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, 2002 was HK$179,241,540 (2001: HK$56,675,320), with loss per share of 54.0 cents (2001: HK17.1 cents).

FINANCIAL RESOURCES AND LIQUIDITY

Borrowings and charge on Group assets

The business activities of the Group are funded by bank borrowings, unsecured loans and cash generated from operating activities. The Group's total bank and other borrowings amount to approximately HK$154 million as at 31st December, 2002 (31/12/2001: HK$232 million), in which HK$146 million (31/12/2001: HK$199 million) was payable within one year and HK$8 million (31/12/2001: HK$33 million) was payable after one year. HK$151 million (31/12/2001: HK$218 million) of the borrowings was secured while the remaining HK$3 million (31/12/2001: HK$14 million) was unsecured. The Group's borrowings are primarily denominated in Singapore dollars.

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

Gearing ratio

The gearing ratio (total bank and other borrowings to shareholders' equity) as at 31st December, 2002 was 99% (31/12/2001: 75%).

Current ratio

The current ratio as at 31st December, 2002 was 0.25 (31/12/2001: 0.23).

Exchange rate

The Group was not exposed to material exchange rates fluctuations during the year.

Pledge of assets

At the reporting date, the Group's investment properties, plant, equipment, motor vehicles, listed investments and bank deposits with an aggregate net book value of approximately HK$234 million (31/12/2001: HK$437 million) together with the properties of the Company & its subsidiaries were mortgaged or pledged to the Group's bankers, licensed financial institutions and loan creditors to secure banking facilities, margin trading facilities, overdraft and revolving loan facilities, term loan facilities and loan facilities to the Group and its subsidiaries to the extent of approximately HK$218 million (31/12/2001: HK$352 million) and HK$116 million (31/12/2001: HK$240 million) respectively.

Contingent liabilities and capital commitments

At the reporting date, contingent liabilities of the Group in respect of guarantees given to banks, in respect of banking facilities utilised by subsidiaries were approximately HK$131 million (31/12/2001: HK$148 million).

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At the reporting date, there was no capital commitment authorised and contracted for the Group in respect of contribution to capital of investment (31/12/2001: Nil). The Group has no capital expenditure that has been authorised but not contracted for (31/12/2001: Nil).

Material acquisitions and disposals of subsidiaries and associated companies

There was no material acquisition and disposal of subsidiaries and associated companies by the Group. The disposal of subsidiaries was set out in Note 10 to the financial statements.

BUSINESS REVIEW AND PROSPECTS

Business environment remained difficult for the year 2002, during which the Group underwent certain restructurings to reduce operation expenses and get rid of non-performing assets. In view of the weak property and retail business environment in South East Asia, the Board decided to reduce the Group's interests in this area and therefore had sold its holding interests in Seremban Golf Resort Berhad and ceased operation of the Rainforest Cafe restaurant. These actions had caused disappointing results in the year 2002 but the Board believes that this restructuring process is necessary and is for the best benefits of the Group and its shareholders in the long term.

Technology Division

The associate company ChinaSoft FE International Information Technology Limited ("CSI") continued to achieve steady growth in terms of revenues and profits. With increasing government spendings on IT services, CSI is rightly positioned as one of the leading e-government solutions provider. To be one of the earliest and most experienced e-government software and services provider, CSI has expanded its sales into other provincial government departments and Economic and Technological Development Area in China. This is the reason for its surge in both revenue and profit in year 2002.

The company has planned to be listed on the GEM board of the Hong Kong market, but there is no concrete timetable of when about it will list. Estimated time schedule is around the 2nd half of 2003.

Property Division

The rental incomes from Hong Kong was also affected by the downturn of the economy. Cinemas in Hong Kong had been converted into commercial use and had been rented out except the Mandarin Theatre in Hunghom.

Performance of the Golf Resort in Malaysia was disappointing. The market in Malaysia was weak and with decreasing spendings for the whole country we could not be optimistic with this operation in the coming year. The project was sold at end of the year.

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

Leisure and Entertainment Division

The Group has ceased operation of its Rainforest Cafe restaurant in Singapore due to unsatisfactory performance over the years. The Board decided in June that the food and beverage sector in Singapore would remain weak and the market condition does not justify for the Company to carry on operation of its Rainforest Cafe restaurant.

CHAIRMAN'S STATEMENT

Tang Dynasty City has not yet restarted its operations. During the year, the Directors have assessed the net realisable value and recoverable amount on the Group's interest in Tang Dynasty City, the leisure-entertainment complex in Singapore. The Board has to decide on which business model to take once the complex reopens. However, it is unlikely that the Group's interest in this leisure-entertainment complex is expected to be recovered in the near future so we have to further provide an impairment loss for our interest in Tang Dynasty City.

Industrial Division

The Group's joint venture garment factory – Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited again see healthy returns from operation due to strong orders from Japan. We forecast the sales to remain stable for the near future. The company is planning to further expand its capacity by purchasing new production lines if the sales orders from overseas continue to grow.

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

During this deflationary period of Hong Kong, the Company will continue to search for promising investment opportunities in China to diversify its holdings and at the same time to grow with China's surging economy. At the same time, we are strengthening our management team by bringing in people with professional expertise to run the field of new businesses that we are investing into.

When the market environment becomes more positive, we will be better prepared for the next upwave and increase our shareholders' returns.

Deacon Te Ken Chiu
Chairman

Hong Kong, 24th April, 2003