



**Far East Technology International Limited**

**遠東科技國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 1999**

The Board of Directors (the "Directors") of Far East Technology International Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December, 1999 together with the comparative figures for the previous year are as follows:

	Notes	1999 HK\$	1998 HK\$
Turnover	2	94,690,954	81,012,475
Cost of sales		(66,245,658)	(62,866,484)
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Gross profit		28,445,296	18,145,991
Other revenue		29,726,103	37,364
Distribution costs		(685,979)	(354,162)
Administrative expenses		(26,232,729)	(18,885,721)
Other operating expenses		(20,953,966)	(41,361,497)
		-----	-----
Profit (loss) from operations		10,298,725	(42,418,025)
Finance costs		(13,163,317)	(18,207,812)
Provision for loss on disposal of the leisure-entertainment complex construction in progress		(93,100,000)	-
Share of results of associates		7,155	(3,477)
		-----	-----
Loss before taxation		(95,957,437)	(60,629,314)
Taxation	3	424,235	530,019
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Loss before minority interests		(96,381,672)	(61,159,333)
Minority interests		7,980,136	8,686,478
		-----	-----
Loss for the year		(88,401,536)	(52,472,855)
Dividends		-	-
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Loss for the year		(88,401,536)	(52,472,855)
		=====	=====
Loss per share			

Basic

4

(29.6 cents)

(17.6 cents)

**Notes:**

**1. Basis of presentation**

During the year ended 31 December, 1999, the Group has adopted the following new Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 2 (Revised)	Net profit or loss for the period, fundamental errors and changes in accounting policies
SSAP 10 (Revised)	Accounting for investments in associates
SSAP 24	Accounting for investments in securities

Comparative figures have been reclassified to conform with the current year's presentation.

The adoption of SSAP 1 (Revised) has led to a reassessment of the accounting policy adopted for pre-operating expenses. In previous years, pre-operating expenses are capitalised and amortised over a period of five years on a straight-line basis from the date of commencement of relevant business. Under SSAP 1 (Revised), pre-operating expenses should be recognised as expenses in the period in which they are incurred. This change in accounting policy has been applied retrospectively - resulting in pre-operating expenses amounting to HK\$10,573,060, has been written off to the income statement. The effect of this adjustment has been to decrease accumulated profits for the Group at 1 January, 1999 by HK\$5,053,515 (1998: Nil), and to decrease the profit for the year ended 31 December, 1999 by HK\$5,519,545 (1998: HK\$5,053,515). This is total expenses incurred during the year. Technically, this shall be after netting off of amortisation.

**2. Turnover**

Turnover comprises the aggregate of gross proceeds from sales of properties, merchandise and investments held for trading, dividend income, gross rental income, gross income from the operation of the golf resort complex and gross income from amusement park during the year.

In adopting SSAP 1 (Revised), contractual or notional amounts from sale of derivative financial products which previously included as turnover were excluded during the year. Comparative amounts have also been restated in order to achieve a consistent presentation.

**3. Taxation**

	1999	1998
	HK\$	HK\$
The charge comprises:		

The Company and subsidiaries

Profits Tax for the year		
Hong Kong	128,283	-
Overseas	295,952	255,915
Prior years		
Overseas	-	274,104
	-----	-----
	424,235	530,019
	=====	=====

Hong Kong Profits Tax is calculated at 16% (1998: 16%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant local jurisdictions.

#### 4. Loss per share

The calculation of loss per share is based on the loss for the year of HK\$88,401,536 (1998: HK\$52,472,855) and on 298,568,905 (1998: 298,568,905) ordinary shares in issue during the year. As there was no dilutive potential ordinary share, no diluted loss per share was therefore presented.

#### 5. Investment property revaluation reserve

	1999 HK\$	1998 HK\$
At beginning of the year	-	38,087,204
Net surplus (deficit) on revaluation less minority interests	12,329,742	(38,087,204)
Released on disposal	(476,958)	-
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At end of the year	11,852,784	-
	=====	=====

#### DIVIDENDS

The Directors has resolved not to recommend the payment of a final dividend for the year ended 31 December, 1999 (1998: nil).

#### BUSINESS REVIEW AND PROSPECTS

##### Technology Division

*Joint venture with CS&S*

The year 2000 sees a break through of the Group's business approach. As the world is marching towards a digitize era, the Group finds the need to break from traditional business practices and switch to the technology world. Eyeing the huge potential of the computer and Internet related market, the Company has entered into an Agreement with China National Computer Software and Technology Services Corporation ("CS&S"), the largest software company in the People's Republic of China, to establish a joint venture company in China.

The joint venture company, ChinaSoft FE International Information Technology Limited, will conduct several businesses. Firstly, it will continue to act as a system integrator and a e-solution provider in China. The company that CS&S injected into our joint venture company, CS&S Cyber Chinese Information Technology Limited, is specialised in system integration and providing solutions in China for various industries and is a leading e-commerce solution provider for IBM in China.

CS&S Training Centre is another company injected by CS&S into the joint venture company. CS&S Training Centre is the earliest computer skills related training centre in China established in 1981. It has trained more than 400,000 people since its establishment and now offers wide range of courses like MCSE, Cisco, JAVA and Oracle 8, etc. in China. Effort is being made to enhance the training environment and upgrade the current portal to a web-based environment which can accommodate larger number of students online. About 7,000 people were trained on our web-based tutorial section last year.

### *Other developments*

Investments in other IT companies is expected in the near future. With the connection and establishment of CS&S in China the Company will, through its joint venture company, act as a strategic investor in IT industry providing technical advisory services, funding, managerial and financial expertise to start-up companies in the IT world.

### **Property Division**

The Malaysian property market has improved steadily over the last year, thus providing opportunities again. The sale of high-end bungalows in Tuanku Jaafar Golf & Country Resort has restarted and the sales have been promising. Other property launches will be carried out in the year 2000. We believe that the improved market sentiment would help us significantly in getting the return on our investment in Malaysia, as well as a positive bottom-line.

Parkway Builder's Center, our investment property in Singapore, has successfully carried out its renovation programme. The building has since been rename Parkway Center. The office units continue to generate steady rental income, and we are trying to launch the sale of office units to the market.

### **Leisure and Entertainment Division**

The opening of our first Rainforest Cafe in Singapore commenced operation on 18 April 2000. This new venture would soon be contributing earnings to our Group. As our Group holds the

franchise for other South East Asian countries, we would take proactive approach in seeking sub-franchisee for the opening of the other new outlets.

With regard to the disposal of the Tang Dynasty City Theme Park, the purchaser has failed to keep up with progressive payments and legal actions have been taken. Provisions have also been made in the accounts to reflect the present status.

### **New Company Name**

The Group will continue its business in property trading and investment, merchandise manufacturing and trading, entertainment and leisure business. However, in line with the change in business practices, the importance of such investment to the Group will gradually decrease.

The Group will focus on IT investments and act as a backbone IT infrastructure solution provider. In order to reflect the Company's engagement in technology related business, the name of the Company was changed to Far East Technology International Limited as approved by the shareholders at the Extraordinary General Meeting held on 5 May 2000. The change of name of the Company becomes effective from 12 May 2000.

### **YEAR 2000 ISSUE**

As mentioned in the Company's Interim Report for the six months ended 30 June 1999, the Company has already completed the review and the corresponding upgrading or replacement of the Group's computer hardware and accounting software system in June 1999.

Up to date, all computer hardware and accounting system currently used by the Group are Year 2000 compliant and operated properly through the Year 2000 critical dates.

### **PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares in the Company.

On behalf of the Board  
**Duncan Chiu**  
*Deputy Managing Director*

Hong Kong, 17 May, 2000

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Source: Far East Technology International Limited

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