



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

INTERIM REPORT 1999-2000 **一九九九年至二零零零年度** **中期報告書**

Interim Results
for the six months ended 30th September, 1999

The Board of Directors of Far East Consortium International Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 1999 are as follows:

	Six months ended 30th September, 1999	Six months ended 30th September, 1998
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	<u>386,431</u>	<u>356,298</u>
OPERATING PROFIT		
Continuing operation	35,133	36,407
SHARE OF RESULTS OF ASSOCIATED COMPANIES	<u>1,299</u>	<u>7,577</u>
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION	36,432	43,984
TAXATION (1)	<u>6,933</u>	<u>13,221</u>
PROFIT AFTER TAXATION	29,499	30,763
MINORITY INTERESTS	<u>586</u>	<u>(1,379)</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	28,913	32,142
DIVIDENDS		
Interim dividend	<u>—</u>	<u>—</u>
PROFIT FOR THE PERIOD RETAINED	<u>28,913</u>	<u>32,142</u>
EARNINGS PER SHARE (2)		
– Basic	<u>3.1 cents</u>	<u>3.8 cents</u>
– Diluted	<u>Nil</u>	<u>Nil</u>

Notes:

(1) Taxation

Provision for Hong Kong profits tax is calculated at the rate of 16% (1998 – 16%) based on the estimated assessable profits for the period. Overseas subsidiaries provide for taxation at the prevailing rates of taxation applicable to the countries in which they operate.

The tax charges comprise:

	Six months ended 30th September, 1999 HK\$'000	Six months ended 30th September, 1998 HK\$'000
Profits tax for the period		
Hong Kong Profits Tax	960	445
Other jurisdictions	3,562	11,218
	4,522	11,663
Deferred taxation		
Jurisdictions other than Hong Kong	1,406	–
Taxation attributable to the Company and its subsidiaries	5,928	11,663
Share of tax on results of associated companies		
Hong Kong Profits Tax	547	469
Other jurisdictions	458	1,089
	1,005	1,558
	6,933	13,221

(2) Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$28,913,000 (1998 – HK\$32,142,000) and on the weighted average number of 924,699,367 (1998 – 840,699,354) shares in issue during the period.

There were no dilutive potential ordinary shares for the period ended 30th September, 1999.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30th September, 1999 (1998 – Nil).

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

1. Corporate Results

Turnover for the six months ended 30th September, 1999 was HK\$386 million as compared to HK\$356 million in the corresponding period of 1998, an increase of 8%. However, profit attributable to shareholders was HK\$29 million, a slight decrease of 10%.

2. Property Division

The California Gardens, our major residential housing project in Shanghai, continued to provide stable income sources to the Group's results. Since the first launch in 1997, we have sold approximately 1,500 houses and another 600 houses being pre-booked. During the review period, we have started construction of Phase IV and ancillary facilities such as primary and secondary school, commercial centre and club house, etc.

In Hong Kong, the 4 luxurious townhouses in Kowloon Tong which were acquired in last year have been completely sold and generated a good profit contribution to the Group. During the period under review, we have purchased one lot of land with an area of 56,000 sq. ft. in Hung Shui Kiu which could be developed into a 56,000 sq. ft. condominium project. We have also signed a conditional agreement to acquire another block of land in Pak Shek Wo, Sai Kung. The site area is about 30,000 sq. ft. which could be developed into a housing project with total gross floor area of 18,000 sq. ft..

During the period, the Group has also acquired two lots of land in Mukim of Batu Daerah, Kuala Lumpur with total area of approximately 1.3 million sq. ft. which could be developed into a 3,000 units of condominium project.

Despite of the downturn in the rental market in Hong Kong, our rental portfolio has been performing well. Although our rental income has decreased, it remains above market average.

3. Hotel Division

During the period under review, the Rockman's Regency Hotel in Melbourne and the Dorsett Regency Hotel in Kuala Lumpur performed well and maintained a high rate of occupancy.

As a result of the severe competition in hotel industry in Dallas, the performance of our Dallas Grand Hotel was disappointing and we are planning to upgrade the hotel.

4. Industrial Division

Our Industrial Division continued to incur a loss for the period. However, the performance of the Group's white cement and boiler factories has improved and have reduced their losses as compared with the corresponding period of last year.

5. Outlook and Strategy

At the extraordinary general meeting held on 16th December, 1999, the proposed spin-off and separate listing of New China Homes, Ltd., the holding company of the “California Gardens” project, on the Nasdaq Stock Market was approved by the shareholders of the Company. It is expected that the filing of all necessary documentation with the U.S. Securities and Exchange Commission will complete by the end of December 1999 and subject to final approval, the listing of the New China Homes’ shares on Nasdaq will commence shortly thereafter.

With the separate listing of New China Homes, the Group’s profile will increase and New China Homes will have additional fund raising channel in the U.S. for its future expansion, in particular to achieve a higher market share in the middle-income residential housing sector in China.

The Group’s stated strategy is to dispose of its non-core assets and to use the funds generated thereby to invest in its core business.

DIRECTORS’ INTERESTS IN SECURITIES

(i) Shares and warrants

As at 30th September, 1999, the interests of Directors in the shares and warrants 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 Director	Personal Interests	Number of Ordinary Shares		Total
		Corporate Interests		
Deacon Te Ken Chiu	9,398,884	106,586,402	(Note 1)	115,985,286
David Chiu	645	214,475,986	(Note 2)	214,476,631
Dennis Chiu	6,949	4,778,666	(Note 3)	4,785,615
Ching Lan Chiu Ju	1,058,018	–		1,058,018
Dick Tat Sang Chiu	747,623	–		747,623
Daniel Tat Jung Chiu	35,165	3,877,218	(Note 4)	3,912,383

Name of Director	Personal Interests	Amounts of 1999 Warrants		Total
		Corporate Interests		
	HK\$	HK\$		HK\$
Deacon Te Ken Chiu	2,927,616.00	33,789,056.00	(Note 1)	36,716,672.00
David Chiu	198.40	64,079,817.60	(Note 2)	64,080,016.00
Dennis Chiu	2,099.20	1,382,409.60	(Note 3)	1,384,508.80
Ching Lan Chiu Ju	187,840.00	–		187,840.00
Dick Tat Sang Chiu	232,873.60	–		232,873.60
Daniel Tat Jung Chiu	10,953.60	–		10,953.60

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

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

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

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

(ii) Options

The Director had personal interests in share options to subscribe for shares in the Company at an exercise price of HK\$1.80 per share, exercisable from 8th October 1998 to 7th October, 2001 as follows:

Name of Director	Outstanding at 30th September, 1999
Michael Chi Ning O'Young	3,000,000

Save as disclosed above, no option was granted, exercised or lapsed during the period.

(iii) Shares in associated corporations

As at 30th September, 1999, the interests of Directors in the share capital of the Company's associated corporations were as follows:

Name of Director	Number of associated corporation	Name of ordinary shares held
Deacon Te Ken Chiu	Far East Holdings International Limited	141,463,411 <i>(Note 1)</i>
Ching Lan Chiu Ju	Far East Holdings 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 Holdings International Limited	52,010,200 <i>(Note 2)</i>
Daniel Tat Jung Chiu	Far East Holdings International Limited	41,400,000 <i>(Note 2)</i>

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

Note 2: Includes 30,400,000 shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.

Save as disclosed above, none of the Directors or Chief Executive, or their associates, had any interest 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 Executive, or 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 period.

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 30th September, 1999.

YEAR 2000 ISSUE

The Year 2000 date change issue has arisen because many computer systems and electronic devices which store data information based on a two-digit year sequence are unable to accurately process dates for the Year 2000 and beyond.

Actions have been taken by the Directors to ensure that all computer hardware and software currently used by the Group are Year 2000 compliant. For this purpose, appropriate hardware as well as new accounting software system have been acquired at a total cost of approximately HK\$150,000 and full conversion of the accounting system has completed in June 1999. Accordingly, the Directors are of the opinion that the Group is now in compliance with the Y2K requirements.

Since the principal business of the Group do not rely on computer systems or time-driven electronic equipment, neither has a contingency plan been set up nor an insurance cover been deemed to be required.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th September, 1999, in compliance 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

By Order of the Board
Michael Chi Ning O'Young
Managing Director

Hong Kong, 17th December, 1999