

FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: http://www.fareastconsortium.com.hl

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2001

RESULTS

The Board of Directors of Far East Consortium International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2001 together with the comparative figures for previous year are as

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2001

	Notes	Year ended 2001 <i>HK</i> \$'000	31 March 2000 HK\$'000
Turnover Cost of sales	1	510,353 (323,691)	621,675 (456,996)
Gross profit Other revenue Selling and distribution costs Administrative expenses Other operating expenses Profit on disposal of other investments Unrealised (losses) gains on other investments		186,662 26,195 (7,506) (117,810) (34,807) - (13,482)	164,679 50,361 (15,679) (107,569) (26,312) 32,546 16,716
Profit from operations Profit arising from spin-off of a subsidiary, New China Homes, Ltd. Loss on disposal of discontinued operations Profit on disposal of subsidiaries Warrants reserve released on warrant expired during the year Share of results of a jointly controlled entity Share of results of associates Finance costs		39,252 - 18,637 24,768 4,975 20,292 (50,807)	114,742 31,934 (9,053) - - (20,645) (58,351)
Profit before taxation Taxation	3	57,117 (12,403)	58,627 (24,758)
Profit before minority interests Minority interests		44,714 3,198	33,869 (125)
Net profit for the year		47,912	33,744
Dividends		(19,049)	(18,783)
Earnings per share	4	5 cents	4 cents
Notes:			
1. Segmental information			

Segmental information

3.

The Group's turnover and contribution to profit from operations, analysed by principal activity are as follows:

	Turnover 2001 <i>HK\$</i> '000	activities 2001 HK\$'000	Turnover 2000 HK\$'000	activities 2000 HK\$'000
By principal activity:				
**Continuing operations: Property investment and development Loan interest income and commitment fee Manufacture of boiler products Hotel operation Sale of shares	392,806 15,463 52,072 42,148 7,864	146,316 12,135 6,680 16,091 5,440	480,845 3,370 53,540 55,505	146,918 870 7,921 3,086
	510,353	186,662	593,260	158,795
Discontinued operations: Cement manufacturing			28,415	5,884
	510,353	186,662	621,675	164,679
Other revenue Selling and distribution costs Administrative expenses Other operating expenses Profit on disposal of other investments Unrealised (losses) gains on other investments		26,195 (7,506) (117,810) (34,807) (13,482)		50,361 (15,679) (107,569) (26,312) 32,546 16,716
Profit from operations		39,252		114,742
A geographical analysis of the Group's turnover and contribution to profit from o	operations, by location of m	arket, is as follows:		
	Turnover 2001 <i>HK\$</i> *000	Contribution from ordinary activities 2001 HK\$'000	Turnover 2000 <i>HK</i> \$'000	Contribution from ordinary activities 2000 HK\$'000
By geographical market: Hong Kong Other regions in the People's Republic of China ("PRC") Malaysia United States of America Australia Singapore Others	80,029 241,704 119,945 13,054 49,778 5,843	66,929 38,850 44,673 1,515 32,457 2,238	132,118 221,101 81,153 34,597 117,229 6,322	67,560 40,434 15,793 (748) 33,761 2,893

Contribution

Discontinued operations: Other regions in the PRC			28,415	5,884
	510,353	186,662	621,675	164,679
Other revenue Selling and distribution costs Administrative expenses Other operating expenses Profit on disposal of other investments Unrealised (losses) gains on other investments Profit from operations		26,195 (7,506) (117,810) (34,807) (13,482) 39,252		50,361 (15,679) (107,569) (26,312) 32,546 16,716
Depreciation				
Depreciation of: - owned assets - assets held under finance leases			2001 HK\$'000 13,422 398 13,820	2000 HK\$'000 14,166 507 14,673
Townships				

510,353

	- assets held under finance leases	398	507
		13,820	14,673
3.	Taxation	2001 HK\$'000	2000 HK\$'000
	The charges comprise:		
	Profits for the year: Hong Kong Other regions in the PRC Other jurisdictions	2,759 5,834 2,221	1,920 5,786 10,983

	10,814	18,689
Prior years Hong Kong	5	1,336
Other regions in the PRC Other jurisdictions	278	2,382
	283	3,718
Deferred taxation Other regions in the PRC	(251)	701
Taxation attributable to the Company and its subsidiaries Share of taxation attributable to associates	10,846 1,557	23,108 1,650
	12 403	24.758

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit of each individual company after making adjustments for taxation purposes and after deducting any available tax relief for losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Earnings per share

The calculation of earnings per share is based on the Group's profit for the year of HK\$47,912,000 (2000: HK\$33,744,000) and on the weighted average number of 944,724,000 (2000: 931,417,000) ordinary shares in issue during the year.

No diluted earnings per share has been presented because the exercise prices of the Company's shares options and warrants were higher than the average market price for shares for both 2000 and 2001.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Far East Consortium International Limited (the "Company") will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Monday, 27 August 2001 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 31 March 2001
- 3. To re-elect directors and to fix the directors' fees.
- 4. To re-appoint auditors and to authorize the directors to fix their remuneration
- 5. As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS A. "THAT

- (i) subject to paragraph (iii) below, 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\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (c) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (d) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (iv) For the purpose of this Resolution,
 - "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders 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 of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (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 applicable to the Company)."

DIVIDENDS

The Directors recommend a final dividend for the year ended 31 March 2001 of 2 cents (2000: 2 cents) per share to shareholders whose names appear on the Company' Register of Members on 27 August 2001 amounting to HK\$19,049,000. The final dividend will take the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme"). The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the Annual General Meeting to be held on 27 August 2001; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 27 August 2001. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or before 3 September 2001. Dividends warrants or new share certificates will be posted on 28 September 2001.

The register of members of the Company will be closed from Thursday, 23 August 2001 to Monday, 27 August 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 22 August 2001

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY During the financial year ended 31 March 2001, the turnover was HK\$510,353,000, a decrease of 17.9% as compared to HK\$621,675,000 of the corresponding period in 2000. The operating profit has increased 42% from HK\$33,744,000 to HK\$47,912,000.

1. Property Division

HONG KONG In the year under review todate, we acquired five additional projects namely Hung Shui Kiu, Yuen Long; Chuk Kok, Sai Kung; Fung Lok Wai, Yuen Long; Kou U Fong, Central and Hong Kong 26 Court, Mid-level, Central. Details of these and other existing projects are described as

Land Acquisitions Hung Shui Kiu, Yuen Long – a 7-storey residential development with a total gross floor area of approximately 38,000 sq.ft., is currently in the process of applying land exchange.

Chuk Kok, Sai Kung – this piece of land with a site area of about 30,000 sq.ft. acquired through government auction in December 2000 will be developed into 10 detached houses with a total gross floor area of approximately 12,000 sq.ft.. Site formation works will be commenced in late

Fung Lok Wai, Yuen Long – raw land area with approximately 8,610,000 sq.ft., will be developed into a residential project. The Group has an effective interest of 21.66% in the project after the acquisition of an additional 15.33% during the year for HK\$120,000,000. Kau U Fong, Central - a piece of vacant land for commercial use to be developed into a 31-storey hotel development with 151 suites, covering a

total gross floor area of approximately 63,000. Demolition work was completed and submission of building plans for government approval is scheduled to be in August 2001. Site work will commence upon approval thereafter.

Hong Kong 26 Court, Mid-level, Central – an existing residential block of units acquired during the year and will be held for rental purposes **Continuing Projects**

Baker Street, Hung Hom – a 33-storey commercial-residential development with a total gross floor area of approximately 55,000 sq.ft. Superstructure work has commenced and the sales launch is scheduled for late 2001.

Pak Shek Wo, Sai Kung - a 15 detached house development with a total gross floor area of 18,000 sq.ft.. Access road construction and site

Anchor Street, Tai Kok Tsui - a 21-storey hotel development with 143 rooms with a total gross floor area of approximately 46,000 sq.ft.. Town planning application for hotel development will be submitted in August 2001.

Tan Kwai Tsuen, Yuen Long - this project consists of 62 units of 4-storey apartments with a total gross floor area of 52,000 sq.ft., is in the process of applying land exchange and access road formation.

Sheung Yeung, Sai Kung - it is proposed to build 24 village houses with a total gross floor area of 50,000 sq.ft.. Building work on Phase 1 with 4 houses will be commenced soon. Other phases will follow depending on government approval schedule

Contribution

740

593,260

186,662

(898)

158,795

California Gardens - this project in Shanghai continues contributing healthy profit to the Group and over 2,000 homes have been sold.

New Time Plaza, Guangzhou - the Group owns 45% of this project which consists of a completed 8,000 sq.m. auxiliary building and a 29-storey residential tower of 27,000 sq.m.. Preparation for the construction work of the residential tower is in progress. We intend to commence sales

MALAYSIA

With the revival of the country's economy, the Group's housing sales have picked up strongly with a total sale of over 500 units in the year under review. The Group continues to focus on the medium to medium low cost housing market where the demand is strongest.

Karunmas Ehsan - this project consists of a total of 812 units of terrace house, condominium, low cost flats and shop offices. Phase 1 and 2 totaling 426 units of terrace houses have been 95% sold and in Phase 3, comprising 240 units of condominiums, have been 90% sold

Taman Teluk Gedong Ludah - this project consists of 628 units of terrace houses and 200 units of low cost flats. About 80% of the terrace house

AUSTRALIA

St. Kilda Road, Melbourne - about 90% of 120 units of office suites at 370 St. Kilda Road have been sold as at 31 March 2001. The construction of the residential apartments at 360 St. Kilda Road is progressing well with completion of construction targeted for August 2001

Flinders Wharf, Melbourne – the Group owns 50% of a high-class residential development with 266 units located on the Yarra River in the city of Melbourne next to the Melbourne Exhibition and Convention Center and the Crown Casino. The sales launched in June 2001 with over 130 units sold todate.

2. **Hotel Division**

Dorsett Garden Hotel and Dorsett Seaview Hotel - the Group operates two 3 stars hotels in Hong Kong, with a total of 356 rooms. The two hotels maintain an occupancy rate of over 85% on monthly weighted average basis since our takeover in February 2001 todate. The two hotels continue to provide a steady income to the Group.

Dorsett Regency Hotel, Kuala Lumpur - with 320 rooms, continues to perform well during the year with high occupancy throughout. Rockman Regency, Melbourne - was sold to the J.W. Marriott group of USA and the Commonwealth Property Trust of Australia in February

Dallas Grand Hotel, USA - with 700 rooms plus convention facilities, will be refurbished and upgraded to enhance its occupancy rate and to

meet the growing demand of rooms in the expanding convention market in Dallas in the years to co

Industrial and Infrastructure Division

The boiler factory in Guangzhou had a moderate performance. The Board believes that the operation of the boiler factory will gradually improve. The Company has acquired a 68% interest in the 44 km of the National Highway 311 in Henan Province which has been fully operational since January 2001 with two-ways tollroad collections. The Company expects this investment will contribute a satisfactory return starting this year.

4. Recurrent Income

The Group's rental income comes mainly from four commercial/office buildings in Hong Kong

The occupancy rate of leased tenants maintained 90% during this review period. 5. Corporate Strategy and Outlook

Kong and will utilise its financial capabilities to concentrate in property development in Hong Kong and China. At present, our focus in China is to build middle-class link-houses in the "California Garden' in Shanghai and with intent to do the same in other major Chinese cities in future. With the aforesaid land acquisitions and continuing projects in Hong Kong, we expect to launch our development property sales program initially in August/September 2001. We are cautiously optimistic that the property development profits will be steady in the next five years following the financial year ending 2002.

In order to achieve our corporate objective and to yield steady growth in and to enhance return on our assets, we will continue to: (a) dispose of our overseas assets and the non-core businesses in the Group

- (b) strengthen our investment in 3 and 4 stars hotels in Hong Kong and China to meet the emerging demands of tourist occupancy for the advent of 2008 Beijing Olympics in China; (c) build quality and price competitive properties for sales; and
- (d) strive for management creativity, transparency and excellence.

FINANCIAL RESOURCES AND LIQUIDITY

Borrowings and Charges on Group Assets

The Group's total borrowings amount to approximately HK\$1,012 million as at 31 March 2001 (2000: HK\$688 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 31 March 2001 was 42% (2000: 28.2%). EMPLOYEE AND REMUNERATION POLICIES The number of employee as at 31 March 2001 was approximately 1,500. Employees are remunerated according to nature of the job and market

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

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

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED A detailed annual results containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be released on the Stock Exchange's website in due course.

> On behalf of the Board DAVID CHIU Deputy Chairman

Hong Kong, 18 July 2001

NOTICE OF ANNUAL GENERAL MEETING B. "THAT

- subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved:
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting."
- "THAT subject to the passing of the Resolution Nos. 5A and 5B set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 5A set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5B set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the said Resolution."

By Order of the Board Chow Kwok Wor Company Secretary

Hong Kong, 18 July 2001

1. The registers of members of the Company will be closed from Thursday, 23 August 2001 to Monday, 27 August 2001, both days inclusive, during which period no transfer of

- shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 22 August 2001. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member
- 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 principal 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.
- 4. A circular containing further details regarding Resolutions Nos. 5A to 5C above will be sent to shareholders together with the 2001 Annual Report.