

# Far East Holdings International Limited

(Incorporated in Hong Kong with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 1998

The Board of Directors (the "Directors") of Far East Holdings International Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiary companies (the "Group") for the year ended 31st December, 1998 together with the comparative figures for the previous year are as follows:

	Notes	1998 HK\$	1997 HK\$
TURNOVER	1	1,609,348,658 =====	2,378,664,913 =====
OPERATING LOSS			
Continuing operations excluding exceptional item		(48,922,788)	(19,864,520)
Exceptional item	2	(6,649,534)	(38,406,181)
		----- (55,572,322)	----- (58,270,701)
SHARE OF RESULT OF AN ASSOCIATED COMPANY		(3,477)	(3,804)
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LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION		(55,575,799)	(58,274,505)
TAXATION	3	530,019	6,322,587
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LOSS BEFORE MINORITY INTERESTS		(56,105,818)	(64,597,092)
MINORITY INTERESTS		8,686,478	345,847
		-----	-----
LOSS FOR THE YEAR		(47,419,340)	(64,251,245)
		=====	=====
LOSS PER SHARE	4	(15.9 cents)	(21.5 cents)
		=====	=====

Notes:

### 1. Turnover

Turnover comprises the aggregate of gross proceeds from sales of properties, merchandise and investments held for trading, dividend income, interest income, gross rental income, gross income from the operation of the golf resort complex, contractual or notional amounts from the sale of derivative financial products and gross income from amusement park during the year.

### 2. Exceptional item

	1998 HK\$	1997 HK\$
Provision for diminution in value of investments	6,649,534 =====	38,406,181 =====

### 3. Taxation

	1998	1997
	HK\$	HK\$
The Company and subsidiary companies		
Hong Kong Profits Tax		
Provision for the year	-	-
Under-provision in prior year	-	7,931,717
	-----	-----
	-	7,931,717
	-----	-----
Other jurisdictions		
Provision for the year	255,915	534,331
Under (over)-provision in prior year	274,104	(1,834,159)
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	530,019	(1,299,828)
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Deferred taxation		
The Company and subsidiary companies	-	(309,302)
	-----	-----
	530,019	6,322,587
	=====	=====

Hong Kong Profits Tax is calculated at 16% (1997: 16.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

### 4. Loss per share

The calculation of loss per share is based on the loss for the year of HK\$47,419,340 (1997: HK\$64,251,245) and on 298,568,905 (1997: 298,568,905) ordinary shares in issue during the year.

### DIVIDENDS

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 1998 (1997: Nil).

### BOOK CLOSE

The register of members of the Company will be closed from Tuesday, 15th June, 1999 to Monday, 21st June, 1999, both days inclusive, during which period no transfer of shares will be effected. In order to be valid, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Central Registration Hong Kong Limited of 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 14th June, 1999.

### BUSINESS REVIEW AND PROSPECTS

The Group's results for the year ended 31st December, 1998 was continuously dampened by the financial turmoil in Asia. The turnover and loss for the year amounted to HK\$1,609,348,658 and HK\$47,419,340 representing a decrease of 32.3% and 26.2% respectively as compared against the corresponding period last year.

### Property Division

Property market in Malaysia was severely affected by the downturn of its economy during the year, thus affecting the turnover for the sale of bungalow lots in Tuanku Jaafar Golf & Country Resort. Plans for modification of the project from high-end bungalows to medium or low-end houses are being reviewed. In view of such unfavourable economic condition, the Group decided to hold up the property development project in Ulu Selangor, Mukim, Kerling until the market environment turns better.

Relatively speaking, Singapore was less affected by the financial crisis in Asia. The office units in Parkway Builders' Centre, our investment property in Singapore, continue to generate steady rental income to the Group. The property will soon start renovation and upgrading works which is expected to be completed by the end of this year. The Group is considering to launch the property for sale upon completion of the renovation programme.

### **Leisure and Entertainment Division**

The leisure and entertainment business of the Group are taking a further step ahead as the Group had entered into a tenancy agreement in April, 1999 for the purpose of setting up our first theme restaurant, Rainforest Cafe, in Singapore. Decoration and fitting works will commence very shortly and the restaurant is scheduled to be opened for business by the end of this year. On the other hand, we are also taking a proactive approach in seeking for interested franchisee for the operation of Rainforest Cafe in other South East Asian countries.

The disposal of our major asset, Tang Dynasty City theme park in Singapore has been delayed due to the purchaser failed to keep up with progressive payments. The purchaser requested to delay the payment schedule and they are negotiating for financing proposal as means to fulfill their contractual obligation. Our management is in constant contact with the purchaser.

The Asian crisis has affected every corner of our Group. Although at the beginning of 1999, the economic environment looked decisively firmer throughout Asia especially for Hong Kong and Singapore, it was still too premature to say that the cycle has turned for the better.

This year, we would continuously consolidate our business in preparing for future investments in our core leisure and property sectors.

We look forward to the opening of our first Rainforest Cafe in Singapore at the end of 1999.

### **OCTOWERS RESORT BHD.**

It was announced on 12th November, 1998 that the Group had entered into a conditional agreement (as amended by a supplemental agreement dated 12th November, 1998) (the "Agreements") relating to the acquisition of 50% interest in Octowers Resort Bhd. for a consideration of RM32.5 million, to be satisfied as to RM9.75 million by the issue of 19,590,285 new shares in the capital of the Company (the "Consideration Shares") and as to RM22.75 million by the issue of convertible loan notes in the aggregate principal amount of HK\$45,710,665 (the "Notes").

However, as the vendors cannot furnish us with the approval of the Controller of Foreign Exchange and/or the Bank Negara Malaysia within the prescribed time, the Agreements has lapsed and ceased to be effective on 30th April, 1999 due to non-fulfilment of such condition precedent. In this regard, the Consideration Shares and the Notes will not be allotted and the initial deposit of RM1,000 will be refunded by the vendors accordingly.

### **YEAR 2000 ISSUE**

The Year 2000 date change issue has arisen because many computer systems and electronic devices which store data information based on a two-digit year sequence are unable to accurately process dates for the year 2000 and beyond.

Actions have been taken by the Directors to ensure that all computer hardware and software currently used by the Group are Year 2000 compliant. For this purpose, appropriate hardware as well as a new accounting software have been acquired at a total cost of approximately HK\$150,000. Full conversion to the new accounting system is expected to be completed by June 1999. To date, it is estimated that around 90% of the Y2K compliance programme has been completed and full compliance is expected to be achieved by the end of June 1999.

Since the principal businesses of the Group do not rely on computer systems or time-driven electronic equipment, neither has a contingency plan been set up nor an insurance cover been deemed to be required.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY**

During the year, neither the Company nor any of its subsidiary companies purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**Dennis Chiu**  
*Managing Director*

Hong Kong, 19th May, 1999

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Source: Far East Technology International Limited