

CONTENTS

	PAGE
CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	4
PROFILE OF DIRECTORS AND SENIOR MANAGEMENT	5
FIVE-YEAR FINANCIAL SUMMARY	9
FINANCIAL HIGHLIGHTS	10
MANAGEMENT DISCUSSION AND ANALYSIS	11
DIRECTORS' REPORT	14
AUDITORS' REPORT	22
CONSOLIDATED INCOME STATEMENT	23
BALANCE SHEETS	24
CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES	26
CONSOLIDATED CASH FLOW STATEMENT	27
NOTES TO THE FINANCIAL STATEMENTS	29
LIST OF MAJOR PROPERTIES HELD BY THE GROUP	80
NOTICE OF ANNUAL GENERAL MEETING	90

The English text of this Annual Report shall prevail over the Chinese text

PLACE OF INCORPORATION

Cayman Islands

EXECUTIVE DIRECTORS

Deacon Te Ken CHIU, J.P. (*Chairman*)

David CHIU, Dato', B.Sc. (*Deputy Chairman and Chief Executive Officer*)

Steven Ying Wai KWAN A.C.A. (Aust.)
(*Managing Director*)

Michael Chi Ning O'YOUNG B.E. (*Hons*), M.I.C.E.

Dennis CHIU, B.A.

NON-EXECUTIVE DIRECTORS

Ching Lan CHIU JU, J.P.

Dick Tat Sang CHIU, M.A.

Daniel Tat Jung CHIU

Kohei OGAWA, M.B.A., B.A.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Trevor John BEDFORD, M.B.E., B.A. (*Hons*)

Kee Leong CHEE, Datuk

COMPANY SECRETARY

Kwok Wor CHOW, F.C.S., F.H.K.S.A.

AUTHORIZED REPRESENTATIVE

David CHIU

Michael Chi Ning O'YOUNG

SOLICITORS

Woo, Kwan, Lee & Lo

David Lo & Partners

Shearn Delamore & Co.

Wong Lu Peen & Tunka Alina

AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

PRINCIPAL BANKERS

Hong Kong

Banque Nationale de Paris

First Pacific Bank Limited

Hua Chiao Commercial Bank Limited

Nanyang Commercial Bank Limited

Orix International Finance Limited

The Chase Manhattan Bank, N.A.

The Hongkong and Shanghai Banking
Corporation Limited

Wing Hang Bank Limited

Malaysia

Arab-Malaysian Bank Berhad

Citibank Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

Multi-Purpose Bank Berhad

Southern Bank Berhad

Standard Chartered Bank Malaysia Berhad

Singapore

The Development Bank of Singapore Limited

Australia

Australia and New Zealand Banking
Group Limited

Commonwealth Bank of Australia

China

Bank of Shanghai

China Merchants Bank

Construction Bank of China

Industrial and Commercial Bank of China

Po Sang Bank Limited

REGISTERED OFFICE

P.O. Box 1043, Ground Floor,
Caledonian House, Mary Street,
George Town,
Grand Cayman, Cayman Islands,
British West Indies.

PRINCIPAL OFFICE

16/F., Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong.

SHARE AND WARRANT REGISTRARS

Standard Registrars Limited
5th Floor, Wing On Centre,
111 Connaught Road Central,
Hong Kong.

LISTING INFORMATION

Ordinary Shares (Code: 035)
2000 Warrants (Code: 1084)
The Stock Exchange of Hong Kong Limited

CHAIRMAN'S STATEMENT



There are strong indications in the region that the recent period of economic recession has ended and that we can look forward to a period of recovery and increased confidence. Interest rates have stabilized and the property sector is strengthening as I predicted, particularly in Hong Kong, China, Malaysia and Australia where we operate.

Two years of economic downturn has brought us problems. It was painful not being able to deliver as much profit as we hoped to our shareholders, although we managed to emerge from the recession relatively unscathed, due largely to prudent management. Two years of recession has also given us opportunities. We were able to increase our land bank in Hong Kong at relatively low cost and we will be well positioned to take advantage when the Hong Kong property market rebounds.

Above all else, the events of the last two years have reinforced our commitment to some fundamental principles:

- We are a property company – the history of the Group has told us that it is in this area that we can do best.
- We have to be focussed – it was necessary to dispose of non-core assets and we are continuing to do it.
- Prudent financial management – we owe it to our shareholders to run a well-managed and profitable company.

The highlight of the year was the successful listing of the California Gardens project in NASDAQ. This has given us access to the strongest capital market in the world and with further economic reform and liberalization in the Mainland after its accession to the World Trade Organisation, we are well positioned to become an even bigger property participant in China.

Finally, I would like to take this opportunity to express my appreciation to all directors and colleagues for their effort and contribution during the year and I know every staff member will continue to support the Group to strive for further development of our business in the new millennium.

Deacon Te Ken Chiu
Chairman

Hong Kong, 23rd August, 2000

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Deacon Te Ken CHIU, J.P. (Chairman)

Mr. Chiu, aged 75, is the founder of the Far East Group. He has been the Chairman of Far East Consortium Limited, the predecessor of the Company, since 1972. He is now the Chairman of the Company, Far East Technology International Limited and Far East Hotels and Entertainment Limited. He has more than 50 years of business experience in financial and property investment and development, operation of entertainment; broadcast and tourism related business and hotel and industrial ownership and management. Mr. Chiu is a member of the Chinese People's Political and Consultative Conference. He is the founder of Yan Chai Hospital which was opened in 1973 and the founder and the Chairman of Ju Ching Chu Secondary School since 1966. In addition, he is the founder and permanent Honorary Chairman of The New Territories General Chamber of Commerce and the Vice-Patron of the Community Chest. Mr. Chiu is the husband of Madam Ching Lan Chiu Ju, the father of Messrs. Dick Tat Sang Chiu, David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

Y. Bhg Dato' David CHIU, B.Sc. (Deputy Chairman & Chief Executive Officer)

Dato' Chiu, aged 46, joined the Group in 1973. He had been the Managing Director of Far East Consortium Limited, the predecessor of the Company, since 1978 and was appointed Deputy Chairman and Chief Executive Officer of the Company on 8th December, 1994 and 8th October, 1997 respectively. He is also a Director of Far East Technology International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He holds a double degree of Bachelor of Science in Business Administration and Economics at Sophia University, Japan.

Dato' Chiu is the Vice-Chairman and a substantial shareholder of Malaysia Land Holdings Berhad, Malaysia. He is also the Chairman of Mori Denki Mfg. Co., Ltd. and Tokai Kanko Ltd., which are listed on the Tokyo Stock Exchange. Presently, Dato' Chiu is a member of the Guangxi Chinese People's Political and Consultative Conference in China and the Honorary Chairman of the Food, Biscuit and Beverage Association in Hong Kong. He has also been conferred an honorary award in Malaysia which carries the title "Dato" by His Majesty, the King of Malaysia, in July 1997. He is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Chiu Ju, the brother of Messrs. Dick Tat Sang Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

Mr. Steven Ying Wai KWAN, A.C.A. (Aust.) (Managing Director)

Mr. Kwan, aged 53, joined the Company in August 2000. Prior to joining the Company, he was a vice chairman of Continental Mariner Investment Company Limited and Poly Investments Holdings Limited, both companies are listed on The Stock Exchange of Hong Kong Limited. He has been an executive director for both companies since 1983. Prior to that, Mr. Kwan had been in executive positions in the field of investment banking and finance for over 15 years in Asia (1978–1993). Mr. Kwan has been a chartered accountant in Australia since 1977. He has served as advisor and independent director for many publicly listed companies in Asia during the past 20 years. Currently, he is an independent non-executive director of Wah Fu International Holdings Limited, a publicly listed company in Hong Kong.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (continued)

EXECUTIVE DIRECTORS (continued)

Mr. Michael Chi Ning O'YOUNG, B.E. (Hons), M.I.C.E.

Mr. O'Young, aged 56, joined the Company and was appointed as the Joint Managing Director on 13th August, 1996 and became the Managing Director on 1st July, 1997. Mr. O' Young is now the President & Chief Executive Officer of New China Homes, Ltd (NASDAQ:NEWC). Prior to joining the Company, he was the project management consultant to the Company's Malaysian Office. Holding a Bachelor of Engineering degree from the University of N.S.W., Australia, Mr. O'Young has over 25 years' experience in engineering consultancy and project management both in Australia and South East Asia and was the Joint Managing Director of Meinhardt Partners, an international engineering consultancy firm. He was responsible for the structural design of some of the more prestigious buildings such as the High Court of Australia; QVB in Sydney and OUB and Telecom Central in Singapore.

Mr. Dennis CHIU, B.A.

Mr. Chiu, aged 41, joined Far East Consortium Limited, the predecessor of the Company, in 1978. He is now an Executive Director of the Company and also the Managing Director of Far East Technology International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He is also a Non-executive Director of London-listing Fortune Oil Plc and is actively involved in the business development in China, Singapore and Malaysia. Mr. Chiu is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Chiu Ju, the brother of Messrs. Dick Tat Sang Chiu, David Chiu and Daniel Tat Jung Chiu.

NON-EXECUTIVE DIRECTORS

Madam Ching Lan CHIU JU, J.P.

Madam Chiu, aged 61, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1972. She is now a Non-executive Director of the Company and Far East Hotels and Entertainment Limited. Since 1975, she is the Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was Lady Chairman of Yan Chai Hospital for 1977/78. Madam Chiu is the founder and Honorary Chairman of New Territories Women's and Juveniles Welfare Association. She is a committee member and Supervisor of Ju Ching Chu Secondary School and the Chairman of Kowloon Women's Welfare Club. She is the member of Shanghai Standing Committee Chinese People's Political Consultative Conference since 1982. Since 1997, she is also the Honorary Vice-President of Hong Kong Federation of Women. She is the wife of Mr. Deacon Te Ken Chiu, the mother of Messrs. Dick Tat Sang Chiu, David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

Mr. Dick Tat Sang CHIU, M.A.

Mr. Chiu, aged 49, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1972. He is now a Non-executive Director of the Company and Far East Hotels and Entertainment Limited. He graduated from the University of Cambridge with an honour Master of Arts degree in Economics. He is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Chiu Ju, the brother of Messrs. David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (continued)

NON-EXECUTIVE DIRECTORS (continued)

Mr. Daniel Tat Jung CHIU

Mr. Chiu, aged 39, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1984. He is now a Non-executive Director of the Company and Far East Technology International Limited. He was appointed as Vice-Chairman (Non-executive) of Far East Hotels and Entertainment Limited in 1999. He is the major shareholder and Vice-Chairman of London-listing Fortune Oil Plc and has extensive experience in China trade, petroleum trading and infrastructures investment and also takes an active part in several kinds of projects in Hong Kong and China. Mr. Chiu is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Chiu Ju, the brother of Messrs. Dick Tat Sang Chiu, David Chiu and Dennis Chiu.

Mr. Kohei OGAWA, M.B.A., B.A.

Mr. Ogawa, aged 43, joined the Company on 8th December, 1994 as the Managing Director and became a Non-executive Director of the Company on 1st July, 1997. He holds a master degree in Business Administration at Columbia University, the U.S.A. and Bachelor of Arts in Economics at Keio University, Japan. He has extensive experience in investment banking and venture capital business. He has worked at Goldman Sachs & Co. and one of the major Japanese trading firms and managed their trading business in the U.S.. He holds property broker licence in Japan. Mr. Ogawa was appointed as the President of Mori Denki Mfg Co., Ltd. in Japan in June, 1997 and as the President of Tokai Kanko Co. Ltd. in Japan in September, 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Trevor John BEDFORD, M.B.E., B.A. (Hons)

Mr. Bedford, aged 66, was appointed as an Independent Non-executive Director of the Company in 1994. He, a UK national, now resides in the United Kingdom. He was the Chief Executive of The Hong Kong Land Group, Chairman of the Mandarin Hotel Group, a Director of The Hongkong and Shanghai Bank, Hong Kong Electric, Hong Kong Telephone Co., Kowloon Wharf and Godown, The Kowloon Canton Railway, etc. He is currently either the Chairman or a Director of several corporations in the United Kingdom, Europe and the Far East.

Datuk Kee Leong CHEE

Datuk Chee, aged 58, was appointed as an Independent Non-executive Director of the Company in 1997. He has been appointed as Chairman, Managing Director and Director of various companies in Malaysia and Hong Kong. He is currently the Managing Director of CCL Management Services Limited and China Cashmere Limited.

SENIOR MANAGEMENT

Mr. Craig WILLIAMS, B. ENG. (CIVIL)

Mr. Williams, aged 48, is the Group's General Manager, Property (International). He is responsible for all property development in Canada, USA and Australia. He resides in Melbourne, Australia and is a Director of our Australian operations. He holds a degree of Bachelor of Civil Engineering from Melbourne University and before joining the Australian operations, was a Director of all development companies within Australia's largest property developer, the Lend Lease Group. Mr. Williams has extensive experience in all facets of property development and is the President of the St. Kilda Road Campaign Inc.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (continued)

SENIOR MANAGEMENT (continued)

Mr. Teng Tatt YEOH, B.Sc.

Mr. Yeoh, aged 44, is an Executive Director and heads the project management team of the Mayland Group. Mr. Yeoh has over 20 years' experience in project management of various developments. Mr. Yeoh graduated with a Bachelor of Science (Civil Engineering) from the University of Manitoba, Canada in 1979 and upon graduation, he joined the Ministry of Housing. From 1982-1994, Mr. Yeoh joined several companies as project engineer and project manager. In 1995, Mr. Yeoh was appointed as a Senior Project Manager of the companies of the Far East Group within Malaysia, where he assumed a variety of roles including project planning, acquisition of land, coordination of the project with architects and consultants, liaising with the authorities, monitoring of project schedules, cost control and site management. Mr. Yeoh is a corporate member of Malaysia Institute of Engineers (M.I.E.M.) and is a registered Professional Engineer (P.E.) with Malaysia Board of Engineers.

Mr. Kei Kon CHAN, B.A.

Mr. Chan, aged 54, joined the company in 1996 as the General Manager of China Division responsible for the Group's industrial and property development project in China. He holds a degree of Bachelor of Political Science from Zhongshan University, Guangzhou in 1969.

Before joining the Group, he was the Managing Director of Tenmar International Ltd, an investment company specializing on China trade. He was also the Chairman of a number of industrial production companies in various parts of China.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31st March,				
	1996	1997	1998	1999	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>527,188</u>	<u>450,590</u>	<u>414,108</u>	<u>668,858</u>	<u>621,675</u>
Profit before taxation	152,121	159,796	12,316	39,606	58,627
Taxation	<u>(16,519)</u>	<u>(28,854)</u>	<u>(15,414)</u>	<u>(10,628)</u>	<u>(24,758)</u>
Profit (loss) before minority interests	135,602	130,942	(3,098)	28,978	33,869
Minority interests	<u>(1,493)</u>	<u>10,087</u>	<u>7,059</u>	<u>(3,923)</u>	<u>(125)</u>
Net profit for the year	<u>134,109</u>	<u>141,029</u>	<u>3,961</u>	<u>25,055</u>	<u>33,744</u>
Earnings per share	<u>18 cents</u>	<u>18 cents</u>	<u>0.5 cents</u>	<u>3 cents</u>	<u>4 cents</u>

	As at 31st March,				
	1996	1997	1998	1999	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

ASSETS AND LIABILITIES

Total assets	4,037,972	4,348,851	3,989,162	3,723,717	3,826,111
Total liabilities	(1,132,652)	(1,278,699)	(1,230,745)	(1,323,683)	(1,318,221)
Minority interests	<u>(79,535)</u>	<u>(68,899)</u>	<u>(35,237)</u>	<u>(39,127)</u>	<u>(71,445)</u>
Shareholders' funds	<u>2,825,785</u>	<u>3,001,253</u>	<u>2,723,180</u>	<u>2,360,907</u>	<u>2,436,445</u>

Note: Prior periods of 1998 and 1999 have been adjusted to reflect the change in accounting policy for the adoption of SSAP 24 as described in note 2 to the financial statements. Comparative information for 1996 and 1997 has not been restated to reflect the change in accounting policy because it is impracticable to do so.

FINANCIAL HIGHLIGHTS

EARNINGS PER SHARE

Cents

20

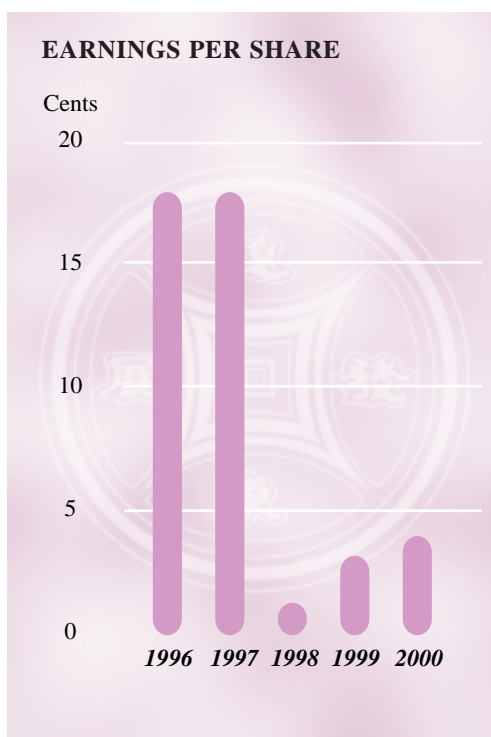
15

10

5

0

1996 1997 1998 1999 2000



PROFIT BEFORE TAXATION

HK\$'000

180,000

150,000

120,000

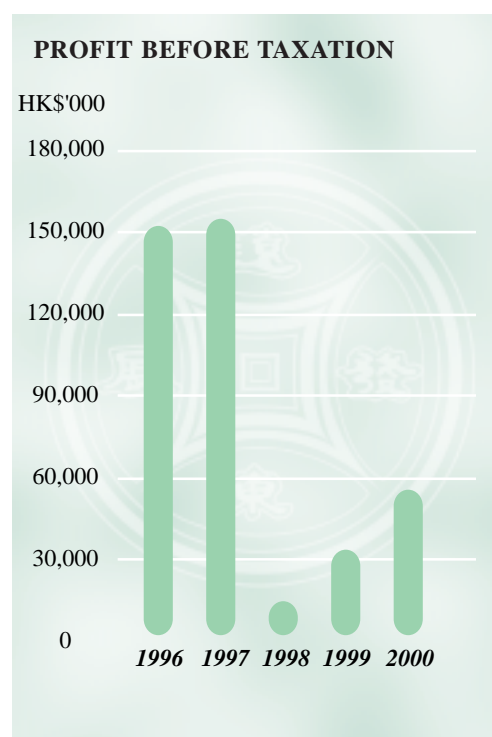
90,000

60,000

30,000

0

1996 1997 1998 1999 2000



TOTAL ASSETS

HK\$'000

5,000,000

4,000,000

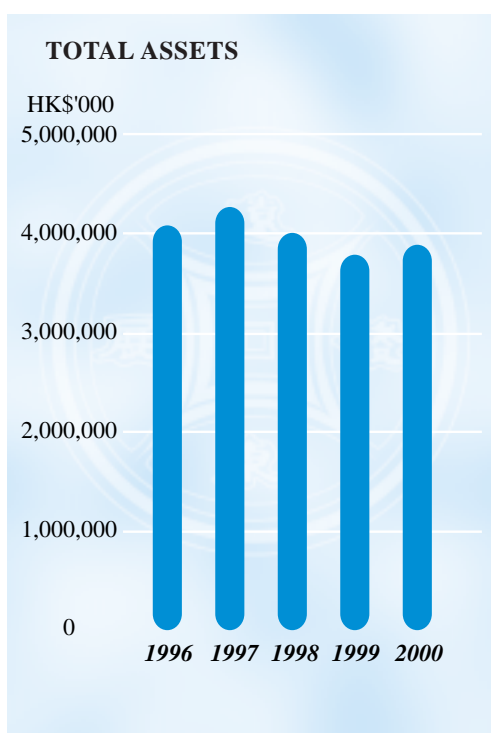
3,000,000

2,000,000

1,000,000

0

1996 1997 1998 1999 2000



TOTAL NET ASSETS

HK\$'000

3,500,000

3,000,000

2,500,000

2,000,000

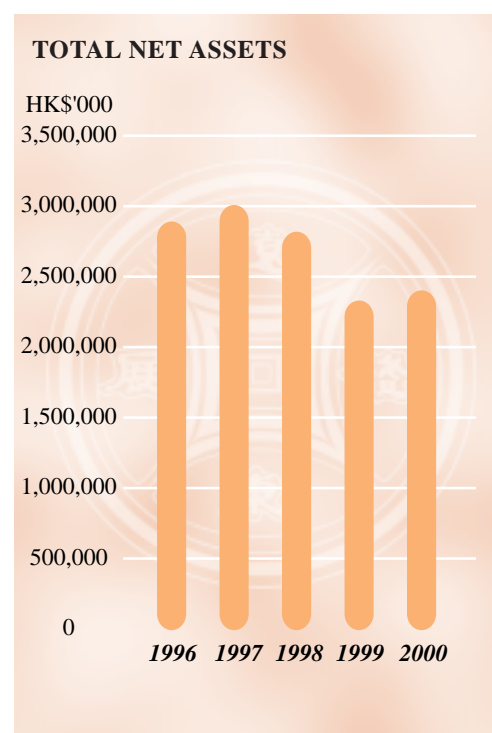
1,500,000

1,000,000

500,000

0

1996 1997 1998 1999 2000



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

During the financial year ended 31st March, 2000, the turnover was HK\$621,675,000, a slight decrease as compared to HK\$668,858,000 of the corresponding period in 1999. The operating profit, on the other hand has increased from HK\$81,042,000 to HK\$114,742,000.

The spin-off listing in NASDAQ of New China Homes, Ltd. recorded a profit of HK\$31,934,000 whereas the sale of the White Cement Factory incurred a loss of HK\$9,053,000. The net profit, after share of results of associates, finance costs and minority interests was HK\$33,744,000 as compared to HK\$25,055,000 of the corresponding period of 1999.

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

1. Property Division

HONG KONG – In the period under review, we acquired three additional projects, namely, Baker Street, Hunghom; Pak Shek Wo, Sai Kung and Anchor Street, Tai Kok Tsui. Details of these and other existing projects are described as follows:

Baker Street, Hunghom – A 35-storey commercial-residential development comprising a total gross floor area of approx. 59,000 sq.ft. Foundation work has commenced and the sales launch is scheduled for the later half of 2001.

Pak Shek Wo, Sai Kung – A 15 detached house development with a total gross floor area of 18,000 sq.ft. Site formation work will commence in the next two months.

Anchor Street, Tai Kok Tsui – A 19-storey commercial and residential building with a total gross floor area of 35,000 sq.ft. Construction approvals are in progress and construction should commence by mid 2001.

Tan Kwai Tsuen, Yuen Long – This project consists of 62 units of 4-storey apartments with a total gross floor area of 52,200 sq.ft. We are in the process of obtaining approvals and expect construction work to commence mid 2001.

Sheung Yeung, Sai Kung – It is proposed to build 24 village houses with a total gross floor area of 50,400 sq.ft. We have commenced building work on Phase 1, 4 houses and depending on market response the other phases will follow.

CHINA – New China Homes, Ltd. has successfully completed its initial public offering of common stock (NASDAQ: NEWC) and warrants (NASDAQ: NEWCW) in March 2000. After the offering, the California Gardens project, together with any other new projects in China, will be undertaken by New China Homes, Ltd. of which FEC owns 75%.

The California Gardens project in Shanghai continues contributing healthy profit to the Group and a total of 1,900 houses had been sold and 1,544 houses completed. Another 619 houses, most of which have been sold, are under construction and will be completed by the end of next review period.

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. The Auxiliary building has been 75% sold and the residential tower construction work will commence in the next month.

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 review period. 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 877 units of terrace house; condominium; low cost flats and shop offices. Phase 1 and 2 totalling 426 units of terrace houses have been 85% sold and in Phase 3, comprising 240 units of condominiums, have been 50% sold.

Taman Teluk Gedong Ludah – This project consists of 628 units of terrace houses and 200 units of low cost flats. In Phase 1, 319 units have been sold. Phase 2 will be launched at the beginning of 2001.

Jalan Kuching Project – This will be by far the largest housing project to be undertaken by the Group in Malaysia and will comprise over 3,000 condominium units to be developed in phases. The Development Order has been issued and construction is due to commence at the end of this year.

AUSTRALIA – Phase 1, 120 units of the 360-370 St. Kilda Road office suites development was successfully completed. About 90% of the units were sold as by 31st March 2000. Phase 2 of the development, which has been 100% pre-sold, would commence in June 2000 with the signing of a construction contract for 141 residential apartments and 242 multi-level car park bays. The planned completion date is June 2001.

2. Hotel Division

The Dorsett Regency in Kuala Lumpur performed strongly towards the end of the review period. It is now running at nearly full occupancy and we expect to make a good profit next year.

The Rockman Regency in Melbourne, again performed well and with the Year 2000 Olympic Games, we expect a strong and profitable performance.

The Dallas Grand Hotel, we have decided to undertake a complete and major renovation programme which will commence early next year. As the convention market in Dallas is expanding, we are confident the hotel will do well once renovated.

3. Industrial and Infrastructure Division

In the review period, the Group has disposed of its 55% owned White Cement Factory in Guangxi. The Boiler factory in Guangzhou had another disappointing year and with the restructuring now in place, we are confident that the performance can now be improved.

The company acquired a 68% interest in the 44km of the National Highway 311 in Henan Province. Construction is nearing completion and it is expected toll collection will commence in September 2000.

4. Recurrent Income

The Group's rental income comes mainly from Hong Kong investment properties which comprise of four commercial/office buildings (total GFA 166,000 sq.ft.) and various smaller properties.

The occupancy in this review period has improved dramatically and is now achieving a rate of 94%.

5. Corporate Strategy and Outlook

We are in an era of information technology and High-Tech industries. However, we shall remain firmly as a property company which we believe we can do best. High-Tech businesses will be carried out by one of our associated companies Far East Technology International Limited (formerly known as Far East Holdings International Limited) ("Far East Technology") which we have a 31% holding. We expect the future success of Far East Technology will have substantial contribution to our Group's earning.

We are committed to pursuing the following corporate strategy to this end we propose:

- a. to increase our land bank in Hong Kong in order to ensure a steady stream of properties under development;
- b. to continue our programme of the disposal of non-core assets;
- c. to continue our strengthening of management systems in order to promote efficiency and optimize profits.

David Chiu

Deputy Chairman and Chief Executive Officer

Hong Kong, 23rd August, 2000

DIRECTORS' REPORT

The Directors have pleasure in presenting to shareholders their report together with the audited financial statement of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2000.

PRINCIPAL ACTIVITIES

During the year, the Company acted as an investment holding company and its subsidiaries operated in the fields of property investment and development, investment holding, share trading, hotel operation and manufacture of boiler and cement products.

The Group's turnover and contribution to operating profit for the year ended 31st March, 2000, analysed by principal activity and geographical market, are as follows:

	Turnover HK\$'000	Contribution to results from ordinary activities before taxation HK\$'000
By principal activity:		
Continuing operations:		
Property investment and development	480,845	146,918
Loan interest income and commitment fee	3,370	870
Manufacture of boiler products	53,540	7,921
Hotel operation	55,505	3,086
	<u>593,260</u>	<u>158,795</u>
Discontinued operation:		
Cement manufacturing	28,415	5,884
	<u>621,675</u>	<u>164,679</u>
Other revenue		50,361
Selling and distribution costs		(15,679)
Administrative expenses		(107,569)
Other operating expenses		(26,312)
Profit on disposal of other investments		32,546
Unrealised gains on other investments		16,716
Profit arising from spin-off of a subsidiary, New China Homes, Ltd. ("NCH")		31,934
Loss on disposal of discontinued operation		(9,053)
Finance costs		
- continuing operations		(56,279)
- discontinued operation		(2,072)
Share of results of associates		(20,645)
Profit before taxation		<u>58,627</u>

DIRECTORS' REPORT (continued)

PRINCIPAL ACTIVITIES (continued)

	Turnover		Contribution to results from ordinary activities before taxation	
	Continuing HK\$'000	Discontinued HK\$'000	Continuing HK\$'000	Discontinued HK\$'000
By geographical market:				
Hong Kong	132,118	—	67,560	—
Other regions in the People's Republic of China ("PRC")	221,101	28,415	40,434	5,884
Malaysia	81,153	—	15,793	—
United States of America	34,597	—	(748)	—
Australia	117,229	—	33,761	—
Singapore	6,322	—	2,893	—
Others	740	—	(898)	—
	<u>593,260</u>	<u>28,415</u>	158,795	5,884
Other revenue			50,361	—
Selling and distribution costs			(15,679)	—
Administrative expenses			(107,569)	—
Other operating expenses			(26,312)	—
Profit on disposal of other investments			32,546	—
Unrealised gains on other investments			16,716	—
Profit arising from spin-off of a subsidiary, New China Homes, Ltd. ("NCH")			31,934	—
Loss on disposal of discontinued operation			(9,053)	—
Finance costs			(56,279)	(2,072)
Share of results of associates			(20,645)	—
Profit before taxation			<u>54,815</u>	<u>3,812</u>

PRINCIPAL SUBSIDIARIES AND ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Details of the Company's principal subsidiaries and associates and jointly controlled entity at 31st March, 2000 are set out in notes 48, 49 and 20 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2000 are set out in the consolidated income statement on page 23.

The Directors recommend a final dividend for the year ended 31st March, 2000 of 2 cents (1999: 2 cents) per share to shareholders whose names appear on the Company's Register of Members on 28th September, 2000 amounting to HK\$18,783,000, and the retention of the remaining profit for the year of HK\$14,961,000. 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").

RESULTS AND APPROPRIATIONS *(continued)*

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 28th September, 2000; and (ii) The Stock Exchange of Hong Kong Limited 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 of Hong Kong Limited for the five trading days prior to and including 28th September, 2000. 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 5th October, 2000. Dividends warrants or new shares certificates will be posted on 30th October, 2000.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 9.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group and the Company are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group and the Company are set out in note 16 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of movements during the year in the properties under development of the Group and the Company are set out in note 17 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st March, 2000 are set out on pages 80 to 89 of the annual report.

SHARE CAPITAL AND WARRANTS

Details of movements during the year in the share capital and outstanding warrants of the Company are set out in notes 29 and 30 to the financial statements.

During the year, registered holders of warrants 2000 exercised their right to subscribe for ordinary shares. At the balance sheet date, the Company had outstanding amount of HK\$ 74,304,000 warrants 2000. Exercise in full of such warrants would result in the issue of 82,560,000 additional shares respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

BORROWING AND INTEREST CAPITALISED

Bank loans, overdrafts and other borrowings are set out in note 27 to the financial statements.

Interest capitalised by the Group during the year amounted to HK\$13,691,000 (1999 : HK\$11,458,000).

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the year was mainly derived from recurring income. Any shortfall was financed by loan facilities from banks and other financial institutions. The total indebtedness outstanding as at 31st March, 2000 was approximately HK\$688,141,000 and the leverage level was approximately 28%.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are :

Executive Directors

Mr. Deacon Te Ken Chiu, *Chairman*

Dato' David Chiu, *Deputy Chairman and Chief Executive Officer*

Mr. Steven Ying Wai Kwan, *Managing Director* (Appointed on 23rd August, 2000)

Mr. Michael Chi Ning O'Young (Resigned as Managing Director on 11th March, 2000)

Mr. Dennis Chiu

Non-executive Directors

Madam Ching Lan Chiu Ju

Mr. Dick Tat Sang Chiu

Mr. Daniel Tat Jung Chiu

Mr. Kohei Ogawa

Independent Non-executive Directors

Mr. Trevor John Bedford

Datuk Kee Leong Chee

In accordance with the provisions of the Company's Articles of Association, Mr. Michael Chi Ning O'Young, Mr. Dick Tat Sang Chiu and Mr. Steven Ying Wai Kwan retire by rotation and, being eligible, offer themselves for re-election. Mr. Trevor John Bedford retires by rotation and has informed the Company that he will not seek for re-election.

The term of office for each of the Non-executive Directors is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS IN SHARES

(a) Shares

At 31st March, 2000, the interests of the Directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of Directors	Number of ordinary shares held		Total
	Personal interests	Corporate interests	
Deacon Te Ken Chiu	9,688,973	106,764,126 (Note 1)	116,453,099
David Chiu	664	221,685,613 (Note 2)	221,686,277
Dennis Chiu	7,163	4,806,488 (Note 3)	4,813,651
Ching Lan Chiu Ju	1,108,018	—	1,108,018
Dick Tat Sang Chiu	770,697	—	770,697
Daniel Tat Jung Chiu	36,250	3,877,218 (Note 4)	3,913,468

Note 1: These shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.

Note 2: These shares are held by Sumptuous Assets Limited.

Note 3: These shares are held by Chiu Capital N.V. and First Level Holdings Limited.

Note 4: These shares are held by First level Holdings Limited and are entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

(b) Options

(i) The Company's option scheme

As at 31st March, 2000, Michael Chi Ning O'Young, a Director of the Company had personal interests in share options to subscribe for 3,000,000 shares in the Company at an exercise price of HK\$1.80 per share, exercisable from 8th October, 1998 to 7th October, 2001. Save as disclosed above, no option was granted, exercised or lapsed during the year.

Details of the Company's share option scheme are set out in note 31 to the financial statements.

(ii) The Company's subsidiary's option scheme

New China Homes, Ltd. has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the "Option Plan"). It is intended that options to purchase an aggregate of 600,000 common shares in NCH ("NCH Shares") will be granted under Option Plan. The Option Plan is administered by the compensation committee of the board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee's cessation of service with NCH. No options were granted under the Option Plan since their adoption.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS IN SHARES *(continued)*

(c) Shares in associated corporations

As at 31st March, 2000, the interests of Directors in the share capital of the Company's associated corporations were as follows:

Name of Directors	Name of associated corporation	Number of ordinary shares held
Deacon Te Ken Chiu	Far East Technology International Limited (formerly known as Far East Holdings International Limited)	110,926,800 <i>(Note 1)</i>
Ching Lan Chiu Ju	Far East Technology International Limited	6,110,000
David Chiu	Oi Tak Enterprises Limited	250,000
David Chiu	Libran Star (M) Sdn. Bhd.	125,000
Dennis Chiu	Far East Technology International Limited	47,010,200 <i>(Note 2)</i>
Daniel Tat Jung Chiu	Far East Technology International Limited	41,400,000 <i>(Note 2)</i>

Note 1: Include 6,110,000 shares held by Madam Ching Lan Chiu Ju, the spouse of Mr. Deacon Te Ken Chiu.

Note 2: Include 3,040,000 shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu. Far East Holdings International Limited changed its name to Far East Technology International on 12th May, 2000.

Other than disclosed above, none of the Directors or Chief Executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the Directors or Chief Executives, nor 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 year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT AND SERVICE CONTRACTS OF DIRECTORS

None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company or its subsidiaries were entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain Directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31st March, 2000.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$145,000 (1999 : HK\$314,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers was less than 30% of total purchases.

The aggregate turnover attributable to the Group's five largest customers was less than 30% of total turnover.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31st March, 2000 was approximately 2000.

The remuneration packages of the employees are reviewed annually or by special increment. Other staff benefits include medical and hospitalisation subsidies. The Group has not adopted any pension scheme and training scheme for the employees during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2000 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

As mentioned in the Company's Interim Report for the six months ended 30th September 1999, the Company has already completed the review and the corresponding upgrading and/or replacement of the Group's computer hardware and accounting software system in June 1999.

Up to date, all computer hardware and accounting system currently used by the Group are Year 2000 compliance and operated properly through the Year 2000 critical dates.

AUDIT COMMITTEE

The Company's audit committee was formed on 17th August, 1999 comprising the Independent non-executive director of Datuk Kee Leong Chee, Mr. Trevor John Bedford and non-executive director of Mr. Daniel Tat Jung Chiu. The terms of reference for this committee have been established with regard to "A Guide for the Formation of Audit Committee" issued by the Hong Kong Society of Accountants in December 1997.

The principal duties of the Audit Committee are reviewing the internal controls and the financial reporting requirements of the Group. The committee is satisfied with the Company's internal control procedures and the financial reporting disclosures.

DIRECTORS' REPORT (continued)

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

On behalf of the Board

David Chiu

Deputy Chairman and Chief Executive Officer

23rd August, 2000

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
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香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 23 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of Directors and auditors

The Company's Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2000, and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

23rd August 2000

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31st March, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	4	621,675	668,858
Cost of sales		(456,996)	(474,474)
Gross profit		164,679	194,384
Other revenue		50,361	32,046
Selling and distribution costs		(15,679)	(10,995)
Administrative expenses		(107,569)	(87,563)
Other operating expenses	5	(26,312)	(17,352)
Profit on disposal of other investments		32,546	—
Unrealised gains (losses) on other investments		16,716	(5,574)
Profit on disposal of investment properties		—	16,906
Loss on termination of a property development project in Xiamen, the PRC		—	(55,419)
Compensation arising from termination of management and operation agreements		—	12,795
Profit from operations	6	114,742	79,228
Profit arising from spin-off of a subsidiary, New China Homes, Ltd. ("NCH")		31,934	—
Loss on disposal of discontinued operation		(9,053)	—
Profit on disposal of associates		—	907
Share of results of associates		(20,645)	19,306
Finance costs	7	(58,351)	(59,835)
Profit before taxation		58,627	39,606
Taxation	11	(24,758)	(10,628)
Profit before minority interests		33,869	28,978
Minority interests		(125)	(3,923)
Net profit for the year	12	33,744	25,055
Dividends	13	(18,783)	(18,494)
Earnings per share	14	4 cents	3 cents

BALANCE SHEETS

At 31st March, 2000

		THE GROUP		THE COMPANY	
		2000	1999	2000	1999
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties	15	1,149,118	1,157,103	—	—
Property, plant and equipment	16	377,708	326,032	—	—
Properties under development	17	385,999	337,405	—	—
Interests in subsidiaries	18	—	—	1,952,364	1,943,958
Interests in associates	19	446,907	466,451	—	—
Interest in a jointly controlled entity	20	60,990	54,153	—	—
Investments in securities	21	136,736	164,885	—	—
Amount due from an investee company		57,655	56,102	—	—
Other assets		14,815	14,815	—	—
Long-term loans receivable	22	4,985	3,093	—	—
Deposits for acquisition of properties	43	91,256	91,256	—	—
Deposit for acquisition of an investment		8,875	—	—	—
Amount due from a minority shareholder	36	563	563	—	—
Amounts due from associates	25	144,995	130,994	—	—
Pledged bank deposits		43,351	5,525	—	—
		<u>2,923,953</u>	<u>2,808,377</u>	<u>1,952,364</u>	<u>1,943,958</u>
Current assets					
Completed properties for sale		40,354	71,273	—	—
Properties under development for sale	23	342,894	340,429	—	—
Debtors, deposits and prepayments		240,401	299,313	—	—
Long-term loans receivable, current portion	22	19,282	1,278	—	—
Loans receivable		26,993	8,708	—	—
Investments in securities	21	56	5,067	—	—
Inventories	24	30,413	50,883	—	—
Amounts due from associates	25	62,358	57,910	—	—
Pledged bank deposits		17,795	—	—	—
Bank balances and cash		121,612	80,479	1,424	394
		<u>902,158</u>	<u>915,340</u>	<u>1,424</u>	<u>394</u>
Current liabilities					
Creditors and accruals		199,745	177,228	1,861	1,848
Customers' deposits received		35,902	39,795	—	—
Obligations under hire purchase contracts					
— due within one year	26	496	923	—	—
Bank and other borrowings					
— due within one year	27	229,163	322,139	—	—
Amounts due to parties related to directors	28	4,182	23,509	—	—
Amounts due to associates	34	138,551	125,815	—	—
Taxation payable		32,130	16,417	—	—
Proposed final dividends		18,783	18,494	18,783	18,494
		<u>658,952</u>	<u>724,320</u>	<u>20,644</u>	<u>20,342</u>
Net current assets (liabilities)		<u>243,206</u>	<u>191,020</u>	<u>(19,220)</u>	<u>(19,948)</u>
		<u>3,167,159</u>	<u>2,999,397</u>	<u>1,933,144</u>	<u>1,924,010</u>

BALANCE SHEETS (continued)

At 31st March, 2000

	<i>Notes</i>	THE GROUP		THE COMPANY	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Capital and reserves					
Share capital	29	93,915	92,470	93,915	92,470
Share premium and reserves	32	2,342,530	2,268,437	1,839,229	1,831,540
		<u>2,436,445</u>	<u>2,360,907</u>	<u>1,933,144</u>	<u>1,924,010</u>
Minority interests	33	<u>71,445</u>	<u>39,127</u>	<u>–</u>	<u>–</u>
Non-current liabilities					
Bank and other borrowings					
– due after one year	27	458,978	343,980	–	–
Deferred taxation	37	4,613	4,120	–	–
Obligations under finance leases					
– due after one year	26	162	281	–	–
Amounts due to associates	34	175,756	228,538	–	–
Amounts due to investee companies	35	–	2,684	–	–
Amount due to a minority shareholder	36	19,760	19,760	–	–
		<u>659,269</u>	<u>599,363</u>	<u>–</u>	<u>–</u>
		<u>3,167,159</u>	<u>2,999,397</u>	<u>1,933,144</u>	<u>1,924,010</u>

The financial statements on pages 23 to 79 were approved by the Board of Directors on 23rd August, 2000 and are signed on its behalf by:

David Tat Cheong Chiu
Director

Michael Chi Ning O'Young
Director

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the Year Ended 31st March, 2000

	2000 HK\$'000	1999 HK\$'000
Revaluation decrease on investment in securities held by the Group	(12,986)	(31,925)
Revaluation increase (decrease) on investment properties held by the Group	3,969	(301,515)
Revaluation increase (decrease) on investment properties held by associates	18,894	(46,448)
Exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	(6,277)	(11,912)
Share of associates' exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	(3,618)	(8,165)
Net losses not recognised in the income statement	(18)	(399,965)
Net profit for the year	33,744	25,055
Total recognised gains and losses	33,726	(374,910)
Effect of changes in accounting policies on adoption of SSAPs 1 and 24 (see note 2)		
– Decrease in retained profits at 1st April, 1998		26,064

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31st March, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	38	<u>182,879</u>	<u>(61,858)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		44,157	13,254
Interest paid		(84,211)	(72,711)
Dividends paid		(18,494)	–
Dividends paid to minority shareholders		–	(415)
Dividends received from associates		<u>13,168</u>	<u>15,342</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(45,380)</u>	<u>(44,530)</u>
TAXATION			
Hong Kong Profits Tax paid		(1,354)	(5,011)
Tax paid for other jurisdictions		(5,139)	(629)
Tax refund		<u>4,003</u>	<u>4,178</u>
TAX PAID		<u>(2,490)</u>	<u>(1,462)</u>
INVESTING ACTIVITIES			
Advance to an investee company		(1,553)	(4,923)
Purchase of properties and other fixed assets		(231,253)	(108,786)
Purchase of other investments		(3,125)	(106,128)
Proceeds from disposal of other investments		74,174	–
Deposits paid for acquisition of an investment		(8,875)	–
Additional investment in an associate		(643)	–
Investment in a jointly controlled entity		(6,837)	(25,953)
Proceeds from disposal of properties and other fixed assets		17,490	75,776
Proceeds from disposal of associates		–	64,353
Net cash inflow from disposal of subsidiaries	40	66,469	–
Receipts from long-term loans receivable		12,504	3,464
Payment to long-term loans receivable		(32,400)	(12,796)
Advance to associates		(22,832)	–
Increase in pledged bank deposits		<u>(55,621)</u>	<u>(5,525)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(192,502)</u>	<u>(120,518)</u>
NET CASH OUTFLOW BEFORE FINANCING CARRIED FORWARD		<u>(57,493)</u>	<u>(228,368)</u>

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31st March, 2000

	<i>Note</i>	2000 HK\$'000	1999 HK\$'000
NET CASH OUTFLOW BEFORE FINANCING BROUGHT FORWARD		(57,493)	(228,368)
FINANCING	39		
Issue of shares and warrants		9,725	75,600
Expenses on new shares issued		(92)	(2,379)
New loans raised		292,547	243,517
Repayments of loans		(238,608)	(80,662)
Repayments of capital element of hire purchase contracts		(792)	(485)
Advances from a minority shareholder		—	(4,908)
Repayment to associates		(45,850)	(33,749)
Capital contribution from minority shareholders		74,864	374
(Repayment to) advance from investee companies		(2,684)	2,627
NET CASH INFLOW FROM FINANCING		89,110	199,935
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		31,617	(28,433)
CASH AND CASH EQUIVALENTS AT 1ST APRIL		77,543	99,335
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(11,086)	6,641
CASH AND CASH EQUIVALENTS AT 31ST MARCH		98,074	77,543
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		121,612	80,479
Bank overdrafts		(23,538)	(2,936)
		98,074	77,543

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 31st March, 2000

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The principal activities of the Group are property investment and development, investment holding, share trading, hotel operation and manufacture of boiler products. During the year, it ceased its operation in the manufacture of cement products.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants (“HKSA”).

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 10 (Revised)	Accounting for investments in associates
SSAP 24	Accounting for investments in securities

SSAPs 1 and 2 are concerned with the presentation and disclosure of financial information. The presentation in the current year’s financial statements has been modified in order to conform with the requirements of those Standards. Comparative amounts have been restated in order to achieve a consistent presentation.

In particular:

- additional analyses of income and expenditure have been presented;
- items of income and expense that were separately identified on the face of the income statement as ‘exceptional items’ in the prior year have been reclassified within an appropriate income or cost classification;
- amounts owing to investee companies and amounts owing by minority shareholders which had previously been presented together with the Company’s investments in such enterprises have been reclassified as non-current assets and liabilities according to the nature of the transactions giving rise to the balances; and
- certain current assets have been reclassified as non-current assets in accordance with the definitions of SSAP 1.

In addition, the description of various components in the financial statements and the terminology used has been updated to reflect the terminology of the new Standards.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

The adoption of SSAP 1 (Revised) has also led to a reassessment of the accounting policy adopted for pre-operating expenses. In previous years, pre-operating expenses were capitalised and amortised over a period of five years on a straight-line basis from the date of commencement of relevant business. Under SSAP 1 (Revised), pre-operating expenses should be recognised as expenses in the period in which they are incurred. This change in accounting policy has been applied retrospectively – resulting in pre-operating expenses amounting to HK\$14,859,000, being written off to the income statement. The effect of this adjustment has been to decrease retained profits of the Group at 1st April, 1999 by HK\$14,859,000 (1998: HK\$9,926,000), and to decrease the profit for the year ended 31st March, 2000 by HK\$Nil (1999: HK\$4,933,000).

The revision of SSAP 10 has not resulted in any significant changes to the accounting treatment adopted for associates and accordingly no prior period adjustment has been required. Disclosures presented have been modified to meet the requirements of the new Standard.

SSAP 24 has introduced a new framework for the classification of investments in securities and the adoption of the Standard has had a significant effect on the treatment adopted by the Group for its investments in securities. In adopting SSAP 24, the Group has selected the alternative treatment for securities other than held-to-maturity securities.

Under SSAP 24, investments in securities are now classified as held-to-maturity (carried at amortised cost less provision for irrecoverable amounts), trading securities (carried at fair value, with valuation movements dealt with in the income statement) and other securities (carried at fair value, with valuation movements dealt with in equity). In prior years, the Group's investments were classified either as long-term (carried at cost less provision for permanent diminution in value) or short-term (carried at the lower of cost and market value). The accounting treatment specified by SSAP 24 has been applied retrospectively resulting in decrease in retained profits and investments revaluation reserve at 1st April, 1999 of HK\$26,415,000 and HK\$31,925,000 (1st April, 1998 of HK\$16,138,000 and HK\$Nil) respectively, and an increase in profit in the current year of HK\$16,733,000 (1999: decrease of HK\$10,278,000) and a revaluation decrease in the current year of HK\$6,352,000 (1999: HK\$31,925,000). Comparative amounts have been restated in line with the new accounting policy.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

Premium on acquisition of associates or a jointly controlled entity, representing the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate or jointly controlled entity at the date of acquisition, is either taken directly to reserves in the year in which it arises, or retained in the balance sheet as part of the Group's interests in associates or jointly controlled entities and charged to the income statement in subsequent years if, in the opinion of the Directors, its value has diminished.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary, associate or jointly controlled entity.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Interests in associates

An associate is an enterprise, over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium paid less any discount on acquisition in so far as it has not already been written off.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any decline in the value of the associate that is other than temporary.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement. Where the investment cost in a jointly controlled entity is not expected to be fully recoverable in accordance with the contract terms upon dissolution of the jointly controlled entity at the expiry of the contractual arrangement, the expected shortfall is amortised over the remaining contractual period so as to reflect the pattern in which the economic benefits of the investment flows to the Group.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

The Company's investments in jointly controlled entities are stated at cost, as reduced by any decline in value of the jointly controlled entity that is other than temporary. Results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. They are revalued at intervals of not more than three years by independent professionally qualified valuers. In each of the intervening years, valuations are undertaken by professionally qualified executives of the Company. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous revaluations is released from the investment property revaluation reserve or distributable reserve is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Properties under development held for long term

Properties under development held for long term purpose are classified as non-current assets and are stated at cost or valuation less any provision considered necessary by the Directors. Cost comprises land costs and development costs including attributable interest and professional charges capitalised during the development period.

No depreciation is provided in respect of properties under development held for long term.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Advantage has been taken of the transitional relief provided by paragraph 72 of SSAP 17 “Property, plant and equipment” issued by the HKSA from the requirement to make regular revaluations of the Group’s development properties which had been carried at revalued amounts prior to 30th September, 1995, and accordingly no further revaluation of development properties is carried out. In previous years, the revaluation increase arising on the revaluation of an asset included in development properties was credited to assets revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the assets revaluation reserve relating to previous revaluation of the same asset. On the subsequent sale or retirement of revalued asset, the attributable revaluation surplus is transferred to retained profits.

No depreciation is provided in respect of land held on freehold.

No residual values have been assumed by the Directors in considering the depreciation charges.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives from the date on which they become fully operational, using the straight-line method, at the following rates per annum:

Land in Hong Kong	Over unexpired lease term
Buildings on land in Hong Kong held under long lease	2%
Buildings on freehold land held outside Hong Kong	2%
Buildings on land outside Hong Kong held under medium-term lease (lease with 10 to 50 years to run)	2%
Plant and machinery	10 – 20%
Motor vehicles	20%
Furniture, fixtures and equipment	10 – 20%
Motor vessels	20%

Assets held under hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated sales proceeds less selling expenses.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development for sale

Properties under development for sale are stated at cost, plus attributable profits, less any foreseeable losses and sales proceeds received and receivable.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Other assets

Other assets represent club membership and are stated at cost, as reduced by any impairment loss that is other than temporary.

Deferred compensation costs

Deferred compensation costs represented those cost paid to the consultants in respect of management service agreement provided by the consultants to the Group. These costs are recognised over the periods of the service and any unearned portion is shown as an asset in the balance sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

On consolidation, the financial statements of subsidiaries, associates or jointly controlled entities which are denominated in currencies other than the Hong Kong dollar and which operate in the PRC and overseas are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Leased assets/Assets held under hire purchase contracts

Leases are classified as finance leases when the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases and hire purchase contracts are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor or hirer, net of interest charges, is included in the balance sheet as a finance lease or hire purchase obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

(a) Sales of properties under development

When property under development is sold in advance of completion, profit is recognised and calculated on a percentage of completion basis and when construction has progressed beyond the preliminary stages of development. The percentage used is based on the proportion of construction cost incurred at the balance sheet date to estimated total construction costs. Profit recognised on this basis is limited to the amount of sales deposits received.

(b) Sales of goods

Sales of goods are recognised when goods are delivered and title has passed.

(c) Hotel operations

Revenue arising from hotel operations is recognised when the relevant services are provided.

(d) Rental income

Rental income arising from properties is recognised on an straight-line basis over the periods of the respective tenancies.

(e) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Retirement benefits scheme

The pension costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in other jurisdiction.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

4. TURNOVER

Turnover represents the aggregate of gross rental and management fee income, proceeds from sales of properties, loan interest income and commitment fee received, income from hotel operation, and sales of boiler and cement products less returns and discounts. All material intra-group transactions are excluded.

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Continuing operations:		
Sale of properties	389,453	368,128
Rental and management fee income	91,392	98,184
Sale of boiler products	53,540	87,822
Hotel operations	55,505	65,139
Loan interest income and commitment fee	3,370	5,879
	<u>593,260</u>	<u>625,152</u>
Discontinued operation:		
Sale of cement products	<u>28,415</u>	<u>43,706</u>
	<u>621,675</u>	<u>668,858</u>

5. OTHER OPERATING EXPENSES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Included in other operating expenses are:		
Provision for advances to associates	<u>6,982</u>	<u>9,213</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

6. PROFIT FROM OPERATIONS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Profit has been arrived at after charging (crediting):		
Auditors' remuneration	2,156	1,815
Depreciation of		
– owned assets	14,166	16,025
– assets held under hire purchase contracts	507	578
	14,673	16,603
Staff costs	41,216	24,821
Operating lease charges		
– on land and building	1,980	2,322
– on furniture and fixtures	102	40
– motor vehicles	199	–
Provision for bad and doubtful debts	6,809	2,937
Retirement benefits scheme contributions, net of forfeited contributions/pension costs	1,503	1,184
Net foreign exchange losses	2,802	5,877
Profit on disposal of property, plant and equipment	(25)	(68)
Loss (profit) on disposal of investment properties	1,034	(16,906)
Amortisation of deferred compensation costs	2,201	–
Net rental income	(64,928)	(69,630)
Interest income	(40,661)	(24,418)

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

7. FINANCE COSTS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	57,554	66,512
Other loans		
– wholly repayable within five years	14,284	5,642
Hire purchase contracts	121	127
Other finance costs	2,338	–
	<hr/>	<hr/>
Total borrowing costs	74,297	72,281
Less: amounts capitalised	(13,691)	(11,458)
amounts included in cost of sales	(2,255)	(988)
	<hr/>	<hr/>
	58,351	59,835
	<hr/>	<hr/>

8. DISCONTINUED OPERATION

During the year, the Group sold its subsidiaries, China White Cement Limited and Guangxi Hengxian County Special Cement and Construction Materials Company Limited, which carried on the business of manufacture of cement products of the Group and operated in the PRC. The loss on disposal of HK\$9,053,000 was calculated after deducting purchased goodwill of HK\$42,966,000 which was previously eliminated against reserves. The cash effects of the disposal are set out in note 40.

The results of the China White Cement Limited and Guangxi Hengxian County Special Cement and Construction Materials Company Limited for the period from 1st April 1999 to the date of discontinuance, which have been included in the consolidated financial statements, were as follows:

	9 months	Year ended
	to 31/12/1999	31/3/1999
	HK\$'000	HK\$'000
Turnover	<u>28,415</u>	<u>43,706</u>
Loss from ordinary activities before minority interest	<u>(5)</u>	<u>(1,718)</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

9. DIRECTORS' EMOLUMENTS

	2000 HK\$'000	1999 HK\$'000
Directors' fees	250	250
Other emoluments		
Salaries and other benefits	6,113	4,090
Total emoluments	<u>6,363</u>	<u>4,340</u>

The amounts disclosed above include directors' fees of HK\$50,000 (1999:HK\$50,000) and other emoluments of HK\$565,000 (1999: HK\$ Nil) payable to independent non-executive directors.

The emoluments of the Directors were within the following bands:

	2000 No. of directors	1999 No. of directors
HK\$Nil to HK\$1,000,000	7	8
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	2	–
HK\$2,000,001 to HK\$2,500,000	<u>–</u>	<u>1</u>

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (1999: two) were directors of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments of the remaining three (1999: three) individuals were as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other benefits	<u>2,031</u>	<u>1,594</u>

Their emoluments were within the following bands:

	2000 No. of employees	1999 No. of employees
HK\$Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>–</u>
	<u>3</u>	<u>3</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

11. TAXATION

	2000 HK\$'000	1999 HK\$'000
The charges comprise:		
Profits for the year		
Hong Kong	1,920	836
Other regions in the PRC	5,786	8,158
Other jurisdictions	10,983	357
	<u>18,689</u>	<u>9,351</u>
Prior years		
Hong Kong	1,336	1,289
Other regions in the PRC	–	(27)
Other jurisdictions	2,382	(481)
	<u>3,718</u>	<u>781</u>
Deferred taxation		
Other regions in the PRC	701	4,120
Taxation attributable to the Company and its subsidiaries	23,108	14,252
Share of taxation attributable to associates	1,650	(3,624)
	<u>24,758</u>	<u>10,628</u>

Hong Kong Profits Tax is calculated at 16% (1999: 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.

Details of the potential deferred tax charge not provided for in the year are set out in note 37 to the financial statements.

12. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$33,744,000 (1999: HK\$25,055,000), a profit of HK\$18,284,000 (1999: HK\$18,489,000) has been dealt with in the financial statements of the Company.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

13. DIVIDENDS

	2000 HK\$'000	1999 HK\$'000
Final, proposed – 2 cents per share (1999: 2 cents)	<u>18,783</u>	<u>18,494</u>

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of HK\$33,744,000 (1999: HK\$25,055,000) and on the weighted average number of 931,417,000 (1999: 860,261,000) ordinary shares in issue during the year.

No diluted earnings per share has been presented because the exercise prices of the Company's share options and warrants were higher than the average market price for shares for both 2000 and 1999.

15. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At 1st April, 1999	1,157,103
Additions	8,959
Transfer from land and buildings	9,479
Transfer from properties under development	19,234
Transfer to properties under development for sale	(37,140)
Disposals	(7,644)
Revaluation increase	3,969
Exchange adjustments	<u>(4,842)</u>
At 31st March, 2000	<u>1,149,118</u>

All of the Group's investment properties are rented under operating leases.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

15. INVESTMENT PROPERTIES (continued)

The carrying amount of investment properties comprises:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Land in Hong Kong:		
Long lease	556,994	557,792
Medium-term lease	287,439	291,074
Long outside Hong Kong:		
Freehold	188,037	218,537
Long lease	116,648	89,700
	<u>1,149,118</u>	<u>1,157,103</u>

Investment properties were revalued respectively by independent professional valuers in the relevant countries, namely DTZ Debenham Tie Leung in Hong Kong, Jones Lang LaSalle Advisory Services Pty Ltd and Chris Walton Consulting in Australia, Torode Realty Limited in Canada and DBSP Valuers and Property Consultants Pte Ltd in Singapore, on an open market basis at 31st March, 2000. The valuation give rise to revaluation increase of HK\$3,969,000 which has been credited to the investment properties revaluation reserve.

The gross rental income from investment properties for the year ended 31st March, 2000 amounted to HK\$83,349,000 (1999: HK\$91,481,000).

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Other assets HK\$'000	Total HK\$'000
THE GROUP			
COST OR VALUATION			
At 1st April, 1999	286,324	164,769	451,093
Additions	—	8,843	8,843
Exchange adjustments	129	(2,561)	(2,432)
Transfer from properties under development	174,356	—	174,356
Transfer to investment properties	(9,479)	—	(9,479)
Transfer to properties under development for sale	—	(51,545)	(51,545)
Disposal of a subsidiary	(66,783)	(50,271)	(117,054)
Disposals	(9)	(4,932)	(4,941)
	<u>384,538</u>	<u>64,303</u>	<u>448,841</u>
At 31st March, 2000			
Comprising:			
At cost	364,873	64,303	429,176
At 1994 professional valuation	19,665	—	19,665
	<u>384,538</u>	<u>64,303</u>	<u>448,841</u>
DEPRECIATION			
At 1st April, 1999	44,993	80,068	125,061
Exchange adjustments	18	(1,789)	(1,771)
Provided for the year	4,875	9,798	14,673
Transfer to properties under development for sale	—	(40,356)	(40,356)
Disposal of a subsidiary	(10,763)	(12,534)	(23,297)
Eliminated on disposals	—	(3,177)	(3,177)
	<u>39,123</u>	<u>32,010</u>	<u>71,133</u>
At 31st March, 2000			
NET BOOK VALUES			
At 31st March, 2000	<u>345,415</u>	<u>32,293</u>	<u>377,708</u>
At 31st March, 1999	<u>241,331</u>	<u>84,701</u>	<u>326,032</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of properties shown above comprises:

	THE GROUP	
	Land and buildings	
	2000	1999
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	13,746	23,265
Land outside Hong Kong:		
Freehold	298,783	151,761
Medium-term lease	32,886	66,305
	345,415	241,331

Other assets with an aggregate net book value of HK\$1,188,000 (1999: HK\$1,990,000) were held under hire purchase contracts.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

17. PROPERTIES UNDER DEVELOPMENT

	THE GROUP HK\$'000
COST OR VALUATION	
At 1st April, 1999	337,405
Additions	249,388
Exchange adjustments	1,429
Transfer to property, plant and equipment	(174,356)
Transfer to investment properties	(19,234)
Disposals	(8,633)
	<hr/>
At 31st March, 2000	385,999
	<hr/>
Comprising:	
At cost	343,027
At 1995 professional valuation	9,500
At 1994 professional valuation	33,472
	<hr/>
	385,999
	<hr/>
NET BOOK VALUES	
At 31st March, 2000	385,999
	<hr/> <hr/>
At 31st March, 1999	337,405
	<hr/> <hr/>

The net book value of properties shown above comprises:

	2000 HK\$'000	1999 HK\$'000
Land in Hong Kong:		
Long lease	160,513	—
Medium-term lease	84,975	53,537
	<hr/>	<hr/>
Land outside Hong Kong:		
Freehold	120,344	253,297
Medium-term lease	20,167	30,571
	<hr/>	<hr/>
	385,999	337,405
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

17. PROPERTIES UNDER DEVELOPMENT (continued)

Part of the properties under development in Hong Kong and outside Hong Kong with carrying value of HK\$9,500,000 (1999: HK\$9,500,000) and HK\$33,472,000 (1999: HK\$66,137,000) respectively are stated at valuations made by independent professional valuers in the relevant countries, namely DTZ Debanham Tie Leung in Hong Kong in March 1995 and Raine & Horne Zaki + Partners Sdn Bhd outside Hong Kong of the Group in April 1994 on an open market value basis.

Included in properties under development is interest capitalised of approximately HK\$31,015,000 (1999: HK\$20,007,000).

18. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,210,284	1,210,284
Advances thereto	742,080	733,674
	<u>1,952,364</u>	<u>1,943,958</u>

The advances are unsecured, interest free and repayable after one year.

Details of the principal subsidiaries are set out in note 48.

19. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets other than goodwill	460,001	479,545	—	—
Discount arising on acquisition of associates	(13,094)	(13,094)	—	—
	<u>446,907</u>	<u>466,451</u>	<u>—</u>	<u>—</u>

Details of the principal associates are set out in note 49.

Market value

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong listed investments	<u>122,538</u>	<u>30,868</u>	<u>—</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

19. INTERESTS IN ASSOCIATES (continued)

The following details have been extracted from the audited financial statements of the Group's significant associates.

As Far East Technology International Limited ("Far East Technology") is listed on the Stock Exchange, only published financial information for the year ended 31st December, 1999 was disclosed in the table below.

	Far East Technology International Limited		Bermuda Investment Limited	
	31.12.1999	31.12.1998	31.3.2000	31.3.1999
	Audited	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results for the year				
Turnover	<u>94,691</u>	<u>81,012</u>	<u>22,570</u>	<u>26,430</u>
(Loss) profit from ordinary activities before tax	<u>(95,957)</u>	<u>(60,629)</u>	<u>21,369</u>	<u>25,956</u>
(Loss) profit from ordinary activities before tax attributable to the group	<u>(30,063)</u>	<u>(18,995)</u>	<u>4,504</u>	<u>5,596</u>
Financial position				
Non-current assets	746,942	839,553	300,001	244,002
Current assets	134,754	153,349	3,052	3,882
Current liabilities	(293,920)	(340,434)	(5,902)	(6,267)
Non-current liabilities	(85,003)	(64,987)	–	–
Minority interests	(61,427)	(71,569)	–	–
Net assets	<u>441,346</u>	<u>515,912</u>	<u>297,151</u>	<u>241,617</u>
Net assets attributable to the Group	<u>138,274</u>	<u>161,635</u>	<u>74,288</u>	<u>60,404</u>

Far East Technology and its subsidiaries had the following contingent liabilities:

	31.12.1999	31.12.1998
	HK\$'000	HK\$'000
(a) Guarantees given to banks for general facilities utilised by third parties	<u>–</u>	<u>142</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

19. INTERESTS IN ASSOCIATES (continued)

- (b) In 1995, the subsidiary of Far East Technology in Malaysia were named as defendants in legal proceedings pertaining to the question of rights and interests in the shares of Seramban Golf Resort Berhad (“SGR”). The principal allegation by the plaintiffs, representing approximately 29.9% of the shareholdings in SGR, is that the defendants are in breach of certain clauses of the shareholders’ agreement in respect of the sale and purchase of shares in SGR. The plaintiffs claimed that an account of the said breach, they were entitled to re-acquire their previous shareholdings in SGR from the defendants. The net asset value of SGR as at 31st December, 1999 was approximately RM19 million, equivalent to approximately HK\$40 million.

In 1996, the plaintiffs’ applications for injunction orders have been dismissed with costs and the suit was ordered to be stayed pending arbitration. As at 31st December, 1999, the plaintiffs still have not taken any steps to refer the matter to arbitration. Therefore, the directors of Far East Technology are of the opinion that there were no material direct or contingent liabilities arising from the aforesaid litigation at the balance sheet date.

- (c) On 30th November, 1999, a corporation in which certain shareholders of SGR have interests served a notice pursuant to Section 218 of the Malaysia Companies Act, 1965 to recover an alleged claim in the amount of HK\$10,250,618 for which provision has been made and included under trade and other payables.

Far East Technology has however denied that the alleged debt is due and has instituted cost proceedings for inter alia a declaration accordingly. Hearing has been fixed on 20th June, 2000.

- (d) A financial institution had taken legal action to recover the sum of HK\$11,446,760 due to it by SGR. The amount has been provided for by Far East Technology and included under current liabilities.

A global settlement was reached by all relevant parties on or about 26th October, 1999. Upon compliance of the terms of the said settlement, the respective action will be withdrawn or discontinued. As at 31st December, 1999, SGR has confirmed that the terms of the settlement are being adhered to.

- (e) A contractor for SGR had taken legal action to recover a sum of HK\$5,172,139 (included under trade and other payables) which the contractor alleged to be due and owing under a settlement agreement dated 10th October, 1997.

SGR is contesting the same and alleged that the works completed by the contractor are defective and have also risen to encroachment upon neighbouring lands. SGR had filed an application to stay the proceedings for reference to arbitration and is presently appealing against the High Court order dismissing the application. In the meanwhile, the High Court has granted an order staying the court proceedings pending appeal.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets	<u>60,990</u>	<u>54,153</u>	<u>–</u>	<u>–</u>

As at 31st March, 2000, the Group had interests in the following jointly controlled entity:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Capital contribution	Nature of business
Shangqiu Yongyuan Development Company Limited	Incorporated	PRC	PRC	N/A	68%	Construction and operation of highway

The financial statements of Shangqiu Yongyuan Development Company Limited are not audited by Deloitte Touche Tohmatsu.

Under a joint venture agreement, the Group has an interest of 68% in Shangqiu Yongyuan Development Company Limited which based on capital contribution from the Group, an equity joint venture company in the PRC with a term of 21 years commencing from 31st July, 1997. Upon the completion of the construction work, the Group is entitled to 85% of the profits earned until it has recovered dividends to an amount equivalent to all its contribution. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until it has effectively recovered dividends equivalent to all its contribution for the agreed valuation of the relevant highway contributed. Thereafter, the Group's entitlement to share of profits is then in proportion to its contribution. At the end of the 21 years, the joint venture will be dissolved and the Group's interest in the joint venture will be surrendered to the PRC party for no consideration. As the joint venture project is still at a construction stage, no material profit or loss arose during the year.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

21. INVESTMENTS IN SECURITIES

THE GROUP

	Held-to-maturity		Trading securities		Other securities		Total	
	debt securities							
	2000	1999	2000	1999	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities								
Listed	–	–	27,055	10,322	38,612	66,945	65,667	77,267
Unlisted	–	–	68,328	65,204	2,797	22,481	71,125	87,685
	<u>–</u>	<u>–</u>	<u>95,383</u>	<u>75,526</u>	<u>41,409</u>	<u>89,426</u>	<u>136,792</u>	<u>164,952</u>
Debt securities								
Unlisted	–	5,000	–	–	–	–	–	5,000
	<u>–</u>	<u>5,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,000</u>
Total:								
Listed								
Hong Kong	–	–	27,055	10,322	38,301	65,105	65,356	75,427
Overseas	–	–	–	–	311	1,840	311	1,840
Unlisted	–	5,000	68,328	65,204	2,797	22,481	71,125	92,685
	<u>–</u>	<u>5,000</u>	<u>95,383</u>	<u>75,526</u>	<u>41,409</u>	<u>89,426</u>	<u>136,792</u>	<u>169,952</u>
Market value of								
listed securities	–	–	27,055	10,322	38,612	66,945	65,667	77,267
Carrying amount								
analysed for report								
purposes as:								
Current	–	5,000	–	–	56	67	56	5,067
Non-current	–	–	95,383	75,526	41,353	89,359	136,736	164,885
	<u>–</u>	<u>5,000</u>	<u>95,383</u>	<u>75,526</u>	<u>41,409</u>	<u>89,426</u>	<u>136,792</u>	<u>169,952</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

22. LONG-TERM LOANS RECEIVABLE

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Long-term loans receivable				
– secured	24,249	2,614	–	–
Less: Current portion	(19,282)	(1,278)	–	–
	<u>4,967</u>	<u>1,336</u>	<u>–</u>	<u>–</u>
– unsecured	18	1,757	–	–
	<u>4,985</u>	<u>3,093</u>	<u>–</u>	<u>–</u>

23. PROPERTIES UNDER DEVELOPMENT FOR SALE

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost	392,985	491,092	–	–
Add: Attributable profits recognised	22,642	84,308	–	–
	<u>415,627</u>	<u>575,400</u>	<u>–</u>	<u>–</u>
Less: Sales proceeds received and receivable	(72,733)	(234,971)	–	–
	<u>342,894</u>	<u>340,429</u>	<u>–</u>	<u>–</u>

24. INVENTORIES

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Raw materials	11,226	18,997	–	–
Work in progress	7,969	12,340	–	–
Finished goods	11,218	19,546	–	–
	<u>30,413</u>	<u>50,883</u>	<u>–</u>	<u>–</u>

The cost of inventories recognised as an expense during the year was HK\$90,150,000 (1999: HK\$123,786,000).

Included above are finished goods of HK\$10,144,000 (1999: HK\$9,717,000) which are carried at net realisable value.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

25. AMOUNTS DUE FROM ASSOCIATES

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest free advances to associates (net of provision)	89,107	82,608	—	—
Interest bearing advances to associates (net of provision)	118,246	106,296	—	—
Less: Current portion	(62,358)	(57,910)	—	—
	<u>144,995</u>	<u>130,994</u>	<u>—</u>	<u>—</u>

The advances are unsecured. The interest bearing advances borne interest at prevailing market rates.

26. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The maturity of obligations under hire purchase contracts is as follows:				
Within one year	496	923	—	—
More than one year, but not exceeding two years	90	194	—	—
More than two years, but not exceeding five years	72	87	—	—
	<u>658</u>	<u>1,204</u>	<u>—</u>	<u>—</u>
Less: amount due within one year shown under current liabilities	(496)	(923)	—	—
Amount due after one year	<u>162</u>	<u>281</u>	<u>—</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

27. BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank overdrafts	23,538	2,936	—	—
Bank loans	63,889	74,141	—	—
Mortgage loans	600,714	589,042	—	—
	<u>688,141</u>	<u>666,119</u>	<u>—</u>	<u>—</u>
Secured	639,337	622,277	—	—
Unsecured	48,804	43,842	—	—
	<u>688,141</u>	<u>666,119</u>	<u>—</u>	<u>—</u>
The maturity of the above loans and overdrafts is as follows:				
On demand or within one year	229,163	322,139	—	—
More than one year, but not exceeding two years	109,611	46,485	—	—
More than two years, but not exceeding five years	301,757	290,262	—	—
More than five years	47,610	7,233	—	—
	<u>688,141</u>	<u>666,119</u>	<u>—</u>	<u>—</u>
Less: Amount due within one year shown under current liabilities	<u>(229,163)</u>	<u>(322,139)</u>	<u>—</u>	<u>—</u>
	<u>458,978</u>	<u>343,980</u>	<u>—</u>	<u>—</u>

Details of the assets of the Group pledged to secure bank and other borrowings are set out in note 42.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

28. AMOUNTS DUE TO PARTIES RELATED TO DIRECTORS

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Interest free advance	4,182	—	—	—
Interest bearing advance	—	22,510	—	—
Interest payable thereon	—	999	—	—
	<u>4,182</u>	<u>23,509</u>	<u>—</u>	<u>—</u>

The advance was unsecured and with no fixed repayment terms. The interest bearing advance borne interest at prevailing market rates.

29. SHARE CAPITAL

	Number of shares		Share capital	
	2000	1999	2000 HK\$'000	1999 HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	<u>1,500,000</u>	<u>1,500,000</u>	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:				
At beginning of year	924,699,356	840,699,354	92,470	84,070
Issued pursuant to share dividend scheme for 1999 final dividend	13,008,253	—	1,301	—
Exercise of warrant subscription rights	1,440,026	2	144	—
Private placement	—	84,000,000	—	8,400
At end of year	<u>939,147,635</u>	<u>924,699,356</u>	<u>93,915</u>	<u>92,470</u>

On 27th September, 1999, the Company issued and allotted a total of 13,008,253 shares of HK\$0.648 each in the Company at par to the shareholder who elected to receive shares in the Company for the 1999 final dividends pursuant to the scrip dividend scheme announced by the Company on 17th August, 1999. These shares rank pari passu in all respects with other shares in issue.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

30. WARRANTS

The Company had the following warrants in issue at the balance sheet date:

	Warrants with expiry date on 31st December, 2000 ("Warrants 2000") nominal value HK\$'000	Warrants with expiry date on 31st October, 1999 ("Warrants 1999") nominal value HK\$'000
At 1st April, 1998	—	265,562
Granted during the year	<u>75,600</u>	<u>—</u>
At 1st April, 1999	75,600	265,562
Exercised during the year	(1,296)	—
Lapsed during the year	<u>—</u>	<u>(265,562)</u>
At 31st March, 2000	<u><u>74,304</u></u>	<u><u>—</u></u>
Exercise price per share	<u><u>HK\$0.9</u></u>	<u><u>N/A</u></u>

The Warrants 1999 lapsed on 31st October, 1999. During the year, registered holders of 26 Warrants 1999 exercised their rights to subscribe for 26 ordinary shares in the Company at HK\$3.2 per share.

At 31st March, 2000, the Company had outstanding 82,560,000 Warrants 2000 to be exercised at any time on or before 31st December, 2000. Exercise in full of such warrants would result in the issue of approximately 82,560,000 additional ordinary shares of HK\$0.10 each.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

31. SHARE OPTION SCHEME

The Group operates two share option schemes, details of which are as follows:

(a) The Company's option scheme

Under the terms of the Share Option Scheme ("the Scheme") which became effective on 24th May, 1990, the Company's board of directors of the Company may offer to any employees including the Executive Directors of the Company, and any of its subsidiaries, options to subscribe for shares of the Company in accordance with the terms of the Scheme.

Options were granted under the scheme to Mr. Michael O'Young, a Director of the Company to subscribe for ordinary shares of the Company at an exercise price of HK\$1.80 per share up to a maximum of 3,000,000 shares, calculated on the following basis:

- (i) entitle to subscribe for a number of 1,000,000 shares after completion of services as Managing Director for the first year commencing from 8th October, 1997 till 7th October, 1998 on a full-year basis;
- (ii) entitle to subscribe for an addition of 1,000,000 shares at the end of each service year up to a maximum of 3,000,000 shares from the second year onwards calculated on a full-year basis;
- (iii) in case of termination of services by either party during a year, there will not be any entitlement of the share option in that termination year.
- (iv) The options are exercisable at any time between 8th October, 1998 and 7th October, 2001.

Except as disclosed on the above, no other option was granted, exercised or lapsed so far by the Company during the year.

(b) The Company's subsidiary's option scheme

NCH has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the "Option Plan"). It is intended that options to purchase an aggregate of 600,000 common shares in NCH ("NCH Shares") will be granted under Option Plan. The Option Plan is administered by the compensation committee of the board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee's cessation of service with NCH. No options were granted under the Option Plan since their adoption.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

32. SHARE PREMIUM AND RESERVES

	Capital redemption reserve HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Assets revaluation reserve HK\$'000	Investment property revaluation reserve HK\$'000	Distributable reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Warrant reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP											
At 1st April, 1998											
– as originally stated	253	599,565	169,352	5,482	528,962	842,235	(134,840)	–	–	654,165	2,665,174
– prior period adjustment on change of accounting policies	–	–	–	–	–	–	–	–	–	(26,064)	(26,064)
– as restated	253	599,565	169,352	5,482	528,962	842,235	(134,840)	–	–	628,101	2,639,110
Shares issued at premium	–	42,000	–	–	–	–	–	–	–	–	42,000
Receipt from issue of warrants	–	–	–	–	–	–	–	–	25,200	–	25,200
Revaluation decrease in the year	–	–	–	–	(301,515)	–	–	(31,925)	–	–	(333,440)
Profit for the year	–	–	–	–	–	–	–	–	–	25,055	25,055
Dividends	–	–	–	–	–	–	–	–	–	(18,494)	(18,494)
Realised on disposal of assets	–	–	–	(4,814)	(21,432)	(15,844)	–	–	–	–	(42,090)
Share of associate's reserves movement during the year	–	–	–	–	(46,448)	–	(8,165)	–	–	–	(54,613)
Exchange difference on translation of overseas operations	–	–	–	–	–	–	(11,912)	–	–	–	(11,912)
Share issue expenses	–	(2,379)	–	–	–	–	–	–	–	–	(2,379)
At 31st March, 1999	253	639,186	169,352	668	159,567	826,391	(154,917)	(31,925)	25,200	634,662	2,268,437
Premium on exercise of warrants	–	1,152	–	–	–	–	–	–	–	–	1,152
Credit arising on scrip dividend	–	7,128	–	–	–	–	–	–	–	–	7,128
Revaluation increase (decrease) in the year	–	–	–	–	3,969	–	–	(12,986)	–	–	(9,017)
Profit for the year	–	–	–	–	–	–	–	–	–	33,744	33,744
Dividends	–	–	–	–	–	–	–	–	–	(18,783)	(18,783)
Realised on disposal of assets	–	–	–	(499)	458	–	–	6,634	–	499	7,092
Share of associate's reserves movement during the year	–	–	–	–	18,894	–	(3,618)	–	–	–	15,276
Release upon disposal of subsidiaries	–	–	–	–	–	42,966	904	–	–	–	43,870
Exchange difference on translation of overseas operations	–	–	–	–	–	–	(6,277)	–	–	–	(6,277)
Release upon exercise of warrants	–	432	–	–	–	–	–	–	(432)	–	–
Share issue expenses	–	(92)	–	–	–	–	–	–	–	–	(92)
At 31st March, 2000	253	647,806	169,352	169	182,888	869,357	(163,908)	(38,277)	24,768	650,122	2,342,530

The distributable reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation in 1991.

The amount disclosed as share premium in the previous year's financial statements has been re-analysed between share premium attributable to the holding company and share premium attributable to subsidiaries. The portion attributable to subsidiaries has been transferred to other reserve.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

32. SHARE PREMIUM AND RESERVES (continued)

The warrant reserve represents the amount received (net of expenses) in relation to the placement of warrants in 1999. The reserve would be released to the share premium accounts upon exercise of warrants. Upon expiry of the unexercised warrants, the reserve would be released to income statement.

	Capital redemption reserve HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000	Warrant reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE COMPANY						
At 1st April, 1998	253	599,565	1,165,620	—	1,286	1,766,724
Shares issued at premium	—	42,000	—	—	—	42,000
Receipt from issue of warrants	—	—	—	25,200	—	25,200
Profit for the year	—	—	—	—	18,489	18,489
Dividends	—	—	—	—	(18,494)	(18,494)
Share issue expenses	—	(2,379)	—	—	—	(2,379)
At 31st March, 1999	253	639,186	1,165,620	25,200	1,281	1,831,540
Premium on exercise of warrants	—	1,152	—	—	—	1,152
Release upon exercise of warrants	—	432	—	(432)	—	—
Credit arising on scrip dividend	—	7,128	—	—	—	7,128
Profit for the year	—	—	—	—	18,284	18,284
Dividends	—	—	—	—	(18,783)	(18,783)
Share issue expenses	—	(92)	—	—	—	(92)
At 31st March, 2000	253	647,806	1,165,620	24,768	782	1,839,229

The retained profits of the Group included HK\$58,443,000 (1999: HK\$93,906,000) retained by associates of the Group.

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company pursuant to the Group reorganisation in 1991. Under the Companies Law (Revised) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

In the opinion of the Directors, the Company's reserves available for distribution were as follows:

	2000 HK\$'000	1999 HK\$'000
Distributable reserve	1,165,620	1,165,620
Retained profits	782	1,281
	<u>1,166,402</u>	<u>1,166,901</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

33. MINORITY INTERESTS

	2000 HK\$'000	1999 HK\$'000
Share of net assets	<u>71,445</u>	<u>39,127</u>

34. AMOUNTS DUE TO ASSOCIATES

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Amounts due to associates, interest bearing	269,740	319,602	—	—
Amounts due to associates, interest free	44,567	34,751	—	—
Less: Current portion	<u>(138,551)</u>	<u>(125,815)</u>	<u>—</u>	<u>—</u>
	<u>175,756</u>	<u>228,538</u>	<u>—</u>	<u>—</u>

The advances are unsecured. The interest bearing accounts with associates borne interest at prevailing market rates.

35. AMOUNTS DUE TO INVESTEE COMPANIES

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Amount due to an investee company, interest bearing	—	1,140	—	—
Amounts due to investee companies, interest free	<u>—</u>	<u>1,544</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>2,684</u>	<u>—</u>	<u>—</u>

The amounts due to investee companies are unsecured and repayable after one year. The interest bearing account with an investee company borne interest at prevailing market rates.

36. AMOUNT DUE FROM/TO A MINORITY SHAREHOLDER

The amount due from/to a minority shareholder is unsecured, interest free and repayable after one year.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

37. DEFERRED TAXATION

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Balance at beginning of year	4,120	—
Exchange difference	(208)	—
Charge for the year	701	4,120
Balance at end of year	<u>4,613</u>	<u>4,120</u>

At the balance sheet date, the major components of deferred taxation liabilities (assets), provided and unprovided, are as follows:

	Provided		Unprovided	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Tax effect of timing differences because of:				
Profit recognised under percentage of completion method	4,613	4,120	—	—
Excess of tax allowances over depreciation	—	—	356	215
Tax effect of taxation losses	—	—	(46,171)	(39,757)
	<u>4,613</u>	<u>4,120</u>	<u>(45,815)</u>	<u>(39,542)</u>

Deferred tax asset in respect of tax losses available to set off future profits has not been recognised in the financial statements as it is not certain that the tax losses will be utilised in the foreseeable future.

The amount of unprovided deferred tax liabilities (assets) for the year is as follows:

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	141	128	—	—
Tax losses arising	(6,414)	(26,710)	—	—
	<u>(6,273)</u>	<u>(26,582)</u>	<u>—</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31st March, 2000

37. DEFERRED TAXATION *(continued)*

The Company did not have any material unprovided deferred taxation at the balance sheet date.

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of investment properties and development properties as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

38. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	2000 HK\$'000	1999 HK\$'000
Profit before taxation	58,627	39,606
Share of results of associates	20,645	(19,306)
Depreciation	14,673	16,603
Interest income	(37,291)	(18,539)
Interest expenses	60,606	60,823
Provision for advances to associates	6,982	9,213
Profit arising from spin-off of a subsidiary, NCH	(31,934)	–
Loss on disposal of discontinued operation	9,053	–
Profit on disposal of investments in securities	(32,562)	–
Unrealised (gains) losses on investments in securities	(16,716)	5,574
Profit on disposal of associates	–	(907)
Loss (profit) on disposal of properties and other fixed assets	1,009	(16,974)
(Decrease) increase in amounts due to parties related to directors	(19,327)	23,057
Decrease (increase) in completed properties for sale	30,919	(56,321)
Decrease (increase) in properties under development for sale	45,864	(15,484)
Increase in amounts due from associates	(4,448)	(20,014)
Increase in amounts due to associates	12,736	14,259
Increase in debtors, deposits and prepayments	(12,805)	(67,851)
Increase in loans receivable	(18,285)	(5,108)
Decrease (increase) in investments in securities	5,011	(5,179)
Decrease in inventories	4,696	14,819
Decrease in customers' deposits received	(3,893)	(191)
Increase (decrease) in creditors and accruals	89,319	(19,938)
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	<u>182,879</u>	<u>(61,858)</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Warrant reserve HK\$'000	Share capital and share premium HK\$'000	Loans HK\$'000	Hire purchase creditors HK\$'000	Minority interests HK\$'000	Amount due to a minority shareholder HK\$'000	Amounts due to investee companies HK\$'000	Amounts due to associates HK\$'000
Balance at 1st April, 1998	–	683,635	509,458	983	35,237	24,668	57	274,675
Net cash inflow (outflow)								
from financing	25,200	48,021	162,855	(485)	374	(4,908)	2,627	(33,749)
Share of loss for the year	–	–	–	–	3,923	–	–	–
Inception of hire purchase contracts	–	–	–	706	–	–	–	–
Effect of foreign exchange rate changes	–	–	(9,130)	–	8	–	–	(12,388)
Dividend paid to minority shareholders	–	–	–	–	(415)	–	–	–
Balance at 1st April, 1999	25,200	731,656	663,183	1,204	39,127	19,760	2,684	228,538
Net cash inflow (outflow)								
from financing	–	9,633	53,939	(792)	74,864	–	(2,684)	(45,850)
Share of loss for the year	–	–	–	–	125	–	–	–
Effect of spin-off of NCH	–	–	–	–	(31,934)	–	–	–
Effect of disposal of subsidiaries	–	–	(48,888)	–	(10,376)	–	–	–
Released upon exercise of warrants	(432)	432	–	–	–	–	–	–
Inception of hire purchase contracts	–	–	–	246	–	–	–	–
Effect of foreign exchange rate changes	–	–	(3,631)	–	(361)	–	–	(6,932)
Balance at 31st March, 2000	<u>24,768</u>	<u>741,721</u>	<u>664,603</u>	<u>658</u>	<u>71,445</u>	<u>19,760</u>	<u>–</u>	<u>175,756</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

40. SALE OF SUBSIDIARIES

	HK\$'000
NET ASSETS DISPOSED OF	
Creditors and accruals	(56,888)
Bank Loan	(25,811)
Mortgage loan	(23,077)
Taxation payable	(3,674)
Property, plant and equipment	93,757
Inventories	15,774
Debtors, deposits and prepayments	64,851
Bank balances and cash	1,531
	<u>66,463</u>
Minority interests	(10,376)
Attributable goodwill	42,966
	<u>99,053</u>
Loss on disposal	(9,053)
	<u>90,000</u>
Total consideration	<u>90,000</u>
Satisfied by:	
Cash	68,000
Properties under development	22,000
	<u>90,000</u>
Net cash inflow arising on disposal:	
Cash consideration	68,000
Bank balances and cash disposed of	(1,531)
	<u>66,469</u>

The business sold during the year contributed HK\$3,801,000 to the Group's net operating cash flows, paid HK\$2,071,000 in respect of the net returns on investment and servicing of finance, received HK\$66,000 in respect of tax refund, utilised HK\$602,000 for investing activities and paid HK\$188,000 in respect of financing activities.

The subsidiaries disposed of during the year contributed HK\$28,415,000 (1999: HK\$43,706,000) to the Group's turnover and HK\$2,067,000 (1999: HK\$3,569,000) to the Group's profit from operations.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

41. NON-CASH TRANSACTIONS

During the year, the Group entered into hire purchase arrangements in respect of assets with a total capital value at the inception of the leases of HK\$246,000 (1999: HK\$706,000).

42. PLEDGE OF ASSETS

- (a) The Group's properties and bank deposits with an aggregate net book value of approximately HK\$1,337 million (1999: HK\$1,591 million) together with properties of associates and a third party were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities granted to the Group and its associates to the extent of approximately HK\$861 million and HK\$205 million (1999: HK\$779 million and HK\$217 million) respectively.
- (b) The Group has entered into agreements with certain banks in respect of mortgage loans provided to house buyers of property development project in Shanghai, the PRC. In accordance with those agreements, the Group deposits either 10% of the consideration of the properties sold and financed under the mortgage loans or between 10% and 20% of the amount of financing provided as a guarantee for settlement of the mortgage installments. Should mortgagors fail to pay mortgage installments the bank can draw down the deposits up to the amount of mortgage installments not paid during the period from the mortgage drawdown to the date of releasing such guarantees. The guarantees will be released when property title deeds are passed to the banks as security for the respective mortgage loans. At the balance sheet date, deposit of HK\$5,025,000 (1999: HK\$41,146,000) was placed with banks to guarantee the above agreements.
- (c) In 1999, the Group's investment in and amount due from Charter Joy Limited ("Charter Joy"), a wholly-owned subsidiary, have been pledged to a banker to secure a loan facility granted to Charter Joy. In addition, Charter Joy has executed in favour of the banker assignment of sales proceeds and assignment of insurance in relation to properties held by Charter Joy. During the year, the bank loan was repaid and the pledge was released.

43. SIGNIFICANT EVENT

As disclosed in the circular to shareholders of the Company dated 18th May, 1994, Thai International Modern Builders Company Limited, shareholders of Home Town Development Company Limited ("Home Town") and ATM Holdings Company Limited ("ATMH") (collectively "the ATM Group") and the Group entered into certain agreements on 3rd December, 1993 and 23rd April, 1994 respectively (collectively "the Agreements") for (i) the purchase by the Group of part of an office building project known as ATM Tower Vibhavadi ("ATM Tower") for an aggregate consideration of (a) Baht 548,000,000 in cash, (b) 25,508,000 shares of Far East Technology valued at HK\$2.40 per share and (c) two properties located in Edmonton, Canada known as Cambridge Building and Kelly Ramsey Building ("the Canadian Properties"), (ii) the purchase by the Group of 50% of the share capital of Home Town in consideration for 16.5% of the share capital of Hamsher International Limited ("Hamsher"), (iii) the purchase by the Group of a further portion of ATM Tower in consideration for 63.5% of the share capital in Hamsher, and (iv) the purchase by the Group of 50% of the share capital of ATMH for cash of Baht 115,000,000.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

43. SIGNIFICANT EVENT (continued)

Pursuant to the Agreements, the Group paid to the ATM Group an amount of Baht 150 million in cash, and delivered certificate for 30% of the share capital in Hamsher in favour of a nominee of the ATM Group and the share certificates and instruments of transfer for 25,508,000 ordinary shares of Far East Technology to an escrow account with an independent custodian in Hong Kong. In return, the ATM Group transferred to the Group 50% of the issued share capital of both Home Town and ATMH. However, the Agreements were not completed. In particular, ATM Group has not yet completed the shareholders agreements between the parties and against the background of the depressed Thai property market the construction of ATM Tower is not as advanced as prescribed under the Agreements. After consultation with the Group's legal advisers, the Directors have formed the opinion that the Group can rescind the agreements referred (i), (ii) and (iii) above and recover the associated assets paid or transferred by the Group.

Against this background, the financial statements reflect the transferred Far East Technology shares and cash payment totalling HK\$91,256,000 (1999: HK\$91,256,000) net of provisions as deposits. Hamsher continues to be accounted for as a wholly owned subsidiary, the net asset value of which was approximately HK\$106,657,000 (1999: HK\$122,401,000) as at 31st March, 2000.

44. CAPITAL COMMITMENTS

- (a) At the balance sheet date, the Group had, so far as not provided for in the financial statements, contracted commitments as follows:
 - (i) property development expenditure of approximately HK\$234 million (1999: HK\$299 million); and
 - (ii) acquisition of properties in Thailand approximately HK\$270 million in respect of the Agreements as mentioned in note 43 above (1999: HK\$265 million).
- (b) At the balance sheet date, the Group had authorised but not yet contracted for additional expenditure of a property development project in Shanghai, the PRC of approximately HK\$204 million (1999: HK\$215 million).

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

45. LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments payable in the following year under non-cancellable operating leases in respect of:

	2000 HK\$'000	1999 HK\$'000
Land and building which expire:		
– within one year	132	202
– in the second to fifth years inclusive	–	132
– over five years	–	168
	<u>132</u>	<u>502</u>
Furniture and fixtures which expire:		
– within one year	<u>49</u>	<u>102</u>
Motor vehicles which expire:		
– in the second to fifth years inclusive	<u>217</u>	<u>–</u>

46. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities of the Group and of the Company were as follows:

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Guarantees issued to secure banking and other facilities made available to				
– subsidiaries	–	–	530,783	444,714
– third parties	11,000	4,269	11,000	–
– an investee company	<u>44,672</u>	<u>–</u>	<u>44,672</u>	<u>–</u>

(b) The Group has pre-sold part of the real estate development project in Shanghai, the PRC and has accrued for accounting purposes the full amount of provisional foreign enterprises income tax on the deemed profits arising from the pre-sale pursuant to the relevant tax regulations. The Group, however, has not made instalment payments in respect of the provisional tax liability because it has informally agreed with the relevant tax authority to allow the instalments to be delayed until the project is completed. Were the Group to be assessed at the daily rate of 0.2% on the balance due, as of 31st March, 2000 the potential delinquent charge would be approximate by HK\$12,689,000 (1999: HK\$4,369,000).

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

46. CONTINGENT LIABILITIES (continued)

- (c) The Group has given guarantee in respect of mortgage loans provided to the home buyers of a property development project in Shanghai, the PRC. At 31st March, 1999 and 2000, the total amount of mortgages outstanding which are subject to these guarantees was HK\$71,369,000 and HK\$80,742,000 respectively.
- (d) The Group had entered into an agreement with the underwriters for the purpose of listing of its subsidiary, NCH in NASDAQ Stock Market in the United States of America (the "USA"). Pursuant to the said agreement, the Group have agreed that 25% of NCH shares holding by the Group will be cancelled if the net income of NCH is less than US\$10 million in the first one-year period commencing on the first day of the month following the closing date of the public offer of the NCH shares in the USA; and 25% of NCH shares holding by the Group will be cancelled if the net income of NCH is less than US\$20 million in the next following one-year period. There was no share of NCH being cancelled under this undertaking during the year.

47. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following significant transactions with related parties:

- (a) Directors and their associates

	2000 HK\$'000	1999 HK\$'000
Proceeds from sale of a property (note (i) below)	33,000	—
Interest expenses (note (ii) below)	<u>1,186</u>	<u>999</u>

- (i) During the year, the Group has disposed of its property to the spouse of Mr. David Chiu, a director of the Company for an amount of HK\$33,000,000. The transaction price is determined by the Directors on the basis of estimated market value.
- (ii) This transaction has been entered into on terms agreed by the parties concerned with reference to prevailing market rates.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

47. RELATED PARTY TRANSACTIONS (continued)

(b) Associates

	2000 HK\$'000	1999 HK\$'000
Interest income	(19,629)	(13,376)
Interest expenses	13,376	9,253
Building management fee expenses	<u>4,179</u>	<u>1,611</u>

These transactions have been entered into on terms agreed by parties concerned with reference to prevailing market rates for interest expenses and income and floor areas for building management fee.

Details of the balances with related parties as at the balance sheet date are set out in notes 25, 28 and 34.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of direct subsidiary	Issued share capital			Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities	Place of incorporation/operation
	Number of shares	Par value per share	Class of shares held			
Far East Consortium (B.V.I.) Limited	50,000	US\$1	Ordinary	100	Investment holding	British Virgin Islands

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
404577 Alberta Ltd. *	2	Nil	Class A	100	Property investment
413643 Alberta Ltd. *	100	Nil	Class A	100	Property investment
Aik Land Limited *	2	HK\$1	Ordinary	100	Share investment and loan financing
Amphion Investment Limited *	2	HK\$1	Ordinary	100	Loan financing
Annick Investment Limited	2	HK\$1	Ordinary	100	Property investment

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
Arvel Company Limited *	10,000	HK\$1	Ordinary	100	Property investment
Bournemouth Estates Limited *	2	HK\$10	Ordinary	100	Property development
Cathay General Inc. *	1	Nil	Common	100	Investment holding and share investment
Charter Joy Limited	2	HK\$1	Ordinary	100	Property development and trading
Charter National International Ltd *	2	HK\$1	Ordinary	100	Property development
Cheong Sing Property Development Limited	500	HK\$100	Ordinary	100	Property development
Chun Wah Holdings Limited	200	HK\$1	Ordinary	100	Property development
Coventry Investments Inc. *	10	Nil	Common	100	Investment holding
Detheridge Estates Limited	2	HK\$1	Ordinary	100	Investment holding and loan financing
Dorsett Hotels & Resorts (H.K.) Ltd *	1,000,000	HK\$1	Ordinary	100	Investment holding
Dorsett Regency Hotel (M) Sdn. Bhd. *	5,000,000	M\$1	Ordinary	100	Hotel investment and operation
Dunball Limited	2	HK\$1	Ordinary	100	Property investment
Dunjoy Limited	2	HK\$1	Ordinary	100	Investment holding
Dynahome Development Sdn. Bhd *	1,255,000	M\$1	Ordinary	100	Investment holding
Elliott Investment Corporation *	2	Nil	Ordinary	100	Investment holding and share investment
Ever Liberty (M) Sdn. Bhd. *	2	M\$1	Ordinary	100	Property investment
Everkent Development Ltd.	2	HK\$1	Ordinary	100	Property development

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
Far East Consortium China Investments Limited	6,000	HK\$100	Ordinary	100	Property development and trading
Far East Consortium China Land Corporation Limited	1,000	HK\$100	Ordinary	100	Property development
Far East Consortium Limited	830,650,000	HK\$1	Ordinary	100	Investment holding and property investment
Far East Consortium Holdings (Australia) Pty Limited*	12	A\$1	Ordinary	100	Investment holding
	235	A\$0.01	Redeemable preference	100	
Far East Consortium Machinery Limited	2	HK\$1	Ordinary	100	Investment holding
Far East Consortium (Malaysia) Limited *	2	HK\$1	Ordinary	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	6,000	US\$1	Ordinary	100	Investment holding
Far East Consortium Properties Pty Limited *	12	A\$1	Ordinary	100	Investment holding and property investment
	225	A\$0.01	Redeemable preference	100	
Far East Consortium Property & Marketing Services Pty Limited*	1	A\$1	Ordinary	100	Property development
Far East Real Estate and Agency (H.K.) Limited	60,000	HK\$100	Ordinary	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited *	12	A\$1	Ordinary	100	Investment holding
	375	A\$0.01	Redeemable preference	100	
Far East Rockman Investments Pty Limited *	12	A\$1	Ordinary	100	Investment holding
	125	A\$0.01	Redeemable preference	100	
Far East Supermarket Limited *	500,000	HK\$1	Ordinary	100	Investment holding

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
FEC Development (Malaysia) Sdn. Bhd. *	2	MS\$1	Ordinary	100	Investment holding
FEC Properties Limited	1	US\$1	Ordinary	100	Property investment
FEC Strategic Investments (Netherlands) B.V. *	120,000	DFL1	Ordinary	100	Investment holding
Fortune Plus (M) Sdn. Bhd. *	935,000	MS\$1	Ordinary	100	Property investment
Garden Resort Development Ltd.	100	HK\$1	Ordinary	100	Property development
Goldleaf Limited *	1	US\$1	Ordinary	100	Investment holding
Grandco Investment Limited	1	US\$1	Ordinary	100	Property investment
Grandtune Investments Limited	1	US\$1	Ordinary	100	Property Investment
Guangzhou Pegasus Boiler Manufacture Company Limited *	Nil	HK\$50,000,000	Nil	51	Operation of boiler factory
Hamsher International Ltd. *	29,805,065	US\$1	Ordinary	100 #	Hotel investment and operation
Hayworth Holdings Limited	100	£1	Ordinary	100	Investment holding
Henrik Investment Limited *	2	HK\$1	Ordinary	100	Property investment
Hero Housing Limited	880	HK\$1,000	Ordinary	100	Property investment
Karunmas Ehsan Sdn. Bhd.	100	M\$1	Ordinary	51	Property development
Kuala Lumpur Land Holdings Limited	100	£1	Ordinary	100	Investment holding
Madison Lighters and Watches Company Limited	4	HK\$1	Ordinary	100	Investment holding
Mayland Property Management Sdn. Bhd. *	2	M\$1	Ordinary	100	Property management

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Number of shares	Par value per share	Class of shares held	Issued share capital		Principal activities
					Proportion of nominal value of issued capital/ registered capital held by the Group	
New China Homes, Ltd. (formerly known as China Homes, Limited) (a listed company incorporated in the Cayman Islands)	12,700,000	US\$1	Common		75.2	Investment holding
New Time Plaza Development Limited	1,000	HK\$1	Ordinary		100	Investment holding
New Union Investments (China) Limited	300	HK\$1	Ordinary		100	Investment holding
N.T. Horizon Realty (Jordan) Limited	2	HK\$100	Ordinary		100	Property investment
Oi Tak Enterprises Limited *	1,000,000	HK\$1	Ordinary		75	Investment holding
Pacific Boulevard Hotel (M) Sdn. Bhd. *	2,000,000	M\$1	Ordinary		100	Property development
Pansy Development Limited *	2	HK\$1	Ordinary		100	Property investment
Peace View Company Limited *	2	HK\$1	Ordinary		100	Property investment
Peacock Management Services Limited	2	HK\$1	Ordinary		100	Administration services
Polyland Development Limited	2	HK\$1	Ordinary		100	Property investment
Ready Town Limited	2	HK\$1	Ordinary		100	Property and share investment
Redleaf Properties Limited *	20,000	US\$1	Ordinary		100	Investment holding
Rich Diamond Holdings Limited	10	US\$1	Ordinary		70	Investment holding
Ridon Investment Limited	2	HK\$1	Ordinary		100	Investment holding and share investment
Roseville Enterprises Limited	6,000	HK\$100	Ordinary		100	Property investment

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
Ruby Way Limited	2	HK\$1	Ordinary	100	Property investment
Scarborough Development Limited *	2	HK\$1	Ordinary	100	Property development
Sea Wave Properties Limited *	1,000,000	HK\$1	Ordinary	100	Investment holding
Shanghai Chingchu Property Development Company Limited	Nil	US\$9,000,000	Nil	98.2	Developing, selling and leasing properties
Shanghai Chingchu Property Management Company Limited	Nil	US\$500,000	Nil	100	Property management
Sheen Profit Industries Ltd*	2	HK\$1	Ordinary	100	Property development
Shelborn Enterprises, Inc.	10	US\$1	Ordinary	100	Investment holding
Singford Holdings Limited *	1	US\$1	Ordinary	100	Share investment
Sovereign Land Company Limited*	2	HK\$100	Ordinary	100	Property investment
Southsino Development Limited	100	HK\$1	Ordinary	100	Property development
Star Bridge Development Limited *	2	HK\$1	Ordinary	100	Property investment
Stoneline Sdn. Bhd. *	2	M\$1	Ordinary	100	Investment holding
Suzin Mizlin Sdn. Bhd. *	2,340,000	M\$1	Ordinary	100	Land development
Teampearl Company Ltd*	5,001 4,999	HK\$1	Class A Class B	100 100	Investment holding
Tomarta Sdn. Bhd. *	1,000,000	M\$1	Ordinary	100	Property trading
Turbulent Limited	2	HK\$10	Ordinary	100	Investment holding
Universal Star (M) Sdn. Bhd. *	500,000	M\$1	Ordinary	100	Property development

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of shares	Par value per share	Class of shares held		
Uppercase Development Limited *	1,000,000	HK\$1	Ordinary	100	Investment holding
Victoria Land Pty. Ltd. * (formerly known as Far East Consortium Management Services Pty Limited)	12	A\$1	Ordinary	100	Management Services
Vicco Development Limited	2	HK\$1	Ordinary	100	Investment holding
Vico Overseas Inc. *	4	US\$1	Ordinary	75	Property investment
Virgobee Limited	2	HK\$1	Ordinary	100	Property investment
Waldorf Development Pte Limited *	2	S\$1	Ordinary	100	Property investment
Waldorf Holdings Pte Limited *	1,000,000	S\$1	Ordinary	100	Property investment

* Companies not audited by Deloitte Touche Tohmatsu.

The effective percentage of shareholding held by the Group is under dispute with an independent third party. Please refer to note 43 for further details.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All the above indirect subsidiaries are incorporated and are operating in Hong Kong except the followings:

Name of indirect subsidiary	Place of incorporation	Place of operation
404577 Alberta Ltd.	Canada	Canada
413643 Alberta Ltd.	Canada	Canada
Cathay General Inc.	Republic of Liberia	Hong Kong
Coventry Investments Inc.	Republic of Liberia	Republic of Liberia
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Dynahome Development Sdn. Bhd.	Malaysia	Malaysia
Elliott Investment Corporation	Panama	Hong Kong
Ever Liberty (M) Sdn. Bhd.	Malaysia	Malaysia
Far East Consortium Holdings (Australia) Pty Limited	Australia	Australia

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Place of incorporation	Place of operation
Far East Consortium (Netherlands Antilles) N.V.	Netherlands Antilles	Netherlands Antilles
Far East Consortium Properties Pty Limited	Australia	Australia
Far East Consortium Property & Marketing Services Pty Limited	Australia	Australia
Far East Rockman Hotels (Australia) Pty Limited	Australia	Australia
Far East Rockman Investments Pty Limited	Australia	Australia
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	Malaysia
FEC Properties Limited	British Virgin Islands	Hong Kong
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	The Netherlands
Fortune Plus (M) Sdn. Bhd.	Malaysia	Malaysia
Goldleaf Limited	British Virgin Islands	Malaysia
Grandco Investment Limited	British Virgin Islands	The USA
Grandtune Investments Limited	British Virgin Islands	Thailand
Guangzhou Pegasus Boiler Manufacture Company Limited	The PRC	The PRC
Hamsher International Ltd.	British Virgin Islands	The USA
Hayworth Holdings Limited	Channel Islands	Malaysia
Karunmas Ehsan Sdn. Bhd.	Malaysia	Malaysia
Kuala Lumpur Land Holdings Limited	Channel Islands	Malaysia
Mayland Property Management Sdn. Bhd.	Malaysia	Malaysia
New China Homes, Ltd.	Cayman Islands	The PRC
Pacific Boulevard Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Redleaf Properties Limited	British Virgin Islands	Malaysia
Rich Diamond Holdings Limited	British Virgin Islands	The Philippines
Shanghai Chingchu Property Development Company Limited	The PRC	The PRC
Shanghai Chingchu Property Management Company Limited	The PRC	The PRC
Shelborn Enterprises, Inc.	British Virgin Islands	U.S.A.
Singford Holdings Limited	British Virgin Islands	Hong Kong
Stoneline Sdn. Bhd.	Malaysia	Malaysia
Suzin Mizlin Sdn. Bhd.	Malaysia	Malaysia
Tomarta Sdn. Bhd.	Malaysia	Malaysia
Universal Star (M) Sdn. Bhd.	Malaysia	Malaysia
Victoria Land Pty Ltd.	Australia	Australia
Vico Overseas Inc.	British Virgin Islands	Malaysia
Waldorf Development Pte Limited	Singapore	Singapore
Waldorf Holdings Pte Limited	Singapore	Singapore

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

49. PARTICULARS OF PRINCIPAL ASSOCIATES

Name of indirect associate	Class of shares held	Issued share capital		Principal activities
		Proportion of nominal value of issued capital/registered capital held by the Group		
Bermuda Investments Limited *	Ordinary	25		Property investment
Bradney Proprietary Limited *	Ordinary	50		Investment holding
Far East Technology International Limited	Ordinary	31.33		Investment holding, share and property investments
Gold Coin (Hong Kong) Limited *	Ordinary	26		Investment holding
Gold Coin Feedmill (China) Limited *	Ordinary	26		Operation of feedmill factory
Guangdong Xin Shi Dai Real Estate Limited *	Nil	45		Property development
Kanic Property Management Limited *	Ordinary	50		Building management
Libran Star (M) Sdn. Bhd. *	Ordinary	50		Property development
Liuzhou Universe Compressor Company Limited *	Nil	25.24		Operation of compressor factory
Mega Master (M) Sdn. Bhd.*	Ordinary	49.95		Property investment
Naples Investments Limited *	Ordinary	35		Investment holding
Northleisure Proprietary Limited *	Ordinary	50		Investment holding
Northrock Investments Proprietary Limited *	Ordinary	49.09		Loan financing
	Cumulative redeemable preference	49.98		
Peacock Estates Limited *	Ordinary	25		Property investment
Philippine Dream Company, Inc. *	Ordinary	25.2		Hotel operation
Regency Hotels Proprietary Limited *	Ordinary	49		Hotel operation
Rockman's Regency Towers Proprietary Limited *	Ordinary	49		Investment holding
Royal Domain Plaza Pty Ltd *	Ordinary	50		Property investment
Royal Domain Towers Pty Ltd *	Ordinary	50		Property investment
Young Heung International (BVI) Ltd	Ordinary	20		Manufacturing of steel products

* Companies not audited by Deloitte Touche Tohmatsu.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2000

49. PARTICULARS OF PRINCIPAL ASSOCIATES (continued)

All the above associates are incorporated and are operating in Hong Kong except the followings:

Name of indirect associate	Place of incorporation	Place of operation
Bradney Proprietary Limited	Australia	Australia
Gold Coin Feedmill (China) Limited	The PRC	The PRC
Guangdong Xin Shi Dai Real Estate Limited	The PRC	The PRC
Libran Star (M) Sdn. Bhd.	Malaysia	Malaysia
Liuzhou Universe Compressor Company Limited	The PRC	The PRC
Mega Master (M) Sdn. Bhd.	Malaysia	Malaysia
Naples Investments Limited	British Virgin Islands	The Philippines
Northleisure Pty Ltd	Australia	Australia
Northrock Investments Proprietary Limited	Australia	Australia
Philippine Dream Company, Inc.	Philippines	The Philippines
Regency Hotels Proprietary Limited	Australia	Australia
Rockman's Regency Towers Proprietary Limited	Australia	Australia
Royal Domain Plaza Pty Ltd	Australia	Australia
Royal Domain Towers Pty Ltd	Australia	Australia
Young Heung International (BVI) Ltd	British Virgin Islands	The PRC

LIST OF MAJOR PROPERTIES HELD BY THE GROUP

Name of property and location	Lot number	Group's interest	Site area (m ²)
Hong Kong			
1. 16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th to 24th Floors and Flat Roof on 24th Floor), Far East Consortium Building, 121 Des Voeux Road Central	120/736 shares of and in IL 2198, 2200, 2201, Sec. A and RP of IL 2199 and Sec. A, B & C of ML 299	100%	—
2. Unit 1 on G/F and Unit 3 on Level 1 (known as Golden Palace Theatre) and Flats 1A, 1C Tung Wai Garden, 419G Queen's Road West and 4 Sai On Lane, Sai Ying Pun	5912/25701 shares of and in RP of Sec. B of ML 205	100%	—
3. Unit B on 1/F, Cheong Kat Mansion, 98-100 Catchick Street and 21-23 Cadogan Street, Kennedy Town	8/180 shares of and in RP of Ss1 of Sec. A & RP of Sec. A of Ss1 of Sec. A of IL 1298	100%	—
4. The entire basement to 6/F (except for the cinema) and Flat A on 24/F and Roof, Far East Bank Mongkok Building, 240-244 Portland Street and 11 Nelson Street, Mongkok	95/400 shares of and in RP of KIL 1385-1386	100%	—
5. Far East Consortium Building, 204-206 Nathan Road, Tsim Sha Tsui, Kowloon	RP of KIL 10467 & RP of KIL 10468	100%	—
6. Far East Bank Tsuen Wan Building, 135-143 Castle Peak Road, Tsuen Wan	Lot 2158 in DD 449	100%	—
7. G/F, Garden Area and 1/F of Block 4, and carparking spaces nos. 1, 4, 25, 61 & 62, Rise Park Villas, Razor Hill Road, Sai Kung	69/1408 shares of and in Lot 1124 in DD 253	100%	—

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m ²)	Type	Stage of completion	Expected completion date
2,473	O	Completed	Existing
658	C & R	Completed	Existing
91	C	Completed	Existing
4,782	S & R	Completed	Existing
3,579	S & O	Completed	Existing
9,076	S, R & C	Completed	Existing
293	R & CP	Completed	Existing

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
Hong Kong			
8. Various shops on LG/F and UG/F, Tsuen Wan Gardens Phase 1, 15-23 Castle Peak Road, Tsuen Wan	279/4400 shares of and in TWTL 241	100%	—
9. Various lots, Pak Kong, Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,525
10. Shops 17, 18 and 20 on G/F, commercial portion of 1/F - 3/F, Tung Fai Court, 2 Shui Che Kwun Street, Yuen Long	249/750 shares of and in YLTL 287 & 349	100%	—
11. Route TWISK, Chuen Lung	Various lots in DD 360, DD 433 and DD 435	100%	32,202
12. Shop 6 on G/F and whole of 1/F, Cheong Hung Mansion, 2-14 Mei Fong Street, Kwai Chung	119/1000 shares of and in KCTL 186 & 295	100%	—
13. Shop C on Ground Floor and 1/F to 3/F, Full Hang Court, Nos. 104-112 Ma Tau Wai Road, Hung Hom	213/527 shares of and in KIL 8480-8484, RP of KIL 6020	100%	—
14. Shop No. 7 on G/F, whole 1/F and two staircases & one entrance lobby on G/F for the exclusive use of 1/F, Full Yau Court, Yau San Street, Yuen Long	285/975 shares of and in YITL 391	100%	—
15. Shop Nos. 10, 19-24, 44-46, 56-60 and Showcase Nos. 18, 18a, 18b on G/F, whole 1/F, Come On Building, 387 Castle Peak Road, Castle Peak Bay, Tuen Mun	363/2485th shares of and in TMTL 151	100%	—
16. Shop Nos. 4, 5 and 6 on G/F, Toho Court, 18 and 20 Main Street Apleichau and No. 5 Ping Lan Street, Apleichau	30/1176th shares of and in Section A of Apleichau Inland Lot 47 and the extension thereto	100%	—

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m ²)	Type	Stage of completion	Expected completion date
3,987	SA	Completed	Existing
Not yet determined	A	Planning stage	Vacant site
1,318	S, R & C	Completed	Existing
Not yet determined	A	Planning stage	Vacant site
570	S & C	Completed	Existing
1,667	C & S	Completed	Existing
1,232	C & S	Completed	Existing
1,452	C & S	Completed	Existing
57	S	Completed	Existing

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
Hong Kong			
17. Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940
18. Sheung Yeung, Sai Kung	Lots 84, 85, 86, 89, 91, 92, 94, 95A, 99, 116RP, 137, 139, 141RP, 213, 221RP, 224RP, 229, 230, 231A, 231RP, 233, 234, 236, 258, 263RP and 746 in DD225	100%	7,136
19. Tai Hang Village, Tai Po	Lot 73 RP in DD7	100%	2,332
20. 60-66 Baker Street & 2-6 Baker Court, Hung Hom, Kowloon	HHIL 235 SB, SC, SD, SE, SIss1, SIss2 and SIss3	100%	604
21. Pak Shek Wo, Sai Kung, N.T.	Lot 1265 in DD 253	100%	2,796
22. Tan Kwai Tsuen, Yuen Long, N.T.	Lot 3927 SB in DD 124	100%	4,849
23. 46-48 Anchor Street, Tai Kok Tsui, Kowloon	KIL 6374	100%	357

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m ²)	Type	Stage of completion	Expected completion date
—	A	Planning stage	Vacant site
4,682	R	Under construction	2001
3,121	R	Planning stage	Vacant site
5,444	S & R	Under Construction	2002
1,672	R	Under Construction	2001
4,849	R	Planning Stage	2002
4,281	H	Planning Stage	2003

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
Overseas			
24. Section 67, Town of Kuala Lumpur, Wilayah Persekutuan	Lots 471 and 472	100%	1,860
25. Section 67, Town of Kuala Lumpur, Wilayah Persekutuan	Lot 908	100%	985
26. Mukim of Kajang, District of Hulu Langat, State of Selangor	Lot 6504	51%	203,403
27. State Land Plot 'E' Teluk Gedong Forest Reserve, Mukim and District of Kelang, State of Selangor	—	100%	185,874
28. 100A Eu Tong Sen Street, Waldorf Office Complex, Singapore	Lot 178-49-A/J of TS 22	100%	—
29. Cambridge Building, 10024 Jasper Avenue, Edmonton, Alberta, Canada	Lots 14 and 15	100%	1,394
30. Kelly Ramsey Building, 100A Street, #101A Avenue, Edmonton, Alberta, Canada	Lots 39 and 40, except thereout the most westernly 6 feet throughout of the said Lot 40	100%	1,310
31. Dallas Grand Hotel, 1914 Commerce Street, Dallas, Texas, U.S.A.	N/A	100%	6,849
32. 360 St. Kilda Road, Melbourne, Victoria, Australia	N/A	100%	4,088
33. 370 St. Kilda Road, Melbourne, Victoria, Australia	N/A	100%	3,729

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m ²)	Type	Stage of completion	Expected completion date
23,532	H	Completed	Existing
—	R	Completed	Existing
—	R	Under construction	2000-2001
—	R	Under construction	2000
3,464	O & S	Completed	Existing
13,806	C	Completed	Existing
4,307	O	Completed	Existing
—	H	Completed	Existing
15,681	O & CP	Development Stage	2001
38,000	R & CP	Completed	Existing

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
Overseas			
34. The Dolphin Acrade, Gold Coast Highway and Orchid Avenue, Surfers Paradise, Gold Coast Queensland, Australia	N/A	80%	7,240
35. 1954 Commerce Street, Dallas, Texas, USA	N/A	100%	2,322
36. Room 2603, Block 3, Dong-Jun Plaza, 836 Dong Feng Road East, Guangzhou, PRC	N/A	100%	—
37. Room 2604, Block 3, Dong-Jun Plaza, 836 Dong Feng Road East, Guangzhou, PRC	N/A	100%	—

LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m ²)	Type	Stage of completion	Expected completion date
7,223	C & CP	Completed	Existing
11,918	CP & SA	Development stage	2001
91	O	Completed	Existing
91	C	Completed	Existing

All the above properties except items number 24 to 28 were held under long-term lease by the Group

O – Office
SA – Shopping Arcade
C – Commercial

S – Shops
R – Residential
A – Agricultural

H – Hotel
CP – Car Park
I – Industrial

NOTICE OF ANNUAL GENERAL MEETING

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 Thursday, the 28th day of September, 2000 at 3:00p.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 31st March, 2000.
2. To declare a final dividend.
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

NOTICE OF ANNUAL GENERAL MEETING

- (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).”

B. “THAT:

- (i) 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 and warrants issued by the Company to subscribe for shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, 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 warrants to be repurchased by the Company pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate amount of the warrants of the Company outstanding 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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.”
- C. “**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.”
- D. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the share option scheme (the “Share Option Scheme”, the rules of the Share Option Scheme are contained in the document marked “A” produced to this meeting and for the purpose of identification signed by the Chairman) and the granting of any options thereunder and the listing of and permission to deal in the shares of the Company falling to be issued pursuant to the exercise of any such options, the rules of the Share Option Scheme be and are hereby approved and adopted and the Directors of the Company be and are hereby authorised to grant options to subscribe for shares of the Company thereunder and to allot and issue shares in the capital of the Company pursuant to the exercise of any such options which may be granted under the Share Option Scheme and to vote on any matter connected therewith notwithstanding that they or any of them may be interested in the same.”

By Order of the Board
Chow Kwok Wor
Company Secretary

Hong Kong, 23rd August, 2000

Notes:

1. The registers of members and warrant holders of the Company will be closed from Monday, 25th September, 2000 to Thursday, 28th September, 2000, both days inclusive, during which period no transfer of shares and warrants will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates and in the case of warrant holders, all subscription forms accompanied by the appropriate subscription payments and the relevant warrant certificates of the Company, 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 Friday, 22nd September, 2000.
2. 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 of the Company.
3. 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 5D above will be sent to shareholders and, for information only, to warrant holders together with the 2000 Annual Report.

Principal Properties in Hong Kong

香港之主要物業



Composite Development at Baker Street,
Hunghom
綜合發展大廈於紅磡必嘉街



Low-density Houses Development at Pak Shek Wo,
Sai Kung
低密度住宅發展於西貢白石窩



Low-density Residential Development
at Tan Kwai Tsuen, Yuen Long
低密度住宅發展於元朗丹桂村



Hong Kong 26 Court

Principal Investment in China 中國之主要投資



New Time Plaza, Guangzhou
廣州之新時代廣場



California Gardens, Shanghai (New China Homes, Ltd)
上海錦秋加州花園



Liuzhou Universal Compressor Factory
柳州環宇壓縮機廠



Guangzhou Pegasus Boiler Factory, Guangzhou
廣州勁馬鍋爐廠



National Highway 311 (Henan Province Yong Cheng City)
國道311 (河南省永城市)

Principal Investments in Malaysia

來西亞之主要投資



Proposed Taman Teluk Bedong
Indah Development
公寓



Proposed Apartments in Segambut (Planning Stage)
公寓



Desa Karunmas 2 1/2 Storey Terrace House
住宅



Dorsett Regency Hotel, Kuala Lumpur
吉隆坡之酒店



Sri Jati Condominium
公寓

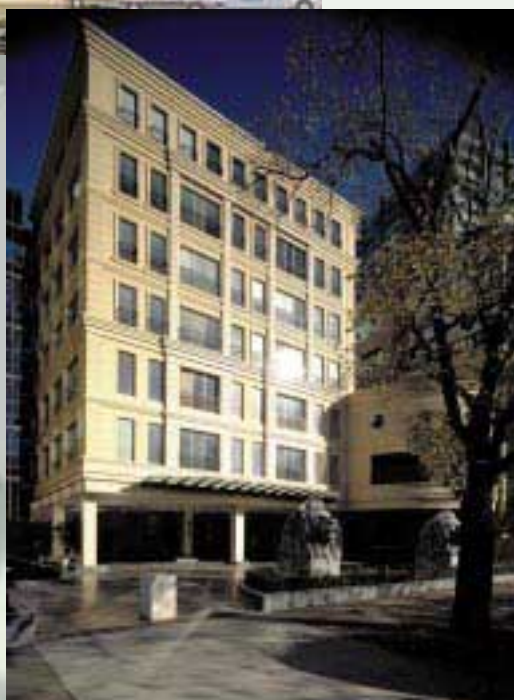


Regina Court Condominium
公寓

澳洲之主要投資 Principal Investments in Australia



360 St. Kilda Road, Melbourne
“Royal Domain Plaza Apartments”
墨爾本之公寓



370 St. Kilda Road, Melbourne
“Royal Domain Corporate”
墨爾本之寫字樓



Dolphin Arcade, Surfers Paradise
滑浪者天堂之商場



Rockman's Regency Hotel & Tower, Melbourne
墨爾本之酒店及公寓



Rockman's Regency Hotel Lobby
酒店大堂



Rockman's Regency Tower Apartment Interior
公寓之室內設計

Principal Investment in North America

美洲之主要投資



Dallas Grand Hotel, Dallas, Texas, U.S.A.
美國德薩斯市之達拉斯大酒店



Kelly Ramsey Building, Edmonton, Canada
加拿大愛民頓市之商業大廈



Cambridge Building, Edmonton, Canada
加拿大愛民頓市之商業大廈



Residential Development Project at Riverside South
Manhattan, New York, U.S.A.
美國紐約曼克頓區之住宅發展項目

