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

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

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

Notes:

(1) Basis of presentation

During the six months ended 30th June, 1999, the Group has adopted the following new Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants:

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

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

(b) SSAP 2 (Revised)

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

(c) SSAP 24

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

(2) Turnover

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

(3) Administrative expenses

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

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

(4) Taxation

Provision for Hong Kong profits tax is calculated at the rate of 16% (1998 – 16%) based on the estimated assessable profits for the period. Overseas subsidiaries provide for taxation at the prevailing rates of taxation applicable to the countries in which they operate. No provision for deferred tax has been made for the Company as the effect of timing differences is immaterial. No provision for deferred tax is required for subsidiaries as there are deferred tax debits which will be recognised only when they become crystallized.

The tax charges comprise:

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

(5) Earnings/(loss) per share

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

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

(6) Statement of recognised gains or losses

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

INTERIM DIVIDEND

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

BUSINESS REVIEW AND PROSPECTS

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

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

Hong Kong

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

Singapore

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

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

Malaysia

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

China

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

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

DIRECTORS' INTERESTS IN SHARES

As at 30th June, 1999, the interests of Directors in the share capital of the Company and associated corporations as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

The Company

	Number of ordinary shares held			
Director	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Total**
Deacon Te Ken Chiu	48,000	6,110,000	135,305,411*	141,463,411
Dennis Chiu	21,610,200	–	30,400,000#	52,010,200
Daniel Tat Jung Chiu	11,000,000	–	30,400,000#	41,400,000
Derek Chiu	201,000	–	–	201,000
Margaret Chiu	5,000,000	–	–	5,000,000
Duncan Chiu	1,035,600	–	–	1,035,600

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

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

Associated Corporations

Director	Name of Associated Corporation	Number of ordinary shares held
Dennis Chiu	Tang Dynasty City Pte. Ltd.	1,250,000
Dennis Chiu	Tang City Properties Pte. Ltd.	10,000

Save as disclosed above and other than certain shares in subsidiaries held solely in a non-beneficial capacity by Directors for the Company or its subsidiaries, none of the Directors or Chief Executives, or their associates, had any interest in the securities of the Company or its associated corporations as defined in the SDI Ordinance and none of the Directors or Chief 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 period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 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 the Directors, the Company has been notified of the following interests representing 10% or more of the Company's issued share capital:

Shareholder	Number of ordinary shares held	%
Far East Consortium International Limited ("FECIL") *(Note 1)*	93,540,200	31.3
Far East Consortium (B.V.I.) Limited ("FECBVIL") *(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 FECBVIL. The shareholding beneficially held by FECIL is entirely duplicated or included in the shareholding stated in the corporate interest of Mr. Deacon Te Ken Chiu, the Chairman of the Company, as mentioned in the section headed "DIRECTORS' INTERESTS IN SHARES" above.

2. FECBVIL was deemed to be interested in those shares by virtue of its controlling shareholding in FECL and its 100% shareholding in a company which directly held 28,332,000 shares in the Company.

3. FECL was deemed to be interested in those shares by virtue of its direct shareholding of 29,327,000 shares in the Company and its 100% shareholding in three companies which directly held 35,881,200 shares in the Company in aggregate.

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 issued share capital of the Company.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th June, 1999, in compliance with The Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

YEAR 2000 ISSUE

The Year 2000 date change issue has arisen because many computer systems and electronic devices which store data information based on a two-digit year sequence are unable to accurately process dates for the Year 2000 and beyond.

Actions have been taken by the Directors to ensure that all computer hardware and software currently used by the Group are Year 2000 compliant. For this purpose, appropriate hardware as well as new accounting software system have been acquired at a total cost of approximately HK$150,000 and full conversion of the accounting system has completed in June 1999. Accordingly, the Directors are of the opinion that the Group is now in compliance with the Y2K requirements.

Since the principal business of the Group do not rely on computer systems or time-driven electronic equipment, neither has a contingency plan been set up nor an insurance cover been deemed to be required.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

On behalf of the Board
Dennis Chiu
Managing Director

Hong Kong, 20th September, 1999