: Nil).

6. Loss per share
The calculation of loss per share is based on the loss for the period of HK\$11,183,000 (six months ended 30th June, 2000: HK\$3,879,000) and on 331,668,905 (six months ended 30th June, 2000: 298,568,905) ordinary shares in issue during the period. As there was no dilutive potential ordinary share for the period ended 30th June, 2001, no diluted loss per share was presented.

7. Trade and other receivables
For sales of goods, the group has a policy of allowing an average credit period of 30 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The ageing analysis of trade receivables at the reporting date is as follows:

	THE GROUP	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
0 - 30 days	15,851	29,950
31 - 60 days	7,261	4,577
61 - 90 days	479	527
Over 90 days	25,724	5,886
Total trade receivables	49,315	40,940
Other receivables	132,853	162,918
	182,168	203,858

8. Trade and other payables
The ageing analysis of trade payables at the reporting date is as follows:

	THE GROUP	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
0 - 30 days	2,442	6,038
31 - 60 days	121	317
61 - 90 days	441	1,164
Over 90 days	35,353	44,166
Total trade payables	38,357	51,685
Other payables	62,779	71,031
	101,136	122,716

9. Share capital
There was no movements in the share capital of the Company in the current interim reporting period.

After the prior interim reporting period, 33,100,000 ordinary shares of par value HK\$1 each were issued on 21st July, 2000 for the acquisition of an investment security. The new shares issued rank pari passu with the existing shares in all respects.

10. Pledge of assets
At the reporting date:

- the term loans granted to a Group's subsidiary obtained from licensed financial institutions to the extent of approximately HK\$103 million (31/12/2000: HK\$103 million), of which HK\$76 million (31/12/2000: HK\$74 million) were utilised are secured by:
 - Group's golf resort complex and properties under development in Malaysia with an aggregate net book value of approximately HK\$158 million (31/12/2000: HK\$158 million);
 - fixed and floating charge over the land and properties of the respective subsidiary; and
 - jointly and severally guarantees by a director of the Company and a director of the respective subsidiary.
- banking facilities to the extent of approximately HK\$135 million (31/12/2000: HK\$142 million) of which HK\$119 million (31/12/2000: HK\$126 million) were utilised, are secured by:
 - Group's investment properties in Singapore with an aggregate net book value of approximately HK\$192 million (31/12/2000: HK\$202 million); and
 - severally guaranteed by the Company and a director of the Company.

Save as disclosed above, other banking facilities which were set out in note 37 of the Group's Annual Report 2000 remained unchanged during the period under review.

11. Contingent liabilities
At the reporting date, there were contingent liabilities, so far as not provided for in the financial statements as follows:

Guarantees given to bank, in respect of banking facilities utilised by subsidiaries	THE GROUP		THE COMPANY	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
	-	-	186,585	193,303

12. Capital commitments
At the reporting date, there were outstanding capital commitments authorised and contracted for, but not provided for in the financial statements in respect of:

Contribution to capital investment	THE GROUP		THE COMPANY	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
	9,678	9,678	9,678	9,678
	9,678	9,678	9,678	9,678

At the reporting date, the Group and the Company has no capital expenditure that has been authorised but not contracted for.

13. Significant event

A conditional sale and purchase agreement was signed between the Company and an independent third party (the "Sellers") on 9th April, 2001 (the "Agreement"). Based on the Agreement, the Company agreed to acquire 49% interest of the issued share capital of Asian Mark Limited ("Asian Mark") at a consideration of HK\$196 million to be satisfied by the 95% interest in Tang Dynasty City Pie Ltd ("TDC"), a pro-rata directors' loan of S\$51.2 million (approximately HK\$238 million) advanced to TDC and the allotment and issue of 59 million shares of the Company at par value of HK\$1 each. The completion of this transaction is subject to the satisfactory results of a due diligence review to be performed by the Company.

The Company and the Sellers had not been able to reach agreement on various operational issues and obtain regulatory approvals on the licence for Asia Continental Limited, a wholly-owned subsidiary of Asian Mark, to conduct oil exploration business in the People's Republic of China. Accordingly, the due diligence review on Asian Mark and its subsidiary, being one of the conditions of the Agreement, cannot be completed by 15th July, 2001 to the satisfaction of the Company. The Company and the Sellers had therefore on 14th July, 2001 agreed in writing to cancel the Agreement and to release the discharge of each other from obligation and claims in relation to the Agreement.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30th June, 2001 (Six months ended 30th June, 2000: Nil).

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

1. Corporate Results

Turnover for the six months ended 30th June, 2001 was HK\$57,133,000 as compared to HK\$66,939,000 in the corresponding period of 2000, a decrease of 15%. Loss attributable to shareholders was HK\$11,183,000.

2. Financial Resources and Liquidity

Borrowings and Charge on Group Assets

The Group's total borrowings amount to approximately HK\$278 million as at 30th June, 2001 (31/12/2000: HK\$272 million).

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate.

Gearing Ratio

The gearing ratio (total bank and other borrowings to shareholders' equity) as at 30th June, 2001 was 73% (31/12/2000: 70%).

Current Ratio

The current ratio as at 30th June, 2001 was 0.75 (31/12/2000: 0.72).

3. Business Review and Prospects

China

Joint Venture With CS&S

The joint venture company with China National Computer Software and Technology Services Corporation ("CS&S") - ChinaSoft FE International Information Technology Limited is progressing well. Amid economic slowdown and fear of recession in Northern America, China is least affected by the current economic crisis.

Business of ChinaSoft International Limited ("CSI") has seen promising results this year. Both revenue and profits surged from last year and CSI has appointed an investment bank to carry out its listing plan on the Growth Enterprise Market of Hong Kong. Listing date and schedule will be confirmed in the near future.

For other technology investments, Tricom Cyberworld Holdings Limited has undergone its group restructuring and hopefully will be able to contribute profits to the Group in the near future after the huge trim down of operational costs this year.

Joint Venture Garment Factory

The Group's joint venture garment factory in Jiangsu, Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited is performing well and has continued to contribute steady profits to the Group. After several years of operations, the machinery may need to be serviced in the near future. The Group will consider to just refurbish the machinery or buy new equipments to expand the capacity.

The Group will further consolidate its business activities and continue to pursue new investment opportunities, especially with better growth potential in China.

Hong Kong

In Hong Kong, we have converted the Golden Dragon Theatre, Waldorf Theatre and Warwick Theatre into commercial usage and continued to study the feasibility of other modification of the cinemas within the Group.

Malaysia

In Malaysia, the sale of high-end bungalows in Tuanku Jaafar Golf & Country Resort was slow. Other property launches will be carried out once the market demand picks up.

The Golf operation in Malaysia is steady. The Company will seek ways to improve management and operating results.

Singapore

Parkway Centre

Parkway Centre, our investment property in Singapore, has continued to generate rental income and we are looking at the right opportunity to further launch the sale of office units.

Rainforest Café

The operation of our first Rainforest Café in Singapore is not as satisfactory as forecasted due to downturn in Singapore's economy. The Group will delay plans to build Rainforest Café in other locations.

The Company will continue to dispose of its non-core assets when opportunities so arise.

4. Employee and Remuneration Policies

The number of employee of the Group as at 30th June, 2001 was approximately 600. Employees are remunerated according to nature of the job and market conditions.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th June, 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On behalf of the Board
Duncan Chiu
Deputy Managing Director

Hong Kong, 20th September, 2001