



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2000

The Board of Directors (the "Directors") of Far East Consortium International Limited (the "Company") are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2000 together with comparative figures for the previous year are as follows:

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	2	621,675	668,858
Cost of sales		(456,996)	(474,474)
Gross profit		164,679	194,384
Other revenue		50,361	33,860
Selling and distribution costs		(15,679)	(10,995)
Administrative expenses		(107,569)	(87,563)
Other operating expenses		(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		114,742	81,042
Profit arising from spin-off of a subsidiary, New China Homes, Ltd. ("NCH")		31,934	–
Loss on disposal of discontinued operations		(9,053)	–
Loss on disposal of associates		–	(907)
Share of results of associates		(20,645)	19,306
Finance costs		(58,351)	(59,835)
Profit before taxation		58,627	39,606
Taxation	3	(24,758)	(10,628)
Profit before minority interests		33,869	28,978
Minority interests		(125)	(3,923)
Net profit for the year		33,744	25,055
Dividends		(18,783)	(18,494)
Earnings per share	4	4 cents	3 cents

Notes:

1. Basis of presentation

During the year ended 31st March, 2000, the Group has adopted the following new Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants:

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

Comparative figures have been reclassified to conform with the current year's presentation.

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 for the Group at 1st April, 1999 by HK\$9,926,000 (1998: Nil), and to decrease the profit for the year ended 31st March, 2000 by HK\$Nil (1999: HK\$4,933,000).

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 (1998: HK\$16,138,000) and HK\$31,926,000 (1998: 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\$31,926,000).

2. 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.

3. Taxation

The charges comprise:

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

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 tax relief for losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Earnings per share

The calculation of earnings per share is based on the Group's profit for the year of HK\$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.

DIVIDENDS

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. The final dividend will take the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the Annual General Meeting to be held on 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.

BOOK CLOSE

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.

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

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 (1999) 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.

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 77%.

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, will 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 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:

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

APPRECIATION

During the year, Mr. Michael O'Young resigned as Managing Director in order to concentrate on our major investment in China and is now the President & CEO of New China Homes, Ltd., and will remain as a Director of the Company. However, I extend my gratitude on behalf of the Board of Directors to him for his past contribution as the Managing Director.

At the same time, I am pleased to welcome Mr. Steven Kwan as the new Managing Director in August 2000. With Mr. Kwan's extensive experience in the field of investment banking and finance for the past 25 years, I firmly believe that the appointment of Mr. Kwan will contribute to the further growth of the Group.

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 compliant and operated properly through the Year 2000 critical dates.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

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

By Order of the Board
David Chiu
Deputy Chairman

Hong Kong, 23rd August, 2000

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:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2000.
- To declare a final dividend.
- To re-elect directors and to fix the directors' fees.
- To re-appoint auditors and to authorize the directors to fix their remuneration.
- As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. "THAT:

- 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;
- 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;
- 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
- For the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - 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:

- 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;

- 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
- for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - 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:

- 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.
- 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.
- 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.
- 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.