FAR EAST HOTELS AND ENTERTAINMENT LIMITED
遠東酒店實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0037)

Announcement
Final Results For The Year Ended 31 March 2009

RESULTS

The Board of Directors (the "Board") of Far East Hotels And Entertainment Limited (the "Company") announces that the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 are set out as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2009

	NOTES	2009	2008
		HK$	HK$
Revenue from hotel operation		**16,704,565**	16,558,252
Property rental income		**12,434,218**	10,488,655
Cost of sales		**(30,325,761)**	(28,235,399)
Gross loss		**(1,186,978)**	(1,188,492)
Dividend income from listed securities		**400,700**	146,641
(Decrease) increase in fair value of held-for-trading investments		**(21,675,986)**	3,175,850
Other income		**890,640**	3,684,586
Gain on disposal of available-for-sale investments		**-**	3,428,900
Gain on disposal of investment properties		**-**	969,015
(Decrease) increase in fair value of investment properties		**(38,992,202)**	27,249,807
Provision for onerous contracts		**(3,706,000)**	-
Increase in fair value of financial liabilities at fair value through profit and loss		**(42,790)**	(497,635)
Administrative expenses		**(17,167,601)**	(25,693,950)
Finance costs	3	**(2,254,762)**	(4,219,585)
Share of results of associates		**390,607**	550,552
(Loss) profit before taxtaion		**(83,344,372)**	7,605,689
Taxation	4	**5,350,690**	(3,822,329)
(Loss) profit for the year		**(77,993,682)**	3,783,360
		Cents	Cents
(Loss) earnings per share	5	**(15.95)**	0.77

CONSOLIDATED BALANCE SHEET

As at 31st March 2009

	NOTES	**2009**	2008
		HK$	HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**101,628,623**	106,371,482
Paintings		**3,800,000**	3,373,523
Investment properties		**104,022,140**	143,014,342
Prepaid lease payments		**1,001,448**	1,029,464
Interests in associates		**1,926,387**	4,535,780
Available-for-sale investments		**159,188,314**	159,188,314
		371,566,912	417,512,905
CURRENT ASSETS			
Prepaid lease payments		**28,016**	28,016
Held-for-trading investments		**10,195,070**	22,517,895
Inventories		**414,450**	437,303
Trade and other receivables	7	**3,407,945**	3,468,789
Deposits and prepayment		**2,506,804**	7,214,889
Deposit for acquisition of properties		**4,844,170**	-
Amount due from an associate		**203,562**	203,562
Amounts due from related companies		**420,716**	472,489
Pledged bank deposits		**2,132,323**	2,410,948
Bank balances and cash		**2,040,796**	19,457,028
		26,193,852	56,210,919
CURRENT LIABILITIES			
Trade and other payables	8	**7,305,296**	6,310,615
Deposits received		**3,153,914**	1,499,709
Amounts due to directors		**370,000**	-
Amounts due to associates		**385,381**	1,697,717
Amounts due to related companies		**315,192**	212,406
Amount due to a minority shareholder		**3,344,671**	1,718,594
Provision for onerous contracts		**3,706,000**	-
Bank borrowings - due within one year		**9,064,231**	5,195,638
Financial liabilities at fair value through profit and loss		**540,425**	497,635
Bank overdrafts		**2,495,979**	-
		30,681,089	17,132,314
NET CURRENT (LIABILITIES) ASSETS		**(4,487,237)**	39,078,605
		367,079,675	456,591,510
CAPITAL AND RESERVES			
Share capital	9	**48,884,268**	48,884,268
Reserves		**237,350,345**	315,934,002
		286,234,613	364,818,270
NON-CURRENT LIABILITIES			
Deferred taxation		**6,391,062**	11,741,752
Provision for long service payments		**2,055,013**	2,055,013
Bank borrowings - due after one year		**72,398,987**	77,976,475
		80,845,062	91,773,240
		367,079,675	456,591,510

NOTES

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group and the Company have applied the following amendments and interpretations (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group and the Company for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group and the Company have not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-Cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
[2] Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1st January, 2009
[4] Effective for annual periods beginning on or after 1st July, 2009
[5] Effective for annual periods ending on or after 30th June, 2009
[6] Effective for annual periods beginning on or after 1st July, 2008
[7] Effective for annual periods beginning on or after 1st October, 2008
[8] Effective for transfers on or after 1st July, 2009

The adoption of HKAS 1 results in changes in the presentation of primary financial statements. The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipated that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

2. Business And Geographical Information

Business segments

For management purposes, the Group is currently organised into three operating divisions - hotel operation, property letting and securities investment and trading. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel operation	- operation of a hotel
Property letting	- leasing of investment properties and service apartments
Securities investment and trading	- investment and trading in securities

Segment information about these businesses is presented below:

	Hotel operation HK$	Property letting HK$	Securities investment and trading HK$	Consolidated HK$
2009				
REVENUE	**16,704,565**	**12,434,218**	**-**	**29,138,783**
RESULTS				
Segment profit (loss)	**32,943**	**(45,562,076)**	**(21,318,076)**	**(66,847,209)**
Bank interest income				**73,134**
Unallocated other income				**817,506**
Unallocated corporate expenses				**(15,523,648)**
Finance costs				**(2,254,762)**
Share of results of associates				**390,607**
Loss before taxation				**(83,344,372)**
Taxation				**5,350,690**
Loss for the year				**(77,993,682)**
2008				
REVENUE	16,558,252	10,488,655	-	27,046,907
RESULTS				
Segment (loss) profit	(102,115)	24,341,972	615,449	24,855,306
Bank interest income				1,155,860
Unallocated corporate expenses				(14,736,444)
Finance costs				(4,219,585)
Share of results of associates				550,552
Profit before taxation				7,605,689
Taxation				(3,822,329)
Profit for the year				3,783,360

Geographical segments

	Sales revenue by geographical market	
	2009 **HK$**	2008 HK$
Hong Kong	**18,374,984**	17,096,833
Other regions in the PRC	**10,763,799**	9,950,074
	29,138,783	27,046,907

3. Finance Costs

	2009	2008
	HK$	HK$
Interest on bank borrowings:		
Wholly repayable within five years	**918,050**	189,151
Not wholly repayable within five years	**1,336,712**	3,966,096
Interest on finance leases	-	64,338
	2,254,762	4,219,585

4. Taxation

Taxation represents the deferred taxation credit (2008: deferred taxation charge) for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries have no assessable profit in both years. No provision for People's Republic of China ("PRC") Enterprise income tax as there is no assessable profit for both years for the subsidiary operated in PRC.

5. (Loss) Earnings Per Share

The calculation of basic (loss) earnings per share is based on the loss for the year of HK$77,993,682 (2008: profit of HK$3,783,360) and 488,842,675 (2008: 488,842,675) ordinary shares in issue during the year.

No diluted loss per share for the current year is presented as there was no potential dilutive ordinary shares subsisted during the year. No diluted earnings per share was presented for prior year as the exercise of the potential dilutive ordinary shares would result in an increase in earnings per share.

6. Depreciation

During the year, depreciation of HK$9,329,348 (2008: HK$9,763,070) was charged in respect of the Group's property, plant and equipment.

7. Trade And Other Receivables

The Group generally allows an average credit period of not more than 30 days to its customers.

The following is an aged analysis of trade and other receivables at the balance sheet date:

	THE GROUP	
	2009	2008
	HK$	HK$
0 - 30 days	**3,398,878**	3,409,065
31 - 60 days	**-**	53,974
Over 60 days	**519,612**	516,295
Trade and other receivables	**3,918,490**	3,979,334
Less: allowance for doubtful debts	**(510,545)**	(510,545)
	3,407,945	3,468,789

8. Trade And Other Payables

The following is an aged analysis of trade payables at the balance sheet date:

	THE GROUP	
	2009	2008
	HK$	HK$
0 - 30 days	**495,384**	974,698
31 - 60 days	**449,781**	125,830
Over 60 days	**3,065,808**	1,596,711
Trade payables	**4,010,973**	2,697,239
Other payables	**3,294,323**	3,613,376
	7,305,296	6,310,615

9. Share Capital

	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$	HK$
Authorised:				
At 1st April 2008	750,000,000	750,000,000	75,000,000	750,000,000
Capital reduction	-	-	-	(675,000,000)
At 31st March 2009	750,000,000	750,000,000	75,000,000	75,000,000
Issued and fully paid:				
At 1st April 2008	488,842,675	488,842,675	48,884,268	488,842,675
Capital reduction	-	-	-	(439,958,407)
At 31st March 2009	488,842,675	488,842,675	48,884,268	48,884,268

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 1st June 2007, and the subsequent Order of the High Court of the Hong Kong Special Administrative Region granted on 20th July 2007, the Company effected a capital reduction which took effect on 20th July 2007. The paid-up capital on each of its issued ordinary shares of HK$1.00 was cancelled to the extent of HK$0.90 per share, and the nominal value of all of the ordinary shares of the Company, both issued and unissued, was reduced from HK$1.00 per share to HK$0.10 per share.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year (2008: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

The loss for the year ended 31 March 2009 amounting to HK$77,993,682 was mainly due to a decrease in fair value of investment properties of approximately HK$39 million, a loss of approximately HK$22 million from securities investment and trading and provision for onerous contracts of approximately HK$3.7 million.

The recent impact of the economic crisis and swine flu has deeply affected all industries worldwide, especially hospitality industry which has recorded a significant decrease in average room rate and occupancy. However, the turnover of Cheung Chau Warwick Hotel has remained stable for the year concerned as compared with last year. This year the management tries to broaden our local market by closely monitoring our competitors’ room rate in order to stay competitive, and work more closely with local agents. Besides, we try to improve our current service by adding some extra elements to our hotel.

The turnover of Beijing Warwick Suite Hotel has increased by 8% compared with last year. During the year, the renovation work of all the rooms on Level 1, Level 2 and the external wall of the main building (East Building) of Beijing Warwick Suite Hotel has been completed. To cope with the increase in demand of service office, some guest rooms have been converted and renovated to spacious fully furnished office suite. New facilities such as conference service are available. For the aspect of sales, more emphasis will be placed on both local and overseas short term business clients and overseas tours, as well as service office clients with different packages offered.

EMPLOYEES

The Group has approximately 100 employees. Employees are remunerated in accordance with nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

FINANCE ACTIVITIES

At 31 March 2009, the Group had bank credit facilities amounting to approximately HK$86,963,000 (2008: HK$92,172,000), of which approximately HK$83,959,000 (2008: HK$83,172,000) were utilised. These facilities, other than HK$3,500,000 which was unsecured, were secured by legal mortgages over the Group’s properties and bank deposits.

At 31 March 2009, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders’ funds at 31 March 2009 amounted to approximately HK$286 million (2008: approximately HK$365 million). Accordingly, the Group’s gearing ratio (total bank credit facilities utilized to shareholders’ funds) at 31 March 2009 is 29% (2008: 23%).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Board has adopted a new code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Directors confirmed that there were not any non-compliance with the standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the year ended 31 March 2009.

CORPORATE GOVERNANCE

The Company has complied with the Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2009, with deviations from code provision A.4.1 of the Code in respect of the service term of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2009 approved by the directors.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference pursuant to the provisions set out in the Code. The Remuneration Committee is principally responsible for formulation and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

SUBSEQUENT EVENTS

On 29 June 2009, a subsidiary of the Group entered into a provisional sale and purchase agreement with a purchaser to dispose of one of its investment properties at a consideration of HK$27,380,000, which will result in an increase in fair value of approximately HK$4,900,000 for the year ending 31 March 2010.

During the year, the Group entered into contracts with independent third parties to acquire properties at aggregate purchase price of HK$32,229,000. Subsequent to the balance sheet date, the underlying properties were sold to independent third parties at HK$28,523,000 (net with associated transaction costs). Accordingly, a provision for onerous contracts of HK$3,706,000 was recognised in the consolidated income statement for the year ended 31 March 2009, which represented the difference between the sales proceeds and the unavoidable costs of meeting the obligations under the contracts.

On behalf of the Board

Derek Chiu
Managing Director & Chief Executive
Hong Kong, 17 July 2009

As at the date of this announcement, the executive Directors are Mr. Deacon Te Ken Chiu, Mr. Derek Chiu, Ms. Margaret Chiu; the non-executive Directors are Mrs. Chiu Ju Ching Lan, Mr. Dick Tat Sang Chiu, Mr. David Chiu, Mr. Dennis Chiu, Mr. Duncan Chiu; the independent non-executive Directors are Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond; alternate Director is Mr. Chan Chi Hing (alternate Director to Mr. Deacon Te Ken Chiu).