

**FAR EAST TECHNOLOGY INTERNATIONAL LTD :  
DEACON CHIU TE KEN'S FAMILY COMPANY**

There is one chairman of a company, listed on The Stock Exchange of Hongkong Ltd, who is as balmy as they come.

He can hardly deny this fact because his former doctor, after he was arrested and charged by The Independent Commission Against Corruption, in 1993, attested to the fact that Mr Deacon Chiu Te Ken had holes in his brain.

The good doctor was describing the condition of the Chairman of publicly listed Far East Technology International Ltd as that of dementia: Deterioration of intellectual faculties, such as memory, concentration, and judgment, resulting from an organic disease or a disorder of the brain. It is often accompanied by emotional disturbance and personality changes; madness; insanity.

On the strength of this evidence, Mr Justice Leonard granted a stay to the Proceedings, which were most serious: Attempting to defraud Far East Bank Ltd.

One month later, in May 1993, a similar charge of alleged fraud was dropped against Mr Deacon Chiu's son, David Chiu Tat Cheong, because the Crown realised that its entire case had collapsed when Mr Deacon Chiu's doctor attested to the fact that his patient was a loon.

In spite of this mental disability, which to many would have spelt the end of a useful life as a businessman, Mr Deacon Chiu continues to guide the fortunes of Far East Technology.

And, to make certain that his Company is operated in the way that he wants it operated, whether or not he is totally mad, he has his sons and one daughter sit in positions of power -- for the sake of objectivity, no doubt.

The sons and one daughter comprise:

Mr Dennis Chiu Tat Shing	Executive Director and Managing Director
Mr Duncan Chiu	Executive Director and Deputy Managing Director
Mr David Chiu Tat Cheong	Executive Director
Mr Daniel Chiu Tat Jung	Non-Executive Director
Mr Derek Chiu Tat Wai	Non-Executive Director
Mr Desmond Chiu	Non-Executive Director
Miss Margaret Chiu	Non-Executive Director

Not bad going for a 75-year-old person who is potty, or nearly potty.

Far East Technology, formerly known as Far East Holdings International Ltd, has been a little bit more than just a failure over the past 5 Financial Years, and some people might describe it as more than just a little bit of a disaster area.

The following is the Financial Summary of the Company, going back to 1995:

	Financial Year ended December 31				
	1995	1996	1997	1998	1999
	All Figures are Denominated in \$HK'000				
Turnover	191,192	316,405	256,915	81,013	94,691
Profit/(Loss) from Operations and Finance Costs	(11,759)	15,781	(58,271)	(60,626)	(95,965)
Share of Results of Associates	Nil	Nil	(4)	(3)	7
Profit/(Loss) before Taxation	(11,759)	15,781	(58,275)	(60,629)	(95,958)
Taxation	7,042	19,289	6,322	530	424
Loss from Ordinary Activities before Minority Interests	(18,801)	(3,508)	(64,597)	(61,159)	(96,382)
Minority Interests	(4,504)	(9,870)	346	8,686	7,980
Loss for the Year	(23,305)	(13,378)	(64,251)	(52,473)	(88,402)
Loss Per Share	7.80 cents	4.50 cents	21.50 cents	17.60 cents	29.60 cents

As is clear from the above table, the 1999 Financial Year was the best, in terms of losses, for the past 5 Financial Years.

What is, perhaps, more telling is to note that Shareholders' Funds have been constantly eroded over the past 5 Years, from about \$HK761.14 million in 1995 to about \$HK441.35 million in 1999.

This is a loss of Shareholders' Funds, equal to about 42 percent.

One would have to come to the conclusion that Management of this Company is of not much cop, and that it was high time to get rid of the loon and to replace him with somebody with all of his mental faculties -- before it is too late.

The Principal Activities of Far East Technology is property trading, property investment, investments in stocks and bonds and what-have-you, the manufacture of garments and concrete, the operations of a golf course and a resort complex, and the operation of an amusement park.

The Company changed its name to the present, seemingly hi-tech sounding name on May 5, 2000 in order '*to reflect the Group's business engagement in software development, system integration, e-solution, e-commerce, and operating of training and certification centres*'. (Page 25 of the 1999 Annual Report)

In view of the fact that none of the Directors of Far East Technology has any knowledge of this business, one wonders whether or not this is another piece of madness.

Chairman Deacon Chiu said this on May 17, 2000, in his Chairman's Statement to Shareholders:

*'The year 2000 sees a break through of the Group's business approach. As the world is marching towards a digitize era, the Group finds the need to break from traditional business practices and switch to the technology world. Eyeing the huge potential of the computer and internet related market, the Company has entered into an Agreement with China National Computer Software and Technology Services Corporation ("CS&S"), the largest software company in the People's Republic of China, to establish a joint venture company in China.*

*'The joint venture company, ChinaSoft FE International Information Technology Limited, will conduct several businesses. Firstly, it will continue to act as a system integrator and an e-solution provider in China. The company that CS&S injected into our joint venture company, CS&S Cyber Chinese Information Technology Limited, is specialised in system integration and providing solutions in China for various industries and is a leading e-commerce solution provider for IBM in China.*

*'CS&S Training Centre is another company injected by CS&S into the joint venture company. CS&S Training Centre is the earliest computer skills related training centre in China established in 1981. It has trained more than 400,000 people since its establishment and now offers wide range of courses like MCSE, Cisco, JAVA and Oracle 8, etc. in China. Effort is being made to enhance the training environment and upgrade the current portal to a web-based environment which can accommodate larger number of students online. About 7,000 people were trained on our web-based tutorial section last year.*

*'Investments in other IT companies are expected in the near future. With the connection and establishment of CS&S in China the company will, through its joint venture company, act as a strategic investor in IT industry providing technical advisory services, funding, managerial and financial expertise to start-up company in the IT world.'* (TARGET has faithfully copied the above text as it appears in the 1999 Annual Report)

On Page 61 of the same Annual Report, under the heading, **'POST BALANCE SHEET EVENT'**, the following 2 paragraphs appear:

*' On 3<sup>rd</sup> February, 2000, the Company has entered into an agreement ("CS&S Agreement") with China National Computer Software and Technology Services Corporation ("CS&S"), one of the largest software companies in the PRC. Pursuant to the CS&S Agreement, the Company and CS&S, at stage 1, will form a new joint venture company ("JV") and inject into it RMB 15 million (about \$HK14.15 million) and two PRC subsidiaries respectively. The two subsidiaries are principally engaged in software development, system integration, e-solution, e-commerce and operating a training and certification centre.*

*'At stage 2, CS&S would consider to inject further assets into the JV, in return for which the Company may issue new shares representing not more than 20% of the existing issued share capital of the Company. Such further injection, however, is subject to further negotiation and terms of which have not yet been determined.'*(Once again, TARGET has faithfully copied the above text as it appears in the 1999 Annual Report)

In the Chairman's Statement, one is told the CS&S is the largest software company in the PRC, but in the Post Balance Sheet Event, CS&S is stated to be only '*one of the largest software companies in the PRC.*'

Which statement is one to believe?

Or, are they both incorrect?

In any event, the amount of money to be invested in CS&S is not large, especially when compared with the losses of about \$HK88.40 million for the 1999 Financial Year.

What is interesting to note at this point is that Chairman Deacon Chiu is trying to play his hi-tech '*card*' even before the deck has been shuffled.

And he is an admitted type of person that plays with just 26 cards, rather than a full deck of 52 cards.

Whether or not CS&S ever turns in a reasonable profit remains to be seen, but ... [CLICK TO ORDER FULL ARTICLE](#)

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