



FAR EAST TECHNOLOGY INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

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

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2001

RESULTS

The Board of Directors of Far East Technology International Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2001 together with the comparative figures for the corresponding period in 2000 are set out as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2001

	<i>Notes</i>	Year ended 31st December, 2001 HK\$	2000 HK\$
Turnover	3	147,196,673	181,934,880
Cost of sales		(110,678,429)	(138,909,822)
Gross profit		36,518,244	43,025,058
Other revenue		12,585,610	9,033,527
Distribution costs		(451,651)	(405,676)
Administrative expenses		(37,350,598)	(46,615,348)
Other operating expenses		(25,803,977)	(24,006,234)
Impairment loss on other investment		(33,100,000)	(456)
Loss from operations		(47,602,372)	(18,969,129)
Impairment loss on the leisure-entertainment complex		–	(60,476,789)
Profit on disposal of a subsidiary		3,312,816	–
Loss on disposal of an associate		(8)	–
Finance costs	6	(15,684,906)	(16,949,985)
Share of results of associates		1,694,551	–
Share of results of a jointly controlled entity		91,986	(840,326)
Loss before taxation		(58,187,933)	(97,236,229)
Taxation	7	(1,031,044)	(844,331)
Loss before minority interests		(59,218,977)	(98,080,560)
Minority interests		2,543,657	5,336,898
Loss for the year		(56,675,320)	(92,743,662)
Loss per share			
– Basic	8	(17.1 cents)	(29.6 cents)

Notes:

(1) Qualified opinion arising from limitation of audit scope about interest in leisure-entertainment complex

The auditors were unable to obtain sufficient information and explanations concerning the interest in leisure-entertainment complex and therefore cannot satisfy themselves whether any impairment loss should be recognised in respect of the interest in leisure-entertainment complex of HK\$137,000,000 at 31st December, 2001.

(2) Basis of presentation and comparative figures

The Group has adopted the following new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants in preparation of the financial statements for the current year. Accordingly, certain comparative figures for the prior year have been restated in order to achieve a consistent presentation.

SSAP 9 (Revised)	Events after the Balance Sheet Date
SSAP 14 (Revised)	Leases

(3) Turnover

Turnover represents the aggregate of gross proceeds from sales of properties, merchandise and investments in securities, dividend and interest income, consultancy income, gross rental income, gross income from the operation of the golf resort complex, restaurant and gross income from amusement park.

(4) Segmental information

Business segments

For management purposes, the Group is currently organised into four operating divisions – Securities Investment, Property Development and Investment, Entertainment and Leisure and Industries. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Securities investment	–	securities investment
Property development and investment	–	properties development, investment in properties and property rental
Entertainment and leisure	–	operation of golf resort complex, restaurant and amusement park
Industries	–	garments manufacturing and commodity concrete manufacturing

Segment information about these businesses is presented below.

2001

	Securities investment 2001 HK\$	Property development and investment 2001 HK\$	Entertainment and leisure 2001 HK\$	Industries 2001 HK\$	Eliminations 2001 HK\$	Consolidated 2001 HK\$
TURNOVER						
External sales	25,900,331	38,666,469	24,799,946	57,829,927	–	147,196,673
Inter-segment sales	119,427	–	132,781	–	(252,208)	–
Total turnover	<u>26,019,758</u>	<u>38,666,469</u>	<u>24,932,727</u>	<u>57,829,927</u>	<u>(252,208)</u>	<u>147,196,673</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>(34,755,534)</u>	<u>4,829,489</u>	<u>(33,572,462)</u>	<u>3,310,525</u>	<u>–</u>	<u>(60,187,982)</u>
Other revenue	3,087,954	3,104,293	6,011,366	381,997		<u>12,585,610</u>
Loss from operations						(47,602,372)
Profit on disposal of a subsidiary	–	–	3,312,816	–		3,312,816
Loss on disposal of an associate	–	–	(8)	–		(8)
Finance costs						(15,684,906)
Share of results of associates	–	–	–	1,694,551		1,694,551
Share of results of jointly controlled entity	–	–	91,986	–		<u>91,986</u>
Loss before taxation						(58,187,933)
Taxation	–	(231,962)	(3,472)	(795,610)		<u>(1,031,044)</u>
Loss after taxation						<u>(59,218,977)</u>

2000

	Securities investment 2000 HK\$	Property development and investment 2000 HK\$	Entertainment and leisure 2000 HK\$	Industries 2000 HK\$	Eliminations 2000 HK\$	Consolidated 2000 HK\$
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TURNOVER

External sales	49,070,806	41,455,249	25,991,983	65,416,842	–	181,934,880
Inter-segment sales	<u>–</u>	<u>–</u>	<u>1,382,429</u>	<u>–</u>	<u>(1,382,429)</u>	<u>–</u>
Total turnover	<u>49,070,806</u>	<u>41,455,249</u>	<u>27,374,412</u>	<u>65,416,842</u>	<u>(1,382,429)</u>	<u>181,934,880</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>(8,592,043)</u>	<u>1,619,749</u>	<u>(26,651,124)</u>	<u>5,620,762</u>	<u>–</u>	<u>(28,002,656)</u>
Other revenue	992,766	759,995	6,670,045	610,721		<u>9,033,527</u>
Loss from operations						(18,969,129)
Finance costs						(16,949,985)
Share of results of jointly controlled entity	–	–	(840,326)	–		(840,326)
Impairment loss on the leisure –entertainment complex	–	–	(60,476,789)	–		<u>(60,476,789)</u>
Loss before taxation						(97,236,229)
Taxation	(582,125)	–	135,362	(397,568)		<u>(844,331)</u>
Loss after taxation						<u>(98,080,560)</u>

Geographical segments

The Group's operations are located in Hong Kong, PRC, Singapore and Malaysia.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market		Contribution to profit (loss) from operations	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Hong Kong	45,599,013	62,574,525	(35,170,086)	(7,640,127)
Malaysia	39,290,878	11,742,558	(12,461,024)	(3,873,210)
Singapore	21,618,454	53,272,484	(1,492,741)	(3,821,596)
PRC	19,459,688	18,401,777	(6,113,268)	(5,802,673)
Japan	21,228,640	35,943,536	7,634,747	2,168,477
	<u>147,196,673</u>	<u>181,934,880</u>	<u>(47,602,372)</u>	<u>(18,969,129)</u>

(5) Depreciation

	2001 HK\$	2000 HK\$
Depreciation		
Owned assets	14,947,585	17,490,321
Assets held under finance leases	686,961	763,183
	<u>15,634,546</u>	<u>18,253,504</u>

(6) Finance costs

	2001 HK\$	2000 HK\$
Interest on:		
Bank loans and overdrafts wholly repayable within five years	11,487,260	16,431,138
Finance leases	24,825	59,540
Other borrowings	4,172,821	459,307
	<u>15,684,906</u>	<u>16,949,985</u>

(7) Taxation

	2001 HK\$	2000 HK\$
The charge comprises:		
The Company and subsidiaries		
Profits tax for the year		
Other jurisdictions	1,031,044	424,630
Prior years		
Hong Kong	–	582,125
Deferred taxation		
Overprovision in prior year	–	(162,424)
	<u>1,031,044</u>	<u>844,331</u>

No provision for Hong Kong Profits Tax has been provided in the financial statements as the Company and the subsidiaries incurred a tax loss in both years.

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

(8) Loss per share

The calculation of loss per share is based on the loss for the year of HK\$56,675,320 (2000: HK\$92,743,662) and on 331,668,905 (2000: on the weighted average number of 313,350,549) ordinary shares in issue during the year. As there was no dilutive potential ordinary share, no diluted loss per share was presented.

DIVIDENDS

No interim dividend was paid during the year and no final dividend was recommended by the directors.

FINANCIAL RESOURCES AND LIQUIDITY

Borrowings and Charge on Group Assets

The Group's total borrowings amount to approximately HK\$232 million as at 31st December, 2001 (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 borrowings to shareholders' equity) as at 31st December, 2001 was 75% (2000: 70%).

Current Ratio

The current ratio as at 31st December, 2001 was 0.23 (2000: 0.72). The Group has maintained sufficient liquid assets to finance its daily operations.

BUSINESS REVIEW AND PROSPECTS

The year of 2001 saw some shocking events that no one could have predicted, the September 11 attacks, war on Afghanistan, continuous recession in Hong Kong's economy, etc. In bid to cope with the vast and rapid changes of the world movements and economic cycles, our Group is constantly exploring into different field of industries and business opportunities to catch the next wave of developments, in China and other Asian countries. At the same time, we are strengthening our management team by bringing in people with professional expertise to run the field of new businesses that we are investing into.

Our Group is seeking to offload its non-core assets and reduce expenses in its non-profit making subsidiaries during this recessive environment in the region. All these efforts may result in disappointing results in the short term but we believe that they will be of long-term benefits to the Company and its shareholders. When the market environment becomes more positive, we will be better prepared for the next upwave and increase our shareholders' returns.

Technology Division

The associate company ChinaSoft FE International Information Technology Limited ("CSI") continues to achieve steady growth in terms of revenues and profits. The company as a developer and provider in software products and system solutions in the People's Republic of China ("PRC") is specialized in system solutions for government organizations, private enterprises engaging e-commerce and community services organisations.

CSI is also a pioneer in offering customized solutions for ETDA's (Economic and Technology Development Area) in the PRC with TEDA (Tianjin Economic Technological Development Area) being one of its major clients now. The company is looking to duplicate this system to other ETDA's in the PRC which the company has competitive advantage over its competitors.

The company has planned to list on the GEM board of the Hong Kong market, but there is no concrete timetable of when about it will list. Estimated time schedule is around the 4th quarter of 2002.

Another technology investment that the Group has made, Tricom Cyberworld Holdings Limited is posting disappointing results due to downturn in the demand for system integration and telecom services in Hong Kong. The company is looking to diversify into hardware components manufacturing and looking to expand its sales in the PRC market.

Property Division

The rental incomes from Hong Kong were steady. The Group is looking to convert the Mandarin Theatre in Hunghom, Kowloon into retail shops for better return. The conversion of Golden Flower Theatre, Kwai Chung into commercial usage has been approved. The Group is looking to rent out the premises as retail shop to increase returns.

The market in Malaysia was slow and so was the sales of bungalow in Tuanku Jaafar Golf & Country Resort. We believe that the market sentiment will improve later this year to have better chances for the company to launch the property over there. The Country Resort will carry out further cost-cutting and restructuring plan in order to enhance its performance in the future.

Parkway Centre in Singapore yields steady rental income in the past year and the sale of its office units will continue.

Leisure and Entertainment Division

Rainforest Cafe is posting losses from operation due to a change in the amortization and depreciation provision policy. The company is looking for new partners in other Asian countries to open up new locations in their countries.

Tang Dynasty City has not yet restarted its operations. The company is planning for some new themes for the park and hopefully can resume business on the park soon.

Industry Division

Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited again see healthy returns from operation due to strong orders from Japan. The company is planning to further expand its capacity by purchasing new production lines if the sales trend and orders from overseas continue to grow.

Suzhou Goldtract Commodity Concrete Company Limited on the other hand, was operating at a loss again this year. The company is seeking to move its operations to other city and sell the land to interested parties.

The Company has also signed an agreement with Through In Industries Limited for purchase of a controlling stake of an electric power generation company in the Henan Province. Once completed, the board believes that the acquisition will bring in steady revenues as well as profits to the Group.

The Company is consistently searching for promising business investment opportunities in China to diversify its holdings and at the same time to grow with China's surging economy.

EMPLOYEE AND REMUNERATION POLICIES

The number of employee as at 31st December, 2001 was approximately 600. Employees are remunerated according to nature of the job and market conditions.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

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

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed annual results containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited in due course.

On behalf of the Board
DUNCAN CHIU
Joint Managing Director

Hong Kong, 23rd April, 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Far East Technology International Limited (the "Company") will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Tuesday, 28th May, 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December, 2001.
2. To re-elect Directors and to fix their remuneration.
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
4. To consider and, if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution:

"THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined), shall not in aggregate exceed 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing this Resolution (including shares issued or to be issued pursuant to resolution no.1 passed at the extraordinary general meeting of the Company held on 19 February 2002), and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the members of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

By Order of the Board
Chow Kwok Wor
Company Secretary

Hong Kong, 23rd April, 2002

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.