

# 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, 2001 was HK\$56,675,320 (2000: HK\$92,743,662), with loss per share of 17.1 cents (2000: HK\$29.6 cents).

## FINANCIAL RESOURCES AND LIQUIDITY

### Borrowings and Charge on Group Assets

The Group's total borrowings amount to approximately HK\$232 million as at 31st December, 2001 (2000: HK\$272 million).

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate.

### Gearing Ratio

The gearing ratio (total bank borrowings to shareholders' equity) as at 31st December, 2001 was 75% (2000: 70%).

### Current Ratio

The current ratio as at 31st December, 2001 was 0.23 (2000: 0.72). The Group has maintained sufficient liquid assets to finance its daily operations.

### Exchange Rate

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

## BUSINESS REVIEW AND PROSPECTS

The year of 2001 saw some shocking events that no one could have predicted, the September 11 attacks, war on Afghanistan, continuous recession in Hong Kong's economy, etc. In bid to cope with the vast and rapid changes of the world movements and economic cycles, our Group is constantly exploring into different field of industries and business opportunities to catch the next wave of developments, in China and other Asian countries. 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.

Our Group is seeking to offload its non-core assets and reduce expenses in its non-profit making subsidiaries during this recessive environment in the region. All these efforts may result in disappointing results in the short term but we believe that they will be of long-term benefits to the Company and its shareholders. When the market environment becomes more positive, we will be better prepared for the next upwave and increase our shareholders' returns.

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## Technology Division

The associate company ChinaSoft FE International Information Technology Limited ("CSI") continues to achieve steady growth in terms of revenues and profits. The company as a developer and provider in software products and system solutions in the People's Republic of China ("PRC") is specialized in system solutions for government organizations, private enterprises engaging e-commerce and community services organisations.

CSI is also a pioneer in offering customized solutions for ETDA's (Economic and Technology Development Area) in the PRC with TEDA (Tianjin Economic Technological Development Area) being one of its major clients now. The company is looking to duplicate this system to other ETDA's in the PRC which the company has competitive advantage over its competitors.

The company has planned to list 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 4th quarter of 2002.

Another technology investment that the Group has made, Tricom Cyberworld Holdings Limited is posting disappointing results due to downturn in the demand for system integration and telecom services in Hong Kong. The company is looking to diversify into hardware components manufacturing and looking to expand its sales in the PRC market.

## Property Division

The rental incomes from Hong Kong were steady. The Group is looking to convert the Mandarin Theatre in Hung Hom, Kowloon into retail shops for better return. The conversion of Golden Flower Theatre, Kwai Chung into commercial usage has been approved. The Group is looking to rent out the premises as retail shop to increase returns.

The market in Malaysia was slow and so was the sales of bungalow in Tuanku Jaafar Golf & Country Resort. We believe that the market sentiment will improve later this year to have better chances for the company to launch the property over there. The Country Resort will carry out further cost-cutting and restructuring plan in order to enhance its performance in the future.

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

Rainforest Cafe is posting losses from operation due to a change in the amortization and depreciation provision policy. The company is looking for new partners in other Asian countries to open up new locations in their countries.

Tang Dynasty City has not yet restarted its operations. The company is planning for some new themes for the park and hopefully can resume business on the park soon.

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## Industry Division

Jiangsu Bang Bang Silky Fashion Manufacturer Company Limited again see healthy returns from operation due to strong orders from Japan. The company is planning to further expand its capacity by purchasing new production lines if the sales trend and orders from overseas continue to grow.

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

The Company has also signed an agreement with Through In Industries Limited for purchase of a controlling stake of an electric power generation company in the Henan Province. Once completed, the board believes that the acquisition will bring in steady revenues as well as profits to the Group.

The Company is consistently searching for promising business investment opportunities in China to diversify its holdings and at the same time to grow with China's surging economy.

## Deacon Te Ken Chiu

Chairman

Hong Kong, 23rd April, 2002