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The English text of this Annual 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:

MA Chi Man

CHOW Siu Hong

COMPANY SECRETARY

CHOW Kwok Wor, FCS, FHKSA

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 Hongkong and Shanghai Banking

Corporation Limited

The Development Bank of Singapore Limited

First Pacific Bank 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,

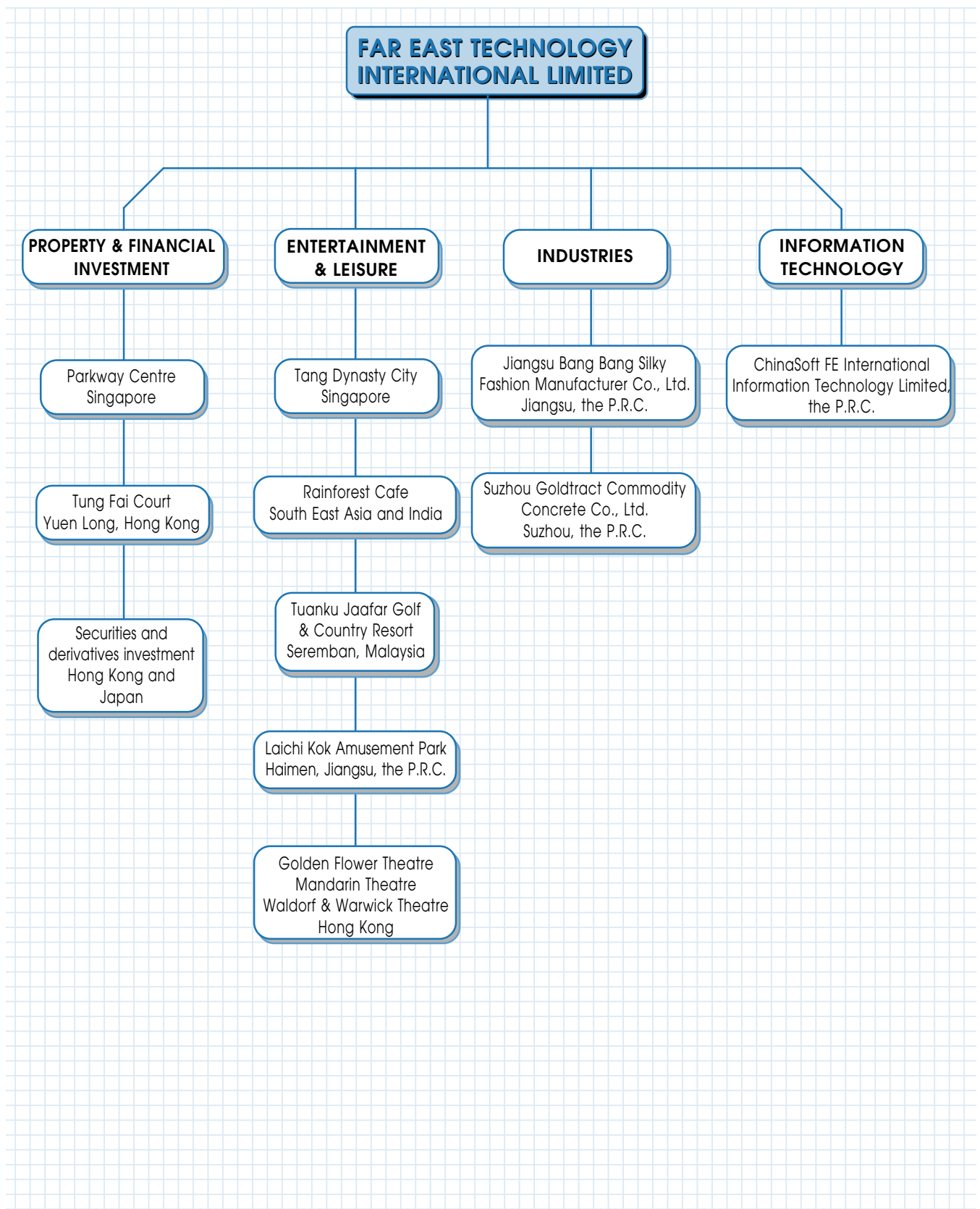
Hong Kong.

STOCK EXCHANGE

The shares of the Company are listed on

The Stock Exchange of Hong Kong Limited.

BUSINESS PROFILE



PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Deacon Te Ken CHIU, J.P. (Chairman)

Mr. Chiu, aged 75, is the founder of the Far East Group and has been the Chairman of the Company since 1981. He is also the Chairman of Far East Consortium International Limited and Far East Hotels and Entertainment Limited. Mr. Chiu has more than 50 years of business experience in property investment and development; operation of entertainment and tourism related business; hotel ownership and management; financing and banking. He is a member of the Chinese People's Political and Consultative Conference; the founder of the Yan Chai Hospital; the founder and permanent Honorary Chairman of The New Territories General Chamber of Commerce; the founder and Chairman of the Ju Ching Chu Secondary School since 1966 and the Vice Patron of the Community Chest in 1968. Mr. Chiu is the father of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Miss Margaret Chiu.

Mr. Dennis CHIU, B.A. (Managing Director)

Mr. Chiu, aged 41, was appointed an Executive Director and Managing Director of the Company in 1981 and 1993 respectively. Mr. Chiu has been actively involved in the business development in the People's Republic of China ("P.R.C."), Singapore and Malaysia. He is an Executive Director of Far East Consortium International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He is also a Non-executive Director of London-listing Fortune Oil Plc. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. David Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Miss Margaret Chiu.

Mr. Duncan CHIU, B.Sc. (Deputy Managing Director)

Mr. Chiu, aged 26, was appointed an Executive Director and Deputy Managing Director of the Company in 1998 and 2000 respectively. He is also a Non-executive Director of Far East Hotels and Entertainment Limited. Since joining the Company in 1998, Mr. Chiu has devoted his efforts in searching for investment opportunities in China and has vast experience and good relationship in China IT industry. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu and Miss Margaret Chiu.

Y. Bhg Dato' David CHIU, B.Sc.

Dato' Chiu, aged 46, joined the Far East Group in 1975 and was appointed an Executive Director of the Company in 1981. He is also the Deputy Chairman and Chief Executive Officer of Far East Consortium International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He holds a double degree of Bachelor of Science in Business Administration and Economics from the University of Sophia, Japan.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Dato' Chiu is the Vice Chairman and a substantial shareholder of Malaysia Land Holdings Berhad, Malaysia. He is also the Chairman of Mori Denki Mfg. Co., Ltd and Tokai Kanko Ltd, which are listed on the Tokyo Stock Exchange. Dato' Chiu is a substantial shareholder in Australia's largest carpark operator, Park Safe with operations in Australia, Malaysia, Singapore and Indonesia.

Presently, Dato' Chiu is a member of the Guangxi Chinese People's Political and Consultative Conference in China and the Honorary Chairman of the Food, Biscuit and Beverage Association in Hong Kong. He has also been conferred an honorary award in Malaysia which carries the title Dato' by His Majesty, the King of Malaysia, in July 1997. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Miss Margaret Chiu.

NON-EXECUTIVE DIRECTORS

Mr. Daniel Tat Jung CHIU

Mr. Chiu, aged 39, was appointed a Director of the Company in 1983. He is also a Non-executive Director of Far East Consortium International Limited. He was appointed Vice Chairman (Non-executive) of Far East Hotels and Entertainment Limited in 1999. He is the major shareholder and Vice Chairman of London-listing Fortune Oil Plc. Mr. Chiu has extensive experience in China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and the P.R.C.. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. David Chiu, Dennis Chiu, Derek Chiu, Desmond Chiu, Duncan Chiu and Miss Margaret Chiu.

Mr. Derek CHIU, B.A.

Mr. Chiu, aged 34, was appointed a Director of the Company in 1989. He is also the Managing Director and Chief Executive of Far East Hotels and Entertainment Limited. Mr. Chiu has extensive experience in the operation of amusement parks and entertainment business. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Desmond Chiu, Duncan Chiu and Miss Margaret Chiu.

Mr. Desmond CHIU, B.A.

Mr. Chiu, aged 33, was appointed a Director of the Company in 1991. He graduated from the University of Cambridge, the United Kingdom ("U.K.") and is in charge of the business development in Hong Kong, the P.R.C. and South-east Asia. He was appointed as Deputy Managing Director of Far East Hotels and Entertainment Limited in 1999. He is the son of Mr. Deacon Te Ken Chiu and the brother of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Duncan Chiu and Miss Margaret Chiu.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

Miss Margaret CHIU, LL.B.

Miss Chiu, aged 42, was appointed a Director of the Company in 1995. She is also an Executive Director of Far East Hotels and Entertainment Limited. She graduated from the University of Buckingham, U.K. and has extensive experience in entertainment, television and motion business in Hong Kong, the P.R.C. and overseas. She is the daughter of Mr. Deacon Te Ken Chiu and sister of Messrs. David Chiu, Dennis Chiu, Daniel Tat Jung Chiu, Derek Chiu, Desmond Chiu and Duncan Chiu.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. MA Chi Man

Mr. Ma, aged 67, was appointed an Independent Non-executive Director of the Company in 1998. He is also a Director of two public listed companies in Hong Kong. He has extensive working experience in the fields of travel, transport, economics and infrastructure development in Hong Kong and the PRC.

Mr. CHOW Siu Hong

Mr. Chow, aged 42, was appointed an Independent Non-executive Director of the Company in 2000. He has over 10 years' experience in China trade and has established a good relationship in China.

SENIOR MANAGEMENT

Mr. Eddy Tze Kong WONG, M.B.A., B.Sc. (Estate Management)

Mr. Wong, aged 38, joined as Executive Director of FEH Land & Leisure Sdn. Bhd., Malaysia in 1997. He has over 10 years' experience in the property market developments in Malaysia, Indonesia, Singapore, U.K., Australia and New Zealand. Prior to joining the Group, he was a director of an international property consultancy firm in Singapore. He is currently the Managing Director of Seremban Golf Resort Berhad.

Mr. Deepak BANERJEE, A.C.A.

Mr. Banerjee, aged 47, joined as Chief Operating Officer of RFC Far East Cafe Pte. Ltd. in 1998. He will oversee the opening of the Rainforest concept theme restaurants for 10 countries in South East Asia and India. He became an Associate member of the Indian Institute of Chartered Accountants after a 4-year attachment with a leading Public Accounting firm and has held senior executive positions in the hospitality industry in Asia for 20 years whereby he has overseen the construction, opening and operations of 22 restaurants in Singapore, Hong Kong and Malaysia.

CHAIRMAN'S STATEMENT

RESULTS

The Board of Directors of Far East Technology International Limited (the "Company") announces that the audited consolidated net loss attributable to shareholders of the Company and its subsidiaries (together the "Group") for the year ended 31st December, 1999 was HK\$88,401,536, with loss per share of 29.6 cents.

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 an 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 are 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.

CHAIRMAN'S STATEMENT

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 Builders' Centre, our investment property in Singapore, has successfully carried out its renovation programme. The building has since been renamed Parkway Centre. 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 18th 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 5th May 2000. The change of name of the Company becomes effective from 12th May 2000.

DEACON TE KEN CHIU

Chairman

Hong Kong, 17th May, 2000

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") and the auditors' report for the year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the subsidiaries are property trading, property investment, share investment, merchandise manufacturing and trading of garments and commodity concrete, and operation of a golf resort complex and amusement park which have not changed significantly during the year and are set out in Note 19 to the financial statements.

SEGMENTAL INFORMATION

The Group's turnover and contribution to loss before taxation, analysed by principal activity and geographical market, were as follows:

By principal activity:

	Turnover HK\$	Contribution to loss before taxation HK\$
Share investment	35,442,319	17,061,026
Sales of goods	32,007,777	(5,051,625)
Gross rental income from properties investment	10,276,507	(5,732,352)
Golf-resort complex	8,411,126	(4,867,349)
Sales of properties	4,706,599	8,962,095
Dividend income	2,131,248	2,131,248
Interest income	1,041,429	1,041,429
Amusement park	673,949	(3,245,747)
	<u>94,690,954</u>	<u>10,298,725</u>
Provision for loss on the leisure - entertainment complex construction in progress (<i>Note 18</i>)		(93,100,000)
Finance costs		(13,163,317)
Share of results of associates		7,155
Loss before taxation		<u>(95,957,437)</u>

REPORT OF THE DIRECTORS

By geographical market:

	Turnover HK\$	Contribution to loss before taxation HK\$
Hong Kong	39,767,484	13,129,924
Singapore	8,600,229	1,674,731
Malaysia	13,471,187	(929,646)
PRC	32,852,054	(3,576,284)
	<u>94,690,954</u>	<u>10,298,725</u>
Provision for loss on the leisure - entertainment complex construction in progress (<i>Note 18</i>)		(93,100,000)
Finance costs		(13,163,317)
Share of results of associates		<u>7,155</u>
Loss before taxation		<u>(95,957,437)</u>

PRC denotes The People's Republic of China other than Hong Kong Special Administrative Region.

ANALYSIS OF THE GROUP'S LIQUIDITY

The Group's bank borrowings repayable within one year less bank balances as at 31st December, 1999 were HK\$155.8 million against HK\$181.2 million as at the end of the previous year.

The Directors are of the opinion that the Group is able to satisfy its working capital requirements for the year 2000.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates at 31st December, 1999 are set out in Notes 19 and 20 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 1999 are set out in the consolidated income statement on page 18.

No interim dividend was paid during the year (1998: Nil).

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 1999 (1998: Nil).

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group and Company are set out in Note 15 to the financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at HK\$245,265,116 at the year end date. The net surplus arising on the revaluation less minority interests, which has been credited directly to the investment property revaluation reserve, amounted to HK\$12,329,742.

Details of these and other movements in the investment properties during the year of the Group are set out in Note 16 to the financial statements.

MAJOR PROPERTIES

Details of the major properties held by the Group at 31st December 1999 are set out on pages 63 to 66.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 27 to the financial statements. There was no movement in the Company's share capital during the year.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in Note 28 to the financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

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

BORROWINGS AND INTEREST CAPITALISED

Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities and are set out in Note 26 to the financial statements. A repayment analysis of bank loans and other borrowings is set out in Note 26 to the financial statements.

The repayment terms of obligations under finance leases are set out in Note 26 to the financial statements.

Interest capitalised by the Group during the year in respect of properties under development for sale amounted to HK\$1,354,108.

REPORT OF THE DIRECTORS

POST BALANCE SHEET EVENT

Details of a significant post balance sheet event are set out in Note 37 to the financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 62.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Deacon Te Ken Chiu, *Chairman*
Mr. Dennis Chiu, *Managing Director*
Mr. Duncan Chiu, *Deputy Managing Director*
Dato' David Chiu

Non-executive Directors

Mr. Daniel Tat Jung Chiu
Mr. Derek Chiu
Mr. Desmond Chiu
Ms. Margaret Chiu
Mr. Ma Chi Man*
Mr. Chow Siu Hong * (appointed on 27th March, 2000)
Mr. Rani Bin Haji Ibrahim* (deceased on 20th November, 1999)

* *Independent Non-executive Directors*

In accordance with the provisions of the Company's Articles of Association, all directors except Mr. Dennis Chiu, shall retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Mr. Dennis Chiu remains in office.

The term of office for each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES

As at 31st December, 1999, the interests of the 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			
	Personal Interests	Family Interests	Corporate Interests	Other Interests
Mr. Deacon Te Ken Chiu				
The Company	48,000	6,110,000	135,305,411*	—
Mr. Dennis Chiu				
The Company	21,610,200	—	30,400,000#	—
Tang Dynasty City Pte. Ltd.	1,250,000	—	—	—
Tang City Properties Pte. Ltd.	10,000	—	—	—
Mr. Daniel Tat Jung Chiu				
The Company	11,000,000	—	30,400,000#	—
Mr. Derek Chiu				
The Company	201,000	—	—	—
Ms. Margaret Chiu				
The Company	5,000,000	—	—	—
Mr. Duncan Chiu				
The Company	1,035,600	—	—	—

* Of the 135,305,411 shares, 93,540,200 shares were beneficially held by Far East Consortium International Limited.

The 30,400,000 shares were 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 certain 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 Executives, 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 year.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 1999, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that, other than the interest disclosed above in respect of certain directors and chief executives, the following shareholders have an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of ordinary shares of the Company held	%
Far East Consortium International Limited ("FECIL") (Note 1)	93,540,200	31.3
Far East Consortium (BVI) Limited ("FECBVL") (Note 2)	93,540,200	31.3
Far East Consortium Limited ("FECL") (Note 3)	65,208,200	21.8
Cape York Investments Limited (Note 4)	30,400,000	10.2

Notes:

1. FECIL was deemed to be interested in those shares by virtue of its 100% shareholding in FECBVL. 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. FECBVL 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.
4. Cape York Investments Limited is a company owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu, who are directors of the Company.

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 31st December 1999.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not terminable by the employing Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTION

As disclosed in the Company's 1996 Annual Report, Tang City Properties Pte. Ltd. ("TCP") (a company incorporated in Singapore in which the Company has a 90% interest and Mr. Dennis Chiu has a 10% interest) on 25th March, 1996 obtained a loan facility of a principal amount of up to S\$31 million (the "Existing Facilities") from The Development Bank of Singapore Limited ("DBS") for the purpose of acquiring 60 units of offices at No.1, Marine Parade Central, Parkway Centre, Singapore and carrying out of renovation work on the property.

On 7th December, 1999, the Existing Facilities were revised to Multi-currency Revolving Line of Credit of up to S\$31 million equivalent and Foreign Exchange Line of up to S\$0.5 million equivalent (the "Revised Facilities").

As security for the Revised Facilities, the Company and Mr. Dennis Chiu continued to stand as guarantors and to give several guarantees to DBS guaranteeing 90% and 10% of the liability of TCP under the facility agreement respectively. Such guarantees are given in proportion to the Company's equity interest in TCP.

MAJOR CUSTOMERS AND SUPPLIERS

Of the sales of the Group for the year, less than 30% were attributable to the Group's five largest customers.

Of the purchases of the Group for the year, less than 30% were attributable to the Group's five largest suppliers.

EMPLOYEES

The total number of employees of the Group as at 31st December, 1999 was approximately 500.

The remuneration packages of the employees are reviewed annually or by special increment. Other staff benefits include medical and hospitalisation subsidies. To date, the Group except the overseas subsidiaries in the PRC and Singapore has not adopted any pension scheme, share option scheme or training scheme for the employees.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st December, 1999 with those paragraphs of 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, with which it is required to report compliance. However, due to the continued absence from Hong Kong of one of the independent non-executive directors, the Audit Committee was formed on 19th May, 1999 instead of 1st January, 1999.

YEAR 2000 ISSUE

The Year 2000 issue for the computer systems of the Group was addressed and systems were assessed as compliant. No problems have been experienced to date although the situation will be closely monitored throughout the year. We have now successfully passed all of the generally recognised most critical dates.

AUDIT COMMITTEE

The Company's audit committee was formed on 19th May, 1999, comprising the independent non-executive director of Mr. Ma Chi Man and non-executive director of Mr. Daniel Tat Jung Chiu. The terms of reference for this committee have been established with regard to "A Guide for the Formation of Audit Committee" issued by the Hong Kong Society of Accountants in December 1997.

The principal duties of the Audit Committee are reviewing the internal controls and the financial reporting requirements of the Group. The committee is satisfied with the Company's internal control procedures and the financial reporting disclosures.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Duncan Chiu

Deputy Managing Director

Hong Kong, 17th May, 2000

REPORT OF THE AUDITORS

**Deloitte Touche
Tohmatsu**



**德勤 · 關黃陳方
會計師行**

Certified Public Accountants

26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

**TO THE MEMBERS OF FAR EAST TECHNOLOGY INTERNATIONAL LIMITED
(FORMERLY KNOWN AS FAR EAST HOLDINGS INTERNATIONAL LIMITED)**

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 18 to 61 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the Directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 1999 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

17th May, 2000

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 1999

	Notes	1999 HK\$	1998 HK\$
Turnover	5	94,690,954	81,012,475
Cost of sales		(66,245,658)	(62,866,484)
Gross profit		28,445,296	18,145,991
Other revenue	6	29,726,103	37,364
Distribution costs		(685,979)	(354,162)
Administrative expenses		(26,232,729)	(18,885,721)
Other operating expenses	7	(20,953,966)	(41,361,497)
Profit (loss) from operations	8	10,298,725	(42,418,025)
Provision for loss on the leisure-entertainment complex construction in progress	18	(93,100,000)	-
Finance costs	9	(13,163,317)	(18,207,812)
Share of results of associates		7,155	(3,477)
Loss before taxation		(95,957,437)	(60,629,314)
Taxation	11	424,235	530,019
Loss before minority interests		(96,381,672)	(61,159,333)
Minority interests		7,980,136	8,686,478
Loss for the year	12	(88,401,536)	(52,472,855)
Dividends	13	-	-
Loss per share			
Basic	14	(29.6 cents)	(17.6 cents)

CONSOLIDATED BALANCE SHEET

As at 31st December, 1999

	Notes	1999 HK\$	1998 HK\$
Non-current assets			
Property, plant and equipment	15	196,251,109	196,145,471
Investment properties	16	245,265,116	244,054,100
Land held for development	17	33,766,830	36,790,054
Leisure-entertainment complex construction in progress	18	204,902,878	298,070,271
Interests in associates	20	8,855,811	13,473,984
Investments in securities	21	46,803,769	51,019,298
Deposit for acquisition of fixed assets		11,096,000	-
		746,941,513	839,553,178
Current assets			
Inventories	22	3,132,184	4,865,499
Properties under development for sale	23	17,933,361	19,799,014
Investments in securities	21	45,401,626	47,720,132
Trade and other receivables		55,188,144	60,807,041
Pledged bank deposits		4,140,071	14,175,346
Bank deposits		2,175,414	1,862,193
Bank balances and cash		6,783,642	4,120,057
		134,754,442	153,349,282
Current liabilities			
Trade and other payables		94,337,410	113,661,336
Amounts due to directors	24	9,433,500	40,318
Amount due to a related company	25	420,716	1,855,219
Tax liabilities		20,846,319	23,520,313
Obligations under finance leases - due within one year	26	1,017,062	1,045,617
Bank borrowings - due within one year	26	167,864,884	200,311,737
		293,919,891	340,434,540
Net current liabilities		(159,165,449)	(187,085,258)
		587,776,064	652,467,920

CONSOLIDATED BALANCE SHEET

As at 31st December, 1999

	Notes	1999 HK\$	1998 HK\$
Capital and reserves			
Share capital	27	298,568,905	298,568,905
Share premium and reserves	28	142,777,131	217,342,632
		441,346,036	515,911,537
Minority interests		61,426,823	71,569,361
Non-current liabilities			
Bank borrowings - due after one year	26	84,454,080	64,137,922
Deferred taxation	29	399,555	395,562
Obligations under finance leases			
– due after one year	26	149,570	453,538
		85,003,205	64,987,022
		587,776,064	652,467,920

The financial statements on pages 18 to 61 were approved by the Board of Directors on 17th May, 2000 and are signed on its behalf by:

Deacon Te Ken Chiu
DIRECTOR

Duncan Chiu
DIRECTOR

BALANCE SHEET

As at 31st December, 1999

	Notes	1999 HK\$	1998 HK\$
Non-current assets			
Property, plant and equipment	15	-	-
Land held for development	17	1,994,382	4,000,000
Interests in subsidiaries	19	417,171,275	548,843,332
Deposit for acquisition of fixed assets		11,096,000	-
		430,261,657	552,843,332
Current assets			
Investments in securities	21	44,443,426	46,790,795
Trade and other receivables		7,391,690	15,359,296
Bank deposits		4,235,389	3,717,446
Bank balances and cash		475,224	274,184
		56,545,729	66,141,721
Current liabilities			
Trade and other payables		9,292,579	27,416,018
Amounts due to directors	24	3,837,769	186
Amount due to a related company	25	420,716	420,716
Amounts due to subsidiaries		761,049	24,370,155
Bank borrowings - due within one year	26	23,149,237	21,812,926
		37,461,350	74,020,001
Net current assets (liabilities)		19,084,379	(7,878,280)
		449,346,036	544,965,052
Capital and reserves			
Share capital	27	298,568,905	298,568,905
Share premium and reserves	28	134,777,131	222,396,147
		433,346,036	520,965,052
Non-current liabilities			
Bank borrowings - due after one year	26	16,000,000	24,000,000
		449,346,036	544,965,052

Deacon Te Ken Chiu
DIRECTOR

Duncan Chiu
DIRECTOR

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31st December, 1999

	1999 HK\$	1998 HK\$
Revaluation increase (decrease) on investment properties, net of amount realised on disposal	11,852,784	(38,087,204)
Exchange differences arising on translation of overseas operations	1,983,251	1,174,052
Net gains (losses) not recognised in the income statement	13,836,035	(36,913,152)
Net loss for the year	(88,401,536)	(52,472,855)
Total net recognised losses	(74,565,501)	(89,386,007)
Effect of changes in accounting policy on adoption of SSAP 1 - increase in accumulated losses at 1st January, 1999 (Note 3)		(5,053,515)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 1999

	Note	1999 HK\$	1998 HK\$
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	30	17,385,335	(13,774,351)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(14,375,005)	(17,623,721)
Finance charges on obligations under finance leases		(142,420)	(262,701)
CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(14,517,425)	(17,886,422)
TAXATION			
Hong Kong Profits Tax paid		(2,687,845)	(809,224)
Tax paid in overseas		(410,384)	(1,603,146)
TOTAL TAX PAID		(3,098,229)	(2,412,370)
INVESTING ACTIVITIES			
Net proceeds on disposal of investments securities		3,348,665	1,496,938
Net proceeds on disposal of property, plant and equipment		1,565,631	58,058
Net proceeds on disposal of an investment property		13,338,555	-
Net proceeds on disposal of land held for development		10,802,880	-
Acquisition of property, plant and equipment		(12,719,079)	(28,963,142)
Decrease in pledged bank deposits		10,035,275	2,182,526
Payments for advances to an associate		(127,316)	-
Acquisition of investments in associates		(118)	-
Investment in leisure-entertainment complex construction in progress net of deposits received therein		-	(1,502,022)
Deposit paid for acquisition of fixed assets		(11,096,000)	-
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		15,148,493	(26,727,642)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING CARRIED FORWARD		14,918,174	(60,800,785)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 1999

	Note	1999 HK\$	1998 HK\$
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING BROUGHT FORWARD		14,918,174	(60,800,785)
FINANCING	31		
Repayment of obligations under finance leases		(344,364)	(1,171,418)
New bank loans		42,282,680	73,867,233
Repayment of bank loans		(55,101,007)	(42,876,515)
NET CASH (OUTFLOW) INFLOW FROM FINANCING		(13,162,691)	29,819,300
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,755,483	(30,981,485)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		5,611,921	36,706,066
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		991,130	(112,660)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		8,358,534	5,611,921
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		6,783,642	4,120,057
Bank deposits		6,315,485	16,037,539
Bank overdrafts		(600,522)	(370,329)
		12,498,605	19,787,267
Less: Pledged bank deposits		(4,140,071)	(14,175,346)
		8,358,534	5,611,921

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

Pursuant to a special resolution passed by the shareholders of the Company at an extraordinary general meeting held on 5th May, 2000, the Company adopted the new name of Far East Technology International Limited 遠東科技國際有限公司. The change of name of the Company became effective from 12th May, 2000.

The purpose of the change in the name is to reflect the Group's business engagement in software development, system integration, e-solution, e-commerce, and operating of training and certification centres.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the Directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK\$159 million as at 31st December, 1999. The Directors consider that with the continuing support of the Group's bankers in respect of the existing secured banking facilities, the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Company has adopted, for the first time, the following 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 10 (Revised)	Accounting for investments in associates
SSAP 24	Accounting for investments in securities

The adoption of SSAPs 1 and 2 have resulted in the modification of the presentation in the current year's financial statements. Comparative amounts have been restated in order to achieve a consistent presentation.

In particular:

- additional analyses of income and expenditure have been presented;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(continued)*

- items of income and expense that were separately identified on the face of the income statement as 'exceptional items' in the prior year have been reclassified within an appropriate income or cost classification. The item is separately disclosed in Note 7 "Other operating expenses" in the current year; and
- amounts owing to subsidiaries which had previously been presented together with the Company's investments in such enterprises have been reclassified as current liabilities according to the nature of the transactions giving rise to the balances.

In addition, the description of various components in the financial statements and the terminology used has been updated to reflect the terminology of the new standards.

None of the amendments outlined above has affected the results for the current or prior periods.

The adoption of SSAP 1 (Revised) has also led to a reassessment of the accounting policy adopted for pre-operating expenses. In previous years, pre-operating expenses were 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, being written off to the income statement. The effect of this adjustment has been to increase accumulated losses of the Group at 1st January, 1999 by HK\$5,053,515 (1998: HK\$Nil), and to increase the loss for the year ended 31st December, 1999 by HK\$5,519,545 (1998: HK\$5,053,515).

SSAP 10 (Revised) has not resulted in any significant changes to the accounting treatment adopted for associates and accordingly no prior period adjustment has been required. Disclosures presented have been modified to meet the requirements of the new standard.

SSAP 24 has introduced a new framework for the classification of investments in securities and the adoption of the standard has not resulted in any significant effect on the treatment adopted by the Group for its investments in securities and accordingly no prior period adjustment has been required. In adopting SSAP 24, the Group has selected the benchmark treatment for securities other than held-to-maturity securities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries or associates, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary or associate.

Interests in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in subsidiaries *(continued)*

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in value of the subsidiary that is other than temporary.

Interests in associates

An associate is an enterprise, over which the Group is in a position to exercise significant influence, through participation in financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using equity method of accounting. The carrying amount of such interests is reduced to recognise any decline, other than a temporary decline, in the value of individual investment.

When a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate except where unrealised losses provide evidence of an impairment of the asset transferred.

Investments in securities

Investments in securities are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation is provided to write off the cost of property, plant and equipment, other than construction in progress, over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Golf resort complex	2% – 20%
Land and buildings in the PRC	over lease term
Amusement equipment	20%
Leasehold improvements	10%
Exhibits, display items, furniture, fittings and costumes	6% – 20%
Lifts, electrical and other equipment	10% – 20%
Trams, coaches and motor vehicles	20% – 30%

PRC denotes The People's Republic of China other than Hong Kong Special Administrative Region.

No depreciation is provided on the freehold land of the golf resort complex.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of relevant lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

No depreciation is provided on construction in progress until the asset is completed and put into productive use.

Properties

(i) Land and buildings in the PRC

Land and buildings in the PRC consist of land use rights and buildings in the PRC. The carrying value includes the cost of land use rights, construction costs, borrowing costs capitalised in accordance with the Group's accounting policy and other direct development expenditure.

(ii) Golf resort complex

The golf resort complex consists of freehold land and buildings erected thereon and is stated at cost to the Group. The carrying value of the golf resort complex includes land cost, construction costs, borrowing costs capitalised in accordance with the Group's accounting policy and other direct development expenditure.

(iii) Construction in progress

Construction in progress represents the direct cost of construction of factory buildings, plant and machinery and other fixed assets and will be reclassified to the appropriate categories of fixed assets on completion.

Land held for development

Land held for development for the purpose not yet determined is stated at cost less provision.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, interest expenses capitalised and other direct development expenditure.

When the property under development is sold in advance of completion, profit is recognised and calculated on a percentage of completion basis when the construction has progressed beyond the preliminary stage of development. The percentage used is based on the proportion of construction cost incurred up to the balance sheet date to estimated total construction costs.

Leisure-entertainment complex construction in progress

The leisure-entertainment complex construction in progress is stated at cost less any foreseeable losses and deposits received. The cost of the leisure-entertainment complex includes land cost, construction costs, other direct development expenditure, overheads and other associated costs attributable to the development project.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation the financial statements of subsidiaries which are denominated in currencies other than Hong Kong dollars are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the exchange reserve.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values, as represented by their cash price, at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rental payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

Derivative financial products

Derivative financial products consist of foreign exchange contracts, options and futures contracts. Transactions undertaken for trading purposes are marked to market value and included in derivative trading account under current assets or liabilities. The gains or losses arising therefrom are recognised in the income statement as they arise.

Retirement benefits schemes

Retirement benefit cost charged to the income statement represents the Group's contribution payable in respect of the current year to the retirement benefits scheme managed by local social security bureau in accordance with government regulations in overseas.

Recognition of revenue

- (i) Income from sales of completed properties is recognised upon completion of the sales agreement and when risks and rewards of ownership are passed to the buyers. Income from pre-sale of properties under development is recognised over the course of development, by reference to the value of work incurred.
- (ii) Rental receivable under operating leases is credited to the income statement, on a straight-line basis over the relevant lease term.
- (iii) Sales of investments are recognised when title to the investments is transferred and the buyer takes legal possession of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recognition of revenue *(continued)*

- (iv) Income from the golf resort complex represents the invoiced value of food and beverage sales, income from membership sales, subscriptions and related services. Food and beverage sales are recognised when the goods are sold and respective services are rendered. Income from membership sales and subscriptions are recognised on an accrual basis.
- (v) Dividend income from investments is recognised when the Group's right to receive the relevant payment has been established.
- (vi) Income from trading derivative financial products is recognised when the contract has been concluded.
- (vii) Sales of merchandises are recognised when goods are delivered and title has passed.
- (viii) Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

5. 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 and gross income from amusement park during the year, and is analysed as follows:

	1999 HK\$	1998 HK\$
Share investment	35,442,319	15,668,846
Sales of goods	32,007,777	40,162,665
Gross rental income from properties investment	10,276,507	12,687,115
Golf-resort complex	8,411,126	4,339,067
Sales of properties	4,706,599	1,725,602
Dividend income from listed investments	2,131,248	1,505,426
Interest income	1,041,429	2,531,627
Amusement park	673,949	2,392,127
	94,690,954	81,012,475

In adopting SSAP1 (Revised) as mentioned in Note 3 to the financial statements, contractual or notional amounts from sale of derivative financial products previously included as turnover were excluded during the year. Comparative amounts have also been restated in order to achieve a consistent presentation.

6. OTHER REVENUE

	1999 HK\$	1998 HK\$
Gain on revaluation of investment properties	529,033	-
Unrealised holding gain on other investments	11,738,666	-
Management fee income	3,138,658	-
Profit on disposal of an investment property	243,777	-
(Loss) profit on disposal of property, plant and equipment	(50,925)	37,364
Profit on disposals of land held for development	8,797,262	-
Net exchange gain	5,329,632	-
	29,726,103	37,364

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

7. OTHER OPERATING EXPENSES

	1999 HK\$	1998 HK\$
Realised loss on disposal of other investments	-	974,793
Unrealised holding loss on other investments	-	6,649,534
Realised loss on disposal of investment securities	866,864	1,218,788
Net exchange loss	-	15,146,575
Loss on derivative financial products trading	1,498,158	7,960,037
Provision for bad and doubtful debts	8,318,800	3,829,222
Provision for advances to associates	4,750,599	-
Deficit on revaluation of investment properties	-	529,033
Pre-operating expenses	5,519,545	5,053,515
	20,953,966	41,361,497

8. PROFIT (LOSS) FROM OPERATIONS

	1999 HK\$	1998 HK\$
Profit (loss) from operations has been arrived at after charging (crediting):		
Depreciation		
Owned assets	8,786,486	10,638,613
Assets held under finance leases	676,576	663,681
	9,463,062	11,302,294
Staff costs, included retirement benefits scheme contributions of HK\$1,443,416 (1998: HK\$1,619,070)	6,785,361	7,356,162
Auditors' remuneration	604,372	662,831
Operating lease rental in respect of premises	157,528	157,528
Rental income, after outgoings of HK\$5,468,769 (1998: HK\$4,327,296)	(4,807,738)	(8,359,820)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

9. FINANCE COSTS

	1999 HK\$	1998 HK\$
Interests on:		
- Bank loans and overdrafts (wholly repayable within five years)	13,841,228	17,945,111
- Finance leases	142,420	262,701
- Other borrowings	533,777	-
Total borrowing costs	14,517,425	18,207,812
Less: Amount capitalised to properties under development for sale	1,354,108	-
	<u>13,163,317</u>	<u>18,207,812</u>

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	1999 HK\$	1998 HK\$
Fees:		
Executive directors	55,000	80,000
Non-executive directors	60,000	45,000
Independent non-executive directors	33,315	27,616
	<u>148,315</u>	<u>152,616</u>
Other emoluments (executive directors):		
Salaries and other benefits	688,962	446,688
	<u>837,277</u>	<u>599,304</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(b) Employees' emoluments

Among the five highest-paid employees, one (1998: two) are executive directors whose remuneration is disclosed in Note 10(a) to the financial statements above. The remuneration of the other four (1998: three) highest-paid employees disclosed pursuant to the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited is as follows:

	1999 HK\$	1998 HK\$
Salaries and other benefits	<u>1,701,502</u>	<u>1,083,678</u>

Emoluments of each of the four (1998: three) highest-paid employees are less than HK\$1,000,000.

11. TAXATION

	1999 HK\$	1998 HK\$
The charge comprises:		
The Company and subsidiaries		
Profits tax for the year		
Hong Kong	128,283	-
Overseas	295,952	255,915
Underprovision in prior years		
Overseas	-	274,104
	<u>424,235</u>	<u>530,019</u>

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

Details of potential deferred taxation charge not provided for the year are set out in Note 29 to the financial statements.

12. LOSS FOR THE YEAR

Of the Group's loss for the year of HK\$88,401,536 (1998: HK\$52,472,855), a loss of HK\$87,619,016 (1998: HK\$77,533,377) has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

13. DIVIDENDS

No interim dividend was paid or final dividend was recommended by the Directors during the year.

14. 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 presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and building held under medium term lease HK\$	Construction in progress in overseas held under medium term lease HK\$	Amusement equipment HK\$	Golf resort complex in overseas held under freehold land HK\$	Lifts, electrical and other equipment HK\$	Exhibits display items furniture, fittings and costumes HK\$	Leasehold improvements HK\$	Trams, coaches and motor vehicles HK\$	Total HK\$
THE GROUP									
COST									
At 1st January, 1999	20,346,390	114,287	14,076,383	133,230,654	36,419,892	3,978,917	1,811,440	12,500,696	222,478,659
Exchange rate adjustments	(1,629,730)	(3,508)	(760,008)	1,035,989	(541,817)	32,454	(97,487)	(469,160)	(2,433,267)
Additions	13,330	11,212,440	-	-	1,487,347	1,600	4,362	-	12,719,079
Disposals	-	(9,376)	-	-	(1,842,940)	-	-	(2,897,624)	(4,749,940)
Transfer	-	(122,780)	122,780	-	-	-	-	-	-
At 31st December, 1999	18,729,990	11,191,063	13,439,155	134,266,643	35,522,482	4,012,971	1,718,315	9,133,912	228,014,531
ACCUMULATED DEPRECIATION									
At 1st January, 1999	2,209,077	-	2,674,513	2,323,075	11,794,223	2,344,427	66,376	4,921,497	26,333,188
Exchange rate adjustments	(282,760)	-	(211,853)	21,743	(228,081)	17,266	(8,443)	(207,316)	(899,444)
Charge for the year	914,315	-	2,465,653	612,657	2,867,000	296,104	176,494	2,130,839	9,463,062
Written back on disposals	-	-	-	-	(1,842,940)	-	-	(1,290,444)	(3,133,384)
At 31st December, 1999	2,840,632	-	4,928,313	2,957,475	12,590,202	2,657,797	234,427	5,554,576	31,763,422
NET BOOK VALUE									
At 31st December, 1999	15,889,358	11,191,063	8,510,842	131,309,168	22,932,280	1,355,174	1,483,888	3,579,336	196,251,109
At 31st December, 1998	18,137,313	114,287	11,401,870	130,907,579	24,625,669	1,634,490	1,745,064	7,579,199	196,145,471

The net book value of the Group's fixed assets includes an amount of HK\$3,465,609 (1998: HK\$3,583,165) in respect of motor vehicles, lifts, electrical and other equipment held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Furniture and fittings HK\$
THE COMPANY	
COST	
At 1st January, 1999 and 31st December, 1999	127,955
ACCUMULATED DEPRECIATION	
At 1st January, 1999 and 31st December, 1999	127,955
NET BOOK VALUE	
At 31st December, 1999	-
At 31st December, 1998	-

16. INVESTMENT PROPERTIES

	The Group HK\$
Valuation at 1st January, 1999	244,054,100
Disposals	(13,094,778)
Exchange rate adjustments	82,702
Revaluation increase	14,223,092
Valuation at 31st December, 1999	245,265,116

Notes:

(a) An analysis of the investment properties of the Group is as follows:

	1999 HK\$	1998 HK\$
In Hong Kong under medium-term leases	45,100,000	45,100,000
Outside Hong Kong under long leases	200,165,116	198,954,100
	245,265,116	244,054,100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

16. INVESTMENT PROPERTIES *(continued)*

- (b) The investment properties are stated at valuation which were based on the professional valuations made on an open market value basis on 31st December, 1999 given by independent professional valuers, DTZ Debenham Tie Leung for investment properties in Hong Kong and DBS Property Services Pte Ltd. for investment properties in Singapore.
- (c) All of the investment properties of the Group are rented out under operating leases.

17. LAND HELD FOR DEVELOPMENT

	THE GROUP	THE COMPANY
	HK\$	HK\$
Cost		
At 1st January, 1999	36,790,054	4,000,000
Disposals	(2,005,618)	(2,005,618)
Exchange rate adjustments	(1,017,606)	-
	<u>33,766,830</u>	<u>1,994,382</u>
At 31st December, 1999	<u>33,766,830</u>	<u>1,994,382</u>

An analysis of the Group's and Company's property interests held as land held for development is as follows:

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Land in Hong Kong held under medium-term lease, at cost	2,734,382	4,740,000	1,994,382	4,000,000
Freehold land outside Hong Kong, at cost	31,032,448	32,050,054	-	-
	<u>33,766,830</u>	<u>36,790,054</u>	<u>1,994,382</u>	<u>4,000,000</u>

Included in land held for development in Hong Kong held under medium-term lease is a piece of land with a book value of HK\$1,994,382 (1998: HK\$4,000,000), the title of which has not been transferred to the Company and is still registered in the name of the vendor companies which are controlled by the Chiu Family as trustee for the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

18. LEISURE-ENTERTAINMENT COMPLEX CONSTRUCTION IN PROGRESS

	THE GROUP	
	1999 HK\$	1998 HK\$
Transferred from property, plant and equipment, at net book value	357,157,672	357,157,672
Additional cost incurred to date	8,779,006	8,846,399
	365,936,678	366,004,071
Less: Deposits received	(67,933,800)	(67,933,800)
Provision for loss	(93,100,000)	-
	204,902,878	298,070,271

On 7th December, 1996, Tang Dynasty City Pte. Ltd. ("TDC"), a subsidiary of the Company, in which the Company hold a 95% interest and Mr. Dennis Chiu, managing director of the Company, owns the remaining 5%, entered into an agreement ("Agreement") with Admiralty Leisure Pte. Ltd. ("AL") in relation to a leisure-entertainment complex known as the "Tang Dynasty City" to comprise a theme park, a so-called palace and a hotel (collectively as "Theme Park"). In particular, under the Agreement:

- TDC has agreed to sell the leasehold property comprising the theme park for a cash consideration of S\$47 million (equivalent to approximately HK\$218 million);
- TDC has agreed to complete its property under development which comprises the construction of a so-called palace and a hotel and to sell the property at a consideration of S\$18 million (equivalent to approximately HK\$83 million) and S\$50 million (equivalent to approximately HK\$232 million) respectively upon completion;
- TDC has agreed to manage the theme park for an initial period of three years after the sale of the theme park.

As required by Tourist Authority of Singapore, the title of the Theme Park had been transferred to AL in 1997. To secure payment of the balance of consideration, TDC had obtained a mortgage over the Theme Park from AL. The Group therefore, ceased to operate the Theme Park. However, under the Agreement, the Group is still required to construct the palace and hotel within the Theme Park.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

18. LEISURE-ENTERTAINMENT COMPLEX CONSTRUCTION IN PROGRESS

(continued)

In 1998, due to the economic down turn in Singapore, AL could not fulfill its payment obligations in accordance with the time schedule specified in the Agreement. As at 31st December, 1998, TDC had received approximately 13% of the total consideration of S\$115 million (equivalent to approximately HK\$535 million). As a result, the construction of the palace and hotel has been suspended.

In 1999, AL had been put under judicial management and the outstanding sale consideration remains unpaid. Based on the advice by TDC's solicitors, TDC has two possible options to secure its rights of the claim and the interest in the Theme Park:

Option 1: To re-possess the Theme Park by exercising the right of TDC as mortgagers. To exercise the right, TDC has to pay up AL's rental in arrears to the landlord of the plot of land where the Theme Park was built. The rental in arrears amounted to approximately HK\$4.7 million to HK\$6.9 million.

Option 2: Alternatively, TDC could claim its right as a secured creditor of AL. The judicial management of AL will try to sale the Theme Park and repay to TDC.

At the present moment, the Directors of the Company has no future plan for the Theme Park and hence option 1 above is not preferred by the Directors and the judicial management of AL is now in the process of seeking a sale of the Theme Park.

With reference to the valuation as indicated by an independent valuer, the Directors of the Company expect to recover approximately HK\$205 million after deducting selling expense from the re-sale by the judicial management. A provision of approximately HK\$93,100,000 has therefore been made in the financial statements to bring the value down to its net realisable value based on the above estimate.

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	1999 HK\$	1998 HK\$
Unlisted shares, at cost	152,190,758	152,190,758
Amounts due from subsidiaries	485,437,219	485,638,948
	637,627,977	637,829,706
Less: Provision for diminution in value	(220,456,702)	(88,986,374)
	<u>417,171,275</u>	<u>548,843,332</u>

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

19. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries at 31st December, 1999 are as follows:

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
Direct subsidiary				
Allington Investments Corporation	Republic of Liberia/ Hong Kong	100 ordinary shares of US\$1 each	100%	Share investment
Brentford Investments Inc.	Republic of Liberia/ Hong Kong	2 ordinary shares of US\$100 each	100%	Share investment
Cathay Motion Picture Studios Limited*	Hong Kong/ Hong Kong	30,000 ordinary shares of HK\$100 each	100%	Property investment
China Entertainment (Jiangsu) Development Ltd. *	Hong Kong/ Hong Kong	2 ordinary shares of HK\$1 each	100%	Not yet commenced business
Far East Art and Cultural Corporation Limited	Hong Kong/ Hong Kong	2 ordinary shares of HK\$1 each	100%	Property investment
Far East Infrastructure Group Company Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Inactive
Far East Holdings China Limited	Hong Kong/ Hong Kong	2 ordinary shares of HK\$1 each	100%	Investment holding
Goldtrack Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	90%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

19. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
Direct subsidiary <i>(continued)</i>				
Kwong Ming Amusement Company, Limited	Hong Kong/ Hong Kong	10 ordinary shares of HK\$100 each, 4,480 non-voting deferred shares of HK\$100 each	100% 100%	Property investment
Laichi Kok Amusement (Haimen) Company Limited *	PRC/PRC	RMB20,935,332#	100%	Operation of amusement park
Peterfame Company Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Property investment
Profess World Investments Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Property investment
RFC Far East Ltd.*	British Virgin Islands/ Singapore	10 ordinary shares of US\$1 each	100%	Investment holding
Successful Investments Limited*	British Virgin Islands/ Malaysia	100 ordinary shares of US\$1 each	100%	Investment holding
Tang City Properties Pte. Ltd.*	Singapore/ Singapore	100,000 ordinary shares of S\$1 each	90%	Property trading and investment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

19. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
Direct subsidiary <i>(continued)</i>				
Tang Dynasty City Pte. Ltd.*	Singapore/ Singapore	25,000,000 ordinary shares of S\$1 each	95%	Construction, development and management of a leisure-entertainment complex in Singapore
Indirect subsidiary				
Pacific China Infrastructure Company Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Inactive
Far East Holdings (Jiangsu) Limited	Hong Kong/ Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Investment holding
FEH Strategic Investment Pte. Ltd. *	Singapore/ Singapore	10 ordinary shares of S\$1 each	90%	Property trading and investment
FEH Land & Leisure Sdn. Bhd.*	Malaysia/ Malaysia	1,000,000 ordinary shares of RM1 each	100%	Investment holding
FEH Club Management and Consultancy Sdn. Bhd.*	Malaysia/ Malaysia	100,000 ordinary shares of RM1 each	100%	Inactive
FEH Resources Sdn. Bhd.*	Malaysia/ Malaysia	100,000 ordinary shares of RM1 each	100%	Inactive

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

19. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
Indirect subsidiary (continued)				
Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited*	PRC/PRC	US\$3,940,000#	51%	Garment manufacturing
RFC Far East Cafe Pte. Ltd.*	Singapore/ Singapore	100,000 ordinary shares of S\$1 each	100%	Not yet commenced business
Seremban Golf Resort Berhad*	Malaysia/ Malaysia	13,598,400 ordinary shares of RM1 each	53%	Operation of a recreational golf and family resort and property development
Suzhou Goldtract Commodity Concrete Company Limited*	PRC/PRC	US\$1,840,000#	63%	Production of commodity concrete
Tang City Parkway Pte. Ltd.*	Singapore/ Singapore	10 ordinary shares of S\$1 each	90%	Property investment
Tang Dynasty Catering Pte. Ltd.*	Singapore/ Singapore	100,000 ordinary shares of S\$1 each	95%	Inactive
Tang Leisure Consultant Pte. Ltd.*	Singapore/ Singapore	10 ordinary shares of S\$1 each	95%	Inactive
TD Consultants Pte. Ltd.*	Singapore/ Singapore	100 ordinary shares of S\$1 each	95%	Inactive

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

19. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Proportion of nominal value of issued capital/ registered capital held by the Company	Principal activities
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Indirect subsidiary *(continued)*

Wing Tung On Construction Co. Pte. Ltd.*	Singapore/ Singapore	100,000 ordinary shares of S\$1 each	95%	Inactive
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* The financial statements of these companies have been audited by firms other than Deloitte Touche Tohmatsu.

Registered capital

20. INTERESTS IN ASSOCIATES

	THE GROUP	
	1999 HK\$	1998 HK\$
Group's share of net assets	-	(9,436)
Amounts due from associates	8,855,811	13,483,420
	<u>8,855,811</u>	<u>13,473,984</u>

The amounts due from associates are unsecured, interest-free and have no fixed repayment terms.

Particulars of the Company's associates at 31st December, 1999, which are all incorporated in Malaysia, are as follows:

Name of associate	Effective interest	Principal activity
FE Land Sdn. Bhd.	30%	Investment holding
Skyrex Development Sdn. Bhd.	50%	Inactive

The Group's share of results of associates for the year was based upon their unaudited management accounts made up to 31st December, 1999.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

21. INVESTMENTS IN SECURITIES

	OTHER INVESTMENTS		INVESTMENT SECURITIES	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
THE GROUP				
Equity securities:				
Listed in				
Hong Kong	5,690,550	4,069,387	46,803,769	51,019,298
Overseas	39,711,076	43,650,745	-	-
	<u>45,401,626</u>	<u>47,720,132</u>	<u>46,803,769</u>	<u>51,019,298</u>
Market value of equity securities:				
Listed in				
Hong Kong	5,690,550	4,069,387	24,963,795	35,688,477
Overseas	39,711,076	43,650,745	-	-
	<u>45,401,626</u>	<u>47,720,132</u>	<u>24,963,795</u>	<u>35,688,477</u>
Carrying amount analysed for reporting purposes as:				
Current	45,401,626	47,720,132	-	-
Non-current	-	-	46,803,769	51,019,298
	<u>45,401,626</u>	<u>47,720,132</u>	<u>46,803,769</u>	<u>51,019,298</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

21. INVESTMENTS IN SECURITIES (continued)

	OTHER INVESTMENTS	
	1999 HK\$	1998 HK\$
THE COMPANY		
Equity securities:		
Listed in		
Hong Kong	4,732,350	3,140,050
Overseas	39,711,076	43,650,745
	<u>44,443,426</u>	<u>46,790,795</u>
Market value of equity securities:		
Listed in		
Hong Kong	4,732,350	3,140,050
Overseas	39,711,076	43,650,745
	<u>44,443,426</u>	<u>46,790,795</u>

All the above other investments held by the Company are included in current assets.

22. INVENTORIES

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Raw materials	1,347,422	1,768,282	-	-
Work-in-progress	788,290	950,773	-	-
Finished goods	996,472	2,146,444	-	-
	<u>3,132,184</u>	<u>4,865,499</u>	<u>-</u>	<u>-</u>

Included above are raw materials of HK\$342,127 (1998: HK\$1,602,806), work-in-progress of HK\$788,290 (1998: HK\$950,773) and finished goods of HK\$928,994 (1998: HK\$2,051,245) which are carried at net realisable value.

The cost of inventories recognised as an expense during the year was HK\$27,868,575 (1998: HK\$38,599,608).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

23. PROPERTIES UNDER DEVELOPMENT FOR SALE

	THE GROUP	
	1999 HK\$	1998 HK\$
Held under freehold land outside Hong Kong	17,933,361	19,799,014

Included herein is loan interest of HK\$1,354,108 (1998: HK\$Nil) capitalised.

24. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and have no fixed terms of repayment.

25. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and has no fixed terms of repayment. The related company is controlled by certain directors of the Company.

26. BORROWINGS

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Bank overdrafts	600,522	370,329	-	-
Bank loans	251,718,442	264,079,330	39,149,237	45,812,926
Obligations under finance leases	1,166,632	1,499,155	-	-
	253,485,596	265,948,814	39,149,237	45,812,926
Secured	245,702,399	256,020,797	39,149,237	45,812,926
Unsecured	7,783,197	9,928,017	-	-
	253,485,596	265,948,814	39,149,237	45,812,926

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

26. BORROWINGS (continued)

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
The bank borrowings are repayable as follows:				
Bank overdrafts and bank loans				
Within one year	167,864,884	200,311,737	23,149,237	21,812,926
More than one year, but not exceeding two years	71,309,118	38,892,386	8,000,000	8,000,000
More than two years, but not exceeding five years	13,144,962	25,245,536	8,000,000	16,000,000
	252,318,964	264,449,659	39,149,237	45,812,926
Amounts due within one year	(167,864,884)	(200,311,737)	(23,149,237)	(21,812,926)
Amounts due after one year	84,454,080	64,137,922	16,000,000	24,000,000
The maturity of obligations under finance leases is as follows:				
Obligations under finance leases				
Within one year	1,017,062	1,045,617	-	-
More than one year, but not exceeding two years	92,617	334,333	-	-
More than two years, but not exceeding five years	56,953	119,205	-	-
	1,166,632	1,499,155	-	-
Amounts due within one year	(1,017,062)	(1,045,617)	-	-
Amounts due after one year	149,570	453,538	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

27. SHARE CAPITAL

	Number of ordinary shares of HK\$1 each	Nominal value HK\$
<i>Authorised:</i>		
At 1st January, 1998	380,000,000	380,000,000
Increase in authorised share capital	320,000,000	320,000,000
At 31st December, 1998 and at 31st December, 1999	<u>700,000,000</u>	<u>700,000,000</u>
<i>Issued and fully paid:</i>		
At 1st January, 1998, 31st December, 1998 and 31st December, 1999	<u>298,568,905</u>	<u>298,568,905</u>

28. SHARE PREMIUM AND RESERVES

	Share premium HK\$	Investment property revaluation reserve HK\$	Exchange reserve HK\$	Retained profits/ (Accumulated losses) HK\$	Total HK\$
THE GROUP					
At 1st January, 1998	282,892,010	38,087,204	(16,478,403)	2,227,828	306,728,639
Net deficit on revaluation less minority interests	-	(38,087,204)	-	-	(38,087,204)
Loss for the year	-	-	-	(47,419,340)	(47,419,340)
Exchange differences arising on translation of overseas subsidiaries	-	-	1,174,052	-	1,174,052
At 31st December, 1998					
- as originally stated	282,892,010	-	(15,304,351)	(45,191,512)	222,396,147
- prior period adjustment on change of accounting policy	-	-	-	(5,053,515)	(5,053,515)
- as restated	282,892,010	-	(15,304,351)	(50,245,027)	217,342,632
Surplus on revaluation less minority interests	-	12,329,742	-	-	12,329,742
Released on disposal	-	(476,958)	-	-	(476,958)
Loss for the year	-	-	-	(88,401,536)	(88,401,536)
Exchange differences arising on translation of overseas subsidiaries	-	-	1,983,251	-	1,983,251
At 31st December, 1999	<u>282,892,010</u>	<u>11,852,784</u>	<u>(13,321,100)</u>	<u>(138,646,563)</u>	<u>142,777,131</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

28. SHARE PREMIUM AND RESERVES *(continued)*

Included in the above is the Group's share of post-acquisition reserves of its associates, as follows:

	Share premium HK\$	Investment property revaluation reserve HK\$	Exchange reserve HK\$	Retained profits/ (Accumulated losses) HK\$	Total HK\$
THE GROUP					
At 1st January, 1998	-	-	-	-	-
Loss for the year	-	-	-	(7,281)	(7,281)
Exchange differences	-	-	(2,163)	-	(2,163)
At 31st December, 1998	-	-	(2,163)	(7,281)	(9,444)
Profit for the year	-	-	-	7,155	7,155
Exchange differences	-	-	2,163	-	2,163
At 31st December, 1999	-	-	-	(126)	(126)
THE COMPANY					
At 1st January, 1998	282,892,010	-	-	17,037,514	299,929,524
Loss for the year	-	-	-	(77,533,377)	(77,533,377)
At 31st December, 1998	282,892,010	-	-	(60,495,863)	222,396,147
Loss for the year	-	-	-	(87,619,016)	(87,619,016)
At 31st December, 1999	282,892,010	-	-	(148,114,879)	134,777,131

The Company has no distributable reserves as at 31st December, 1999 and 1998.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

29. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
At 1st January	395,562	388,835	-	-
Exchange rate adjustments	3,993	6,727	-	-
At 31st December	399,555	395,562	-	-

Notes:

- (a) At the balance sheet date, the major components of the deferred taxation liability (asset), provided and unprovided, are as follows:

	Provided		Unprovided	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
THE GROUP				
Tax effect of timing differences because of:				
Accelerated depreciation allowance (excess of depreciation over tax allowances)	399,555	395,562	(360,597)	(284,343)
Unutilised tax losses	-	-	(13,710,040)	(9,206,402)
	399,555	395,562	(14,070,637)	(9,490,745)
THE COMPANY				
Tax effect of timing differences because of:				
Excess of depreciation over tax allowances	-	-	(1,694)	(2,271)
Unutilised tax losses	-	-	(7,692,181)	(4,649,133)
	-	-	(7,693,875)	(4,651,404)

- (b) Deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits and excess of depreciation over tax allowances as it is not certain that the deferred tax assets will be utilised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

29. DEFERRED TAXATION *(continued)*

(c) The components of the unprovided deferred taxation credit for the year are as follows:

	THE GROUP	
	1999 HK\$	1998 HK\$
Tax effect of timing differences because of:		
Excess of depreciation over tax allowances	(76,254)	(278,191)
Tax losses arising	(4,503,638)	(2,917,446)
	<u>(4,579,892)</u>	<u>(3,195,637)</u>

(d) Deferred taxation has not been provided on the surplus arising on the revaluation of investment properties as profit or loss arising on the disposal of these assets would not be subject to taxation. Accordingly, the surplus arising on revaluation does not constitute a timing difference for tax purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

30. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	1999 HK\$	1998 HK\$
Loss before taxation	(95,957,437)	(60,629,314)
Share of results of associates	(7,155)	3,477
Interest expenses	13,163,317	18,207,812
Depreciation	9,463,062	11,302,294
Profit on disposal of an investment property	(243,777)	-
(Gain) deficit on revaluation of investment properties	(529,033)	529,033
Realised loss on disposal of investment securities	866,864	1,218,788
Loss (profit) on disposal of property, plant and equipment	50,925	(37,364)
Profit on disposal of land held for development	(8,797,262)	-
Provision for advances to associates	4,750,599	-
Provision for loss on the leisure-entertainment complex construction in progress	93,100,000	-
Decrease in inventories	1,733,315	1,492,860
Decrease (increase) in properties under development for sale	3,219,761	(669,516)
Decrease in investments in securities	2,318,506	15,690,711
Decrease in trade and other receivables	5,618,897	38,252,341
Decrease in trade and other payables	(19,323,926)	(24,177,148)
Increase (decrease) in amounts due to directors	9,393,182	(7,459)
Decrease in amounts due to a related company	(1,434,503)	(3,905,566)
Decrease in deposits received	-	(6,094)
Decrease in derivative trading account	-	(11,039,206)
Net cash inflow (outflow) from operating activities	<u>17,385,335</u>	<u>(13,774,351)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

31. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Obligations under finance leases HK\$	Bank loans HK\$
Balance at 1st January, 1998	2,386,028	231,657,159
Net cash (outflow) inflow from financing	(1,171,418)	30,990,718
Inception of finance leases contracts	243,747	-
Exchange rate adjustments	40,798	1,431,453
Balance at 31st December, 1998	1,499,155	264,079,330
Net cash outflow from financing	(344,364)	(12,818,327)
Exchange rate adjustments	11,841	457,439
Balance at 31st December, 1999	1,166,632	251,718,442

32. PLEDGE OF ASSETS

At the balance sheet date:

- (a) banking facilities to the extent of approximately HK\$40 million (1998: HK\$40 million), of which HK\$24 million (1998: HK\$32 million) were utilised, are secured by the legal mortgage of certain of the Group's investment properties in Hong Kong with an aggregate book value of approximately HK\$45 million (1998: HK\$45 million);
- (b) facilities in respect of foreign exchange transactions to the extent of approximately HK\$20 million (1998: HK\$20 million), of which HK\$15 million (1998: HK\$14 million) were utilised, are secured by the Group's bank deposits with an aggregate book value of approximately HK\$4 million (1998: HK\$14 million);
- (c) the term loans granted to a Group's subsidiary and an associate obtained from licensed financial institutions to the extent of approximately HK\$104 million and HK\$14 million (1998: HK\$89 million and HK\$Nil), of which HK\$70 million and HK\$14 million (1998: HK\$63 million and HK\$Nil) were utilised, respectively are secured by:
 - (i) Group's golf resort complex and properties under development for sale in Malaysia with an aggregate book value of approximately HK\$182 million (1998: HK\$183 million);
 - (ii) fixed and floating charge over the land and properties of the respective subsidiary; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

32. PLEDGE OF ASSETS *(continued)*

- (iii) jointly and severally guarantees by a Director of the Company and a director of the respective subsidiary;
- (d) banking facilities to the extent of approximately HK\$147 million (1998: HK\$147 million), of which HK\$128 million (1998: HK\$140 million) were utilised, are secured by:
 - (i) the Group's investment properties in Singapore with an aggregate book value of approximately HK\$200 million (1998: HK\$199 million); and
 - (ii) severally guaranteed by the Company and a Director of the Company;
- (e) banker's guarantees in respect of facilities provided to third parties to the extent of approximately HK\$Nil (1998: HK\$0.1 million) were secured by a charge over a bank deposit of HK\$Nil (1998: HK\$0.3 million).
- (f) banking facilities to the extent of approximately HK\$7 million (1998: HK\$7 million), of which HK\$7 million (1998: HK\$7 million) were utilised, are secured by the Group's plant, equipment and motor vehicles in PRC with an aggregate book value of approximately HK\$20 million (1998: HK\$24 million).

33. CONTINGENT LIABILITIES

At the balance sheet date, there were contingent liabilities, so far as not provided for in the financial statements as follows:

	THE GROUP		THE COMPANY	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Guarantees given to banks for general facilities utilised by				
- subsidiaries	-	-	137,826,398	149,917,482
- third parties	-	142,381	-	-
	<u>-</u>	<u>142,381</u>	<u>137,826,398</u>	<u>149,917,482</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

34. CAPITAL COMMITMENTS

At the balance sheet 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	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Capital commitments for construction cost of restaurant	6,330,800	-	-	-
Acquisition of plant and equipment	6,484,983	6,482,197	-	-
Contribution to capital of investment	9,678,271	9,678,271	9,678,271	9,678,271
	22,494,054	16,160,468	9,678,271	9,678,271

At the balance sheet date, there was no authorised but not contracted for capital expenditure for the Group and the Company.

35. DERIVATIVE FINANCIAL PRODUCTS

At the balance sheet date, there were no foreign exchange contracts with contractual or notional amount outstanding (1998: outstanding foreign exchange contracts of HK\$13,550,250) for dealing purpose. The contractual or notional amount of these products indicate the volume of transactions outstanding at the balance sheet date.

36. MATERIAL LITIGATIONS

- (1) In 1995, the subsidiary in Malaysia were named as defendants in legal proceedings pertaining to the question of rights and interests in the shares of Seremban Golf Resort Berhad ("SGR"). The principal allegation by the plaintiffs, representing approximately 29.9% of the shareholdings in SGR, is that the defendants are in breach of certain clauses of the shareholders' agreement in respect of the sales and purchase of shares in SGR. The plaintiffs claimed that on account of the said breach, they were entitled to re-acquire their previous shareholdings in SGR from the defendants. The net asset value of SGR as at 31st December, 1999 was approximately RM19 million, equivalent to approximately HK\$40 million.

In 1996, the plaintiffs' applications for injunction orders have been dismissed with costs and the suit was ordered to be stayed pending arbitration. As at 31st December, 1999, the plaintiffs still have not taken any steps to refer the matter to arbitration. Therefore, the Directors are of the opinion that there were no material direct or contingent liabilities arising from the aforesaid litigation at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 1999

36. MATERIAL LITIGATIONS *(continued)*

- (2) On 30th November, 1999, a corporation in which certain shareholders of SGR have interests served a notice pursuant to Section 218 of the Malaysian Companies Act, 1965 to recover an alleged claim in the amount of HK\$10,250,618 for which provision has been made and included under trade and other payables.

The Group has however denied that the alleged debt is due and has instituted cost proceedings for inter alia a declaration accordingly. Hearing has been fixed on 20th June, 2000.

- (3) A financial institution had taken legal action to recover the sum of HK\$11,446,760 due to it by SGR. This amount has been provided for by the Group and included under current liabilities.

A global settlement was reached by all relevant parties on or about 26th October, 1999. Upon compliance of the terms of the said settlement, the respective action will be withdrawn or discontinued. As at 31st December, 1999, SGR has confirmed that the terms of the settlement are being adhered to.

- (4) A contractor for SGR had taken legal action to recover a sum of HK\$5,172,139 (included under trade and other payables) which the contractor alleged to be due and owing under a settlement agreement dated 10th October, 1997.

SGR is contesting the same and alleged that the works completed by the contractor are defective and have also risen to encroachment upon neighbouring lands. SGR had filed an application to stay the proceedings for reference to arbitration and is presently appealing against the High Court order dismissing the application. In the meanwhile, the High Court has granted an order staying the court proceedings pending appeal.

37. POST BALANCE SHEET EVENT

On 3rd February, 2000, the Company has entered into an agreement ("CS&S Agreement") with China National Computer Software and Technology Services Corporation ("CS&S"), one of the largest software companies in the PRC. Pursuant to the CS&S Agreement, the Company and CS&S, at stage 1, will form a new joint venture company ("JV") and inject into it RMB 15 million and two PRC subsidiaries respectively. The two subsidiaries are principally engaged in software development, system integration, e-solution, e-commerce and operating a training and certification centre.

At stage 2, CS&S would consider to inject further assets into the JV, in return for which the Company may issue new shares representing not more than 20 % of the existing issued share capital of the Company. Such further injection, however, is subject to further negotiation and terms of which have not yet been determined.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 31st December,				
	1995	1996	1997	1998	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Turnover	191,192	316,405	256,915	81,013	94,691
(Loss) profit from operations after provision and finance costs	(11,759)	15,781	(58,271)	(60,626)	(95,965)
Share of results of associates	-	-	(4)	(3)	7
(Loss) profit before taxation	(11,759)	15,781	(58,275)	(60,629)	(95,958)
Taxation	7,042	19,289	6,322	530	424
Loss from ordinary activities before minority interests	(18,801)	(3,508)	(64,597)	(61,159)	(96,382)
Minority interests	(4,504)	(9,870)	346	8,686	7,980
Loss for the year	(23,305)	(13,378)	(64,251)	(52,473)	(88,402)
Loss per share	(7.8 cents)	(4.5 cents)	(21.5 cents)	(17.6 cents)	(29.6 cents)

	At 31st December,				1999 HK\$'000
	1995 HK\$'000	1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	
ASSETS AND LIABILITIES					
Total assets	1,141,829	1,302,120	1,099,786	992,902	881,696
Total liabilities	(316,083)	(478,294)	(414,432)	(405,421)	(378,923)
Minority interests	(64,606)	(76,343)	(80,056)	(71,569)	(61,427)
Shareholders' funds	761,140	747,483	605,298	515,912	441,346

Note: Turnover, (loss) profit from operations, loss for the year, loss per share, total assets and shareholders' funds in respective years have been adjusted to conform with the presentation on the adoption of the revised Statement of Standard Accounting Practice No. 1 on "Presentation of financial statements".

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 31st December, 1999

A. INVESTMENT PROPERTIES

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
In Hong Kong				
1. Lower G/F to 3/F, Kwai Chung Fa Yuen, 50-56 Wo Yi Hop Road, Kwai Chung, New Territories 78/1015th shares of and in KCTL 266	100%	11,279	Cinema	Medium
2. Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Kowloon 300/12841st shares of and in R.P. of Sec. O of KML 40	100%	11,505	Cinema	Medium
3. G/F to 3/F, Tung Fai Court, 2 Shui Che Kwun Street, Yuen Long, New Territories 165/750th shares of and in YLTL 287 and 349	100%	7,515	Commercial	Medium
4. 2/F, Podium A, Wealthy Garden, 12-28 Tsuen Fu Street, 36-48 Tsuen Wah Street and 1-27 Tsuen Kwai Street, Tsuen Wan, New Territories 17179/417205th shares of and in the R.P. of TWTL 252	100%	20,254	Cinema	Medium
In Singapore				
1. Parkway Centre 1 Marine Parade Central Singapore Lot 5586T of Mukim 26	90%	54,162	Commercial	Long

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 31st December, 1999

B. LANDS HELD FOR DEVELOPMENT

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
In Hong Kong				
1. Half share in Lots 5, 9, 10, 12, 14, 15, 17, 18, 19, 20, 33 and 72 in DD 447, Tsuen Wan, New Territories	100%	40,075	Agriculture	Medium
2. Lots 46, 47, 48, 49, 107, 108, 109 and 110 in DD279, Tuen Mun, New Territories	100%	36,155	Agriculture	Medium
3. Lots 421 and 718 in DD 395, Tin Fu Tsai, Tuen Mun, New Territories	100%	22,216	Agriculture	Medium
4. Lots 968, 969, 970, 971, 972, 973, 975, 976, 977, 978 R.P., 980 R.P. and 981 R.P. in DD82, Ta Kwu Ling, Fanling, New Territories	100%	53,070	Agriculture	Medium
5. Lots 444, 445 and 456 in DD 360, Chuen Lung, Tsuen Wan, New Territories	100%	17,755	Agriculture	Medium
In Malaysia				
Tuanku Jaafar Golf & Country Resort, Sg. Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus, H.S. (D) 99108, 99109 for Lot No. : P.T. 18516, 18517 in the Mukim of Ampangan in the District of Seremban	53%	480,000	Future development	Freehold

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 31st December, 1999

C. GOLF RESORT COMPLEX IN MALAYSIA

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Term of lease
Tuanku Jaafar Golf & Country Resort, Sg. Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus, H.S. (D) 69254 for Lot No.: P.T. 12702	53%	544,500	Club facilities	Freehold
	53%	841,724	Bungalow lots	
P.T. 12702 in the Mukim of Ampangan in the District of Seremban	53%	8,131,040	1-27 hole golf course	Freehold

D. PROPERTIES UNDER DEVELOPMENT FOR SALE IN OVERSEAS

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Expected completion date	Stage of completion	Term of lease
Tuanku Jaafar Golf & Country Resort, Sg. Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus, H.S. (D) 69254 for Lot No.: P.T.12702 in the Mukim of Ampangan in the District of Seremban	53%	69,363	Condominium	2000 2nd quarter	Work-in-progress	Freehold
Tuanku Jaafar Golf & Country Resort, Sg. Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus, H.S. (D) 99118, 99119, 99120 for Lot No.: P.T. 18526, 18527, 18528 in the Mukim of Ampangan in the District of Seremban	53%	451,891	Shop Office/ Link house development	2001	Work-in-progress	Freehold

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 31st December, 1999

E. LEISURE-ENTERTAINMENT COMPLEX CONSTRUCTION IN PROGRESS

Location	Group's interests	Approximate site area (sq.ft.)	Existing use	Expected completion date	Stage of completion	Term of lease
Plot A, 7312 Mk. 6 Jalan Ahamd Ibrahim, Yuan Ching Road, Jurong, Singapore *	95%	513,710	Leisure- enter- tainment park	N/A	Completed	Medium
	95%	770,565	Leisure- enter- tainment park	N/A	Work-in progress (Phase II and III)	Medium

* This complex had been contracted for sale. For details, please refer to note 18 to the financial statements.

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, 27th June, 2000 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, 1999.
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; 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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, 17th May, 2000

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 later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.