

## CONTENTS

	<i>Page</i>
Corporate Information	2
Deputy Managing Director's Statement	3
Additional Information Required Under the Listing Rules	6
Condensed Consolidated Income Statement	8
Condensed Consolidated Balance Sheet	9
Condensed Consolidated Cash Flow Statement	10
Condensed Consolidated Statement of Recognised Gains and Losses	11
Notes to the Condensed Financial Statements	12

The English text of this Interim Report shall prevail over the Chinese text.

## **CORPORATE INFORMATION**

### **PLACE OF INCORPORATION**

Hong Kong

### **BOARD OF DIRECTORS**

#### *Executive Directors:*

Deacon Te Ken CHIU, J.P.

*(Chairman)*

Dennis CHIU, B.A.

*(Managing Director)*

Duncan CHIU, B.Sc.

*(Deputy Managing Director)*

Dato' David CHIU, B.Sc.

#### *Non-executive Directors:*

Daniel Tat Jung CHIU

Derek CHIU, B.A.

Desmond CHIU, B.A.

Margaret CHIU, LL. B.

#### *Independent Non-executive Directors:*

Chi Man MA

Siu Hong CHOW

### **COMPANY SECRETARY**

Kwok Wor CHOW, F.C.S., F.H.K.S.A.

### **SOLICITORS**

Woo, Kwan, Lee & Lo

Vincent T.K. Cheung Yap & Co

Balkenende Chew & Siaw

### **AUDITORS**

Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong

### **PRINCIPAL BANKERS**

The Chase Manhattan Bank, N.A.

The Development Bank of

Singapore Limited

First Pacific Bank Limited

The Hongkong and Shanghai Banking

Corporation Limited

The Kwangtung Provincial Bank

### **REGISTERED OFFICE**

16th Floor

Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

### **SHARE REGISTRARS**

Central Registration

Hong Kong Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

### **STOCK EXCHANGE**

The shares of the Company are listed

on The Stock Exchange of Hong Kong

Limited

### **WEBSITE**

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

## DEPUTY MANAGING DIRECTOR'S STATEMENT

### 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.

#### 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).

## **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).

## **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.

## **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.

On behalf of the Board

**Duncan Chiu**

*Deputy Managing Director*

Hong Kong, 20th September, 2001

## ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

### Directors' interests in Shares

As at 30th June, 2001, the interests of Directors and their associates in the share capital of the Company and associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Number of ordinary shares held			Total interests
	Personal interests	Family interests	Corporate interests	
Deacon Te Ken Chiu The Company	5,048,000	6,110,000	99,768,800*	110,926,800
Dennis Chiu The Company	16,610,200	–	30,400,000#	47,010,200
Tang Dynasty City Pte. Ltd.	1,250,000	–	–	1,250,000
Tang City Properties Pte. Ltd.	10,000	–	–	10,000
Daniel Tat Jung Chiu The Company	11,000,000	–	30,400,000#	41,400,000
Derek Chiu The Company	201,000	–	–	201,000
Margaret Chiu The Company	5,000,000	–	–	5,000,000
Duncan Chiu The Company	18,836,211	–	–	18,836,211

\* *Of the 99,768,800 shares, 93,540,200 shares are beneficially held by Far East Consortium International Limited.*

# *The 30,400,000 shares are held by Cape York Investments Limited, a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.*

Save as disclosed above and other than certain shares in subsidiaries held solely in a non-beneficial capacity by Directors for the Company or its subsidiaries, none of the Directors or chief executives, or their associates, had any interest in the securities of the Company or its associated corporations as defined in the SDI Ordinance and none of the Directors or chief executive, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interest disclosed above in respect of certain Directors, the following shareholders have an interest of 10% or more in the share capital of the Company.

Name of Shareholder	Number of ordinary share held	%
Far East Consortium International Limited ("FECIL") (Note 1)	93,540,200	28.2
Far East Consortium (B.V.I.) Limited ("FECBVIL") (Note 2)	93,540,200	28.2
Far East Consortium Limited ("FECL") (Note 3)	65,208,200	19.7

### Notes:

1. FECIL was deemed to be interested in those shares by virtue of its 100% shareholding in FECBVIL. The shareholding beneficially held by FECIL is entirely duplicated or included in the shareholding stated in the corporate interest of Mr. Deacon Te Ken Chiu, the Chairman of the Company, as mentioned in the section headed "Directors' interests in Shares" above.
2. FECBVIL was deemed to be interested in those shares by virtue of its controlling shareholding in FECL and its 100% shareholding in a company which directly held 28,332,000 shares in the Company.
3. FECL was deemed to be interested in those shares by virtue of its direct shareholding of 29,327,000 shares in the Company and its 100% shareholding in three companies which directly held 35,881,200 shares in the Company in aggregate.

Save as disclosed above, the Company has not been notified of any other interest representing 10% or more of the Company's issued share capital as at 30th June, 2001.

## 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.

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

		Six months ended	
		30/6/2001	30/6/2000
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Turnover		57,133	66,939
Cost of sales		<u>(38,331)</u>	<u>(51,228)</u>
Gross profit		18,802	15,711
Other revenue		1,941	2,094
Distribution costs		(253)	(659)
Administrative expenses	3	(24,035)	(13,686)
Other operating expenses		<u>(409)</u>	<u>–</u>
(Loss) profit from operations		(3,954)	3,460
Finance costs		(9,210)	(8,752)
Share of results of a jointly controlled entity		<u>(421)</u>	<u>–</u>
Loss before taxation		(13,585)	(5,292)
Taxation	4	<u>181</u>	<u>(626)</u>
Loss before minority interests		(13,404)	(5,918)
Minority interests		<u>2,221</u>	<u>2,039</u>
Net loss for the period		<u><u>(11,183)</u></u>	<u><u>(3,879)</u></u>
Dividends	5	<u>Nil</u>	<u>Nil</u>
Loss per share			
Basic	6	<u><u>(3.4 cents)</u></u>	<u><u>(1.3 cents)</u></u>



# CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE, 2001

	Notes	30/6/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
<b>Non-current Assets</b>			
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
		<u>570,393</u>	<u>592,332</u>
<b>Current Assets</b>			
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	7	182,168	203,858
Pledged bank deposits		20,781	20,581
Bank balances and cash		20,381	14,515
		<u>278,541</u>	<u>280,404</u>
<b>Current Liabilities</b>			
Trade and other payables	8	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
		<u>371,118</u>	<u>388,040</u>
<b>Net Current Liabilities</b>		<u>(92,577)</u>	<u>(107,636)</u>
		<u>477,816</u>	<u>484,696</u>
<b>Capital and Reserves</b>			
Share capital	9	331,669	331,669
Share premium and reserves		48,619	56,537
		<u>380,288</u>	<u>388,206</u>
<b>Minority Interests</b>			
		<u>58,449</u>	<u>58,841</u>
<b>Non-current Liabilities</b>			
Bank borrowings		37,529	37,090
Deferred taxation		1,269	238
Obligations under finance leases		281	321
		<u>39,079</u>	<u>37,649</u>
		<u>477,816</u>	<u>484,696</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

Six months ended  
30/6/2001  
(unaudited)  
HK\$'000

<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<u>(705)</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	
Interest received	327
Interest paid	(9,200)
Finance charge on obligation under finance leases	<u>(10)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<u>(8,883)</u>
<b>TAXATION</b>	
Overseas tax refund	<u>181</u>
<b>TAX REFUND</b>	<u>181</u>
<b>INVESTING ACTIVITIES</b>	
Sales proceed on disposal of associates	5,430
Acquisition of property, plant and equipment	(1,299)
Increase in pledged bank deposits	(200)
Payments for advances to an associate	<u>(483)</u>
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>	<u>3,448</u>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>	<u>(5,959)</u>
<b>FINANCING</b>	
Repayment of obligations under finance leases	(32)
New bank loans raised	<u>12,471</u>
<b>NET CASH INFLOW FROM FINANCING</b>	<u>12,439</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,480
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>	2,092
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u>(569)</u>
<b>CASH AND CASH EQUIVALENTS AT 30TH JUNE</b>	<u><u>8,003</u></u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>	
Bank balances and cash	20,380
Bank overdrafts	<u>(12,377)</u>
	<u><u>8,003</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

	Six months ended	
	30/6/2001 (unaudited) <i>HK\$'000</i>	30/6/2000 (unaudited) <i>HK\$'000</i>
Exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	3,265	(7,713)
Net loss for the period	<u>(11,183)</u>	<u>(3,879)</u>
Total recognised losses	<u><u>(7,918)</u></u>	<u><u>(11,592)</u></u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. 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.

### 2. Segmental information

The Group's turnover and contribution to (loss) profit from operations, analysed by principal activity are as follows:

	Contribution to (loss) profit from operations Six months ended		Contribution to (loss) profit from operations Six months ended	
	30/6/2001 (unaudited) HK\$'000	30/06/2001 (unaudited) HK\$'000	30/06/2000 (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	691	2,449	2,449
Dividend income	96	96	47	47
Interest income	327	327	356	356
Amusement park	221	(1,064)	269	(1,867)
	<u>57,133</u>	<u>(3,954)</u>	<u>66,939</u>	<u>3,460</u>

## 2. Segmental information (continued)

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

	Contribution to (loss) profit from operations		Contribution to (loss) profit from operations	
	Turnover Six months ended 30/6/2001 (unaudited) HK\$'000	Turnover Six months ended 30/06/2001 (unaudited) HK\$'000	Turnover Six months ended 30/06/2000 (unaudited) HK\$'000	Turnover Six months ended 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
	<u>57,133</u>	<u>(3,954)</u>	<u>66,939</u>	<u>3,460</u>

## 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

	Six months ended	
	30/06/2001 (unaudited) HK\$'000	30/06/2000 (unaudited) HK\$'000

The charge comprises:

The Company and Subsidiaries

Profits Tax for the period

Hong Kong

Other jurisdictions

	-	-
	<u>181</u>	<u>(626)</u>
	<u>181</u>	<u>(626)</u>

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.

At the reporting date, 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 an 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
	<hr/>	<hr/>
Total trade receivables	49,315	40,940
Other receivables	132,853	162,918
	<hr/>	<hr/>
	<b>182,168</b>	<b>203,858</b>

## 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
	<hr/>	<hr/>
Total trade payables	38,357	51,685
Other payables	62,779	71,031
	<hr/>	<hr/>
	<b>101,136</b>	<b>122,716</b>

## 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:

- (a) 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:
  - (i) 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);
  - (ii) fixed and floating charge over the land and properties of the respective subsidiary; and
  - (iii) jointly and severally guaranteed by a director of the Company and a director of the respective subsidiary.
- (b) 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:
  - (i) Group's investment properties in Singapore with an aggregate net book value of approximately HK\$192 million (31/12/2000: HK\$202 million); and
  - (ii) several guarantees 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 follow:

	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
Guarantees given to bank, in respect of banking facilities utilised by subsidiaries	—	—	<b>186,585</b>	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:

	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
Contribution to capital investment	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>
	<u><b>9,678</b></u>	<u><b>9,678</b></u>	<u><b>9,678</b></u>	<u><b>9,678</b></u>

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 Pte 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 issue 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 and discharge each other from obligation and claims in relation to the Agreement.