

CHAIRMAN'S STATEMENT

RESULTS

The Board of Directors (the "Board") 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, 2003 was HK\$84,759,908 (2002: HK\$179,241,540), with loss per share of HK25.6 cents (2002: HK54.0 cents).

FINANCIAL RESOURCES AND LIQUIDITY

Bank and other loans and charge on Group assets

The business activities of the Group are funded by bank and other loans, unsecured loans and cash generated from operating activities. The Group's total bank and other loans amount to approximately HK\$150 million as at 31st December, 2003 (31/12/2002: HK\$153.7 million), in which HK\$141.4 million (31/12/2002: HK\$146.2 million) was payable within one year and HK\$8.6 million (31/12/2002: HK\$7.5 million) was payable after one year. HK\$150 million (31/12/2002: HK\$150.6 million) of the bank and other loans was secured and nil (31/12/2002: HK\$3.1 million) was unsecured. The Group's bank and other loans 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 loans to shareholders' equity) as at 31st December, 2003 was 205% (31/12/2002: 99%).

Current ratio

The current ratio as at 31st December, 2003 was 0.31 (31/12/2002: 0.25).

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, listed investments and bank deposits with an aggregate net book value of approximately HK\$199.7 million (31/12/2002: HK\$233.7 million) together with the properties of the Company and 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\$182.3 million (31/12/2002: HK\$189.6 million) and HK\$118.8 million (31/12/2002: HK\$115.5 million) respectively.

Contingent liabilities and capital commitments

At the reporting date, contingent liabilities of the Company regarding guarantees given to bank in respect of banking facilities utilised by subsidiaries were approximately HK\$123 million (31/12/2002: HK\$131 million).

At the reporting date, capital commitments of the Company contracted but not provided for in the financial statements in respect of capital contribution to a subsidiary were approximately HK\$9.7 (31/12/2002: HK\$9.7 million).

Material acquisitions and disposals of subsidiaries and associated companies

On 22nd December, 2003, a conditional sale and purchase agreement was entered into whereby, inter alia, the Company and Mr. Dennis Chiu, a director of the Company agreed to dispose of their entire interests in Tang City Properties Pte Ltd to a wholly-owned subsidiary of Far East Consortium International Limited.

Save as disclosed above, there were no material acquisition and disposal of subsidiaries and associated companies by the Group.

BUSINESS REVIEW AND PROSPECTS

During the year of 2003, the Group had continued its restructuring by disposal of non-core assets. With the closure of Rainforest Cafe in Singapore and the disposal of the Seremban Golf Resort in Malaysia and Parkway Builders office building in Singapore, the Group had greatly reduced its operating losses and gearing ratio. With the sale of these assets and the provisions made for Tang Dynasty City, it means the Group had overloaded all its investments in South East Asia and shifted its focus to investment opportunities in China.

With the successful listing of ChinaSoft International Limited on the GEM board of the Hong Kong Stock Exchange on the first half of 2003, the Group will continue to look for investment opportunities in China in the future.

On the industrial side, Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited recorded satisfactory results with the sales increased by 10%. With most of its products being exported to Japan, orders on hand will remain steady for 2004.

Suzhou Goldtract Commodity Concrete Company Limited had recorded increased revenues compared with last year with strong demand for cement in the area and return to profit.

In conclusion, the Group had achieved to greatly reduce its gearing ratio from 205% to 43% after selling of its assets in South East Asia, especially after the disposal of Parkway Builders which was completed in February 2004. This will be reflected in the financial results of 2004. This will bring the total bank and other loans down to approximately HK\$31.3 million from previously approximately HK\$150 million and increase current ratio from 0.31 to 0.71. Together with the provisions made for the Tang Dynasty City, it means that the Group had reduced its investments holdings in South East Asia to minimum level. Also, the Group had streamlined its business divisions and looked to exit from its entertainment investment and focus on investment in China.

Deacon Te Ken Chiu

Chairman

Hong Kong, 21st April, 2004