Far East Holdings International Limited

(Incorporated in Hong Kong with limited liability)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 1999

The Board of Directors of Far East Holdings International Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 1999 are as follows:

	Notes	Six months ended 30th June, 1999 HK$'000	Six months ended 30th June, 1998 HK$'000
Turnover	(2)	41,784	984,327
Cost of sales		(34,859)	(976,779)
Gross profit		6,925	7,548
Interest income		110	261
Other income		2,879	3,545
Administrative expenses	(3)	(13,467)	(10,380)
Unrealized holding gain/(loss) on investment in securities		12,984	(5,966)
Profit/(loss) from operations		9,431	(4,992)
Finance costs		(9,848)	(8,299)
Loss before taxation		(417)	(13,291)
Taxation	(4)	(253)	(217)
Loss after taxation		(670)	(13,508)
Minority interests		3,655	4,270
Profit/(loss) attributable to shareholders		2,985	(9,238)
Interim dividend		-	-
		2,985	(9,238)
Earnings/(loss) per share	(5)		
Basic		1.00 cent	(3.09 cents)
Diluted		N/A	N/A

Notes:

(1) Basis of presentation

During the six months ended 30th June, 1999, the Group has adopted the following new Statements of Standard Accounting Practice (SSAPs) 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 24 Accounting for investments in securities

(a) SSAP 1 (Revised)

The adoption of SSAP 1 (Revised) has resulted in changes in the presentation of financial statement. These include a new statement of recognised gains and losses and additional disclosure requirements for the income statement. The Group's expenses are analysed according to their functions within the enterprise and additional disclosure is provided for depreciation, amortisation expenses and staff cost. Separate disclosure of "other revenue" and "finance costs" are also provided on the face of the income statement. Comparative figures have been reclassified to conform with the current period's presentation.

(b) SSAP 2 (Revised)

SSAP 2 (Revised) specifies the accounting treatment for changes in accounting estimates, changes in accounting policies and the correction of fundamental errors. To comply with the revised standard, the description "exceptional" previously adopted for exceptional items is dispensed but such items are separately disclosed in the income statements. Comparative figures have been reclassified to conform with the revised accounting policies.

(c) SSAP 24

The accounting policy for investments in securities has been changed in accordance with the introduction of SSAP 24. Listed investments which are not held for long-term purposes were previously included in the balance sheet stated lower at cost or market value. Following the implementation of SSAP 24, listed investments are carried at fair value, with valuation movements included in net profit or loss for the period by adopting the benchmark treatment. The change in accounting policy was applied retrospectively in the previous financial year. The effect of the change is to increase profit for the six months ended 30th June, 1999 by HK$12,984,000 and the increase of loss for the six months ended 30th June, 1998 by HK$5,966,000 respectively. Comparative figures have been restated to conform with the new accounting policies.

(2) Turnover

Turnover represents the aggregate of sales of listed and unlisted investments, property and golf resort complex rental income, sales of merchandise, leisure-entertainment complex and dividend income. Interest income previously included in turnover for the six months ended 30th June, 1998 has been excluded from turnover to conform with the presentation of current period.

(3) Administrative expenses

Staff expenses and depreciation included in administrative expenses are as follows:

	Six months ended 30th June, 1999 HK$'000	Six months ended 30th June, 1998 HK$'000
Staff expenses	908	1,583
Depreciation	3,652	1,113
	4,560	2,696

(4) Taxation

Provision for Hong Kong profits tax is calculated at the rate of 16% (1998 - 16%) based on the estimated assessable profits for the period. Overseas subsidiaries provide for taxation at the prevailing rates of taxation applicable to the countries in which they operate. 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.

The tax charges comprise:

	Six months ended 30th June, 1999 HK$'000	Six months ended 30th June, 1998 HK$'000
Company and subsidiaries		
Hong Kong	-	-
Overseas	(253)	(217)
	(253)	(217)

(5) Earnings/(loss) per share

The calculation of earnings per share is based on the profit of HK$2,985,000 (1998 - loss of HK$9,238,000) for the period and on 298,568,905 ordinary shares (1998 - 298,568,905 ordinary shares) in issue during the period.

There were no dilutive potential ordinary shares for the period ended 30th June, 1999 (1998 - Nil).

(6) Statement of recognised gains or losses

	Six months ended 30th June, 1999 HK$'000	Six months ended 30th June, 1998 HK$'000
Exchange difference arising on translation of financial statements of subsidiaries other than in Hong Kong	(3,315)	6,389
Net profit/(loss) for the period	2,985	(9,238)
Total recognised loss	(330)	(2,849)
Effect of change in accounting policy	-	16

INTERIM DIVIDEND

In light of the present market conditions, the Directors of the Company have resolved not to declare an interim dividend for the period (1998 - Nil).

BUSINESS REVIEW AND PROSPECTS

As a result of the reduced trading activities in derivative financial products, the Group's turnover for the period was drastically decreased by approximately 96% in comparison with the corresponding period last year.

However, the unaudited results of the Group for the six months ended 30th June, 1999 has improved and recorded a profit, mainly due to unrealized holding gain on investment in listed securities held in Hong Kong and Japan as a result of the adoption of SSAP 24 as mentioned above.

Hong Kong

The major income being derived from cinema operation was adversely affected by the continued consolidation of cinema industry. We have modified the Golden Dragon Theatre into commercial usage and continued to study the feasibility of other modification of other cinemas within the Group.

Singapore

During the period, rental income of the Parkway Builders' Centre dropped slightly because of the soft rental market in Singapore. However, the strategy of the Company is to launch the property for sale upon completion of its upgrading works in the fourth quarter of the year.

Decoration works of the Rainforest Café, our Group's first theme restaurant in Singapore, is in progress. It is expected that the restaurant will start operation by the end of this year or early next year.

Malaysia

The turnover arising from the sale of bungalows and club house facilities in our golf resort was affected by the downturn of economy in Malaysia during the period. However, the property market in Malaysia is now looking slightly better and the Group is considering to launch the bungalows for sale in the soonest future.

China

The Group's joint venture garment factory in Jiangsu performed satisfactorily and continued to have profit contributions during the period under review. However, the ready-mix concrete factory in Suzhou has incurred a loss due to the severe competition and general over-supply of concrete products in China. For the purpose of enhancing its competitive position, appropriate measures will be taken to improve its production capacity and to strengthen its costs control.

The performance of Laichi Kok Amusement Park in Haimen, Jiangsu was fair and the Group is confident that the park will soon operate profitably in view of the increasing number of visitors during the period.

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 new accounting software system have been acquired at a total cost of approximately HK$150,000 and full conversion of the accounting system has completed in June 1999. Accordingly, the Directors are of the opinion that the Group is now in compliance with the Y2K requirements.

Since the principal business 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 SHARES

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

On behalf of the Board
Dennis Chiu
Managing Director

Hong Kong, 20th September, 1999

Source: Far East Technology International Limited