

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