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 2013

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 2013 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$	2012 HK$ (restated)
Revenue	2	**34,033,312**	39,017,204
Cost of sales		**(33,237,246)**	(33,643,880)
Gross profit		**796,066**	5,373,324
Other income		**1,164,203**	1,335,428
Other gains and losses		**1,151,995**	(524,238)
Increase in fair value of investment properties		**18,465,760**	20,720,780
Administrative expenses		**(13,392,158)**	(15,413,972)
Finance costs	3	**(921,002)**	(1,053,400)
Share of results of associates		**503,929**	448,172
Share of result of a jointly controlled entity		**4,243,721**	3,101,240
Profit before taxation	6	**12,012,514**	13,987,334
Taxation	4	**-**	-
Profit for the year attributable to owners of the Company		**12,012,514**	13,987,334
Other comprehensive income for the year			
Exchange differences arising on translation of foreign operations		**54,203**	499,117
Total comprehensive income for the year attributable to owners of the Company		**12,066,717**	14,486,451
EARNINGS PER SHARE	5	**Cents**	Cents
Basic		**2.46**	2.86
Diluted		**2.45**	2.86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**2013**	2012	2011
		HK$	HK$	HK$
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		**84,511,539**	86,892,238	90,897,768
Investment properties		**105,665,660**	87,199,900	66,479,120
Interests in associates		**626,842**	122,913	1,174,741
Interest in a jointly controlled entity		**10,303,935**	6,060,214	2,135,552
Loan to a jointly controlled entity		**8,444,308**	8,177,288	8,706,948
Available-for-sale investments		**159,188,314**	159,188,314	159,188,314
Paintings		**3,921,217**	3,921,217	4,220,000
		372,661,815	351,562,084	332,802,443
Curent assets				
Held-for-trading investments		**22,686,315**	23,514,495	16,849,965
Inventories		**575,892**	583,897	503,829
Trade receivables	7	**706,173**	595,448	117,237
Other receivables, deposits and prepayment		**790,997**	1,288,022	2,386,624
Amounts due from associates		**-**	-	813,562
Pledged bank deposits		**2,118,000**	2,118,000	2,118,000
Bank balances and cash		**11,547,991**	6,884,367	8,865,596
		38,425,368	34,984,229	31,654,813
Investment property held for sale		**-**	-	20,500,000
		38,425,368	34,984,229	52,154,813
Current liabilities				
Trade and other payables	8	**9,461,907**	7,113,532	8,030,609
Receipt in advance		**1,779,532**	1,338,764	4,252,190
Deposits received		**2,448,351**	2,361,278	2,722,110
Amount due to an associate		**301,381**	61,381	823,381
Amounts due to related companies		**730,528**	673,985	592,156
Amount due to a non-controlling shareholder		**8,234,274**	4,009,376	3,977,205
Bank borrowings - due within one year		**8,908,000**	4,408,000	12,075,795
Bank overdrafts		**3,979,388**	-	-
		35,843,361	19,966,316	32,473,446
Deposit received for investment property held for sale		**-**	-	800,000
		35,843,361	19,966,316	33,273,446
Net current assets		**2,582,007**	15,017,913	18,881,367
Total assets less current liabilities		**375,243,822**	366,579,997	351,683,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2013

	Notes	**2013**	2012	2011
		HK$	HK$	HK$
			(restated)	(restated)
Capital and reserves				
Share capital	9	**48,884,268**	48,884,268	48,884,268
Reserves		**290,041,153**	277,531,780	262,413,529
		338,925,421	326,416,048	311,297,797
Non-current liabilities				
Provision for long service payments		**2,053,401**	1,990,949	2,055,013
Bank borrowings - due after one year		**34,265,000**	38,173,000	38,331,000
		36,318,401	40,163,949	40,386,013
		375,243,822	366,579,997	351,683,810

Notes

1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets;
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009 - 2011 Cycle issued in 2012.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS12 "Deferred Tax: Recovery of Underlying Assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$8,696,948 as at 1 April 2011, with the corresponding credit being recognised in retained earnings. Similarly, the deferred tax liabilities have been decreased by HK$12,116,702 as at 31 March 2012.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 March 2013 and 31 March 2012 being reduced by HK$3,046,850 and HK$3,419,754, respectively, and hence resulted in profit for the years ended 31 March 2013 and 31 March 2012 being increased by HK$3,046,850 and HK$3,419,754, respectively.

In addition, the Group's interest in a jointly controlled entity has also increased by HK$305,216 as at 1 April 2011, with the corresponding credit being recognised in retained earnings, due to the elimination of deferred tax liabilities on changes in fair value of its investment properties as a result of the application of the amendments to HKAS 12. Similarly, the Group's interest in a jointly controlled entity has been increased by HK$866,216 as at 31 March 2012.

In the current year, no deferred taxes have been provided for changes in fair value of investment properties of the jointly controlled entity. The change in accounting policy has resulted in the Group's share of result of a jointly controlled entity for the years ended 31 March 2013 and 31 March 2012 being increased by HK$701,250 and HK$561,000, respectively, and hence resulted in profit for the years ended 31 March 2013 and 31 March 2012 being increased by HK$701,250 and HK$561,000, respectively.

Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009 – 2011 Cycle).

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets for the first time. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 April 2011 without the related notes.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 & HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]

HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial period beginning 1 April 2015 and may have an impact on measurement and classification of the Group's available-for-sale investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK(SIC) – Int 12 "Consolidation - Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) - Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS10, HKFRS11 and HKFRS12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, will be adopted in the Group's consolidated financial statements for the financial period beginning 1 April 2013. Except for the change of terminology of "interest in a jointly controlled entity", the directors anticipate that the application of these standards may not have significant impact on the amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. However, the directors anticipate that the application of the standard may not have significant impact on amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income” introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’. The amendments to HKAS 1 also retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the annual period beginning 1 April 1013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Segment information

The Group's operating and reportable segments are as follows:

- Hotel operation in Hong Kong
- Hotel operation and property letting in The People's Republic of China, excluding Hong Kong ("PRC")
- Property investment in Hong Kong
- Securities investment and trading

The following is an analysis of the Group's revenue and profit (loss) by operating and reportable segments:

	Hotel operation in Hong Kong HK$	Hotel operation and property letting in PRC HK$	Property investment in Hong Kong HK$	Securities investment and trading HK$	Total HK$
2013					
Revenue	**22,526,648**	**11,506,664**	**-**	**-**	**34,033,312**
Segment profit (loss)	**5,362,610**	**(4,499,058)**	**23,056,380**	**1,906,009**	**25,825,941**
Unallocated gains and losses					**(4,196)**
Unallocated expenses					**(13,392,158)**
Unallocated finance costs					**(921,002)**
Share of results of associates					**503,929**
Profit before taxation					**12,012,514**
Taxation					**-**
Profit for the year					**12,012,514**
2012					
Revenue	21,279,888	17,737,316	-	-	39,017,204
Segment profit (loss)	4,606,310	1,681,358	23,940,513	(471,721)	29,756,460
Unallocated gains and losses					250,074
Unallocated expenses					(15,413,972)
Unallocated finance costs					(1,053,400)
Share of results of associates					448,172
Profit before taxation					13,987,334
Taxation					-
Profit for the year					13,987,334

Geographical information

	Revenue from external customers		Non-current assets (Note)	
	2013	2012	**2013**	2012
	HK$	HK$	**HK$**	HK$ (restated)
Hong Kong	**22,526,648**	21,279,888	**168,438,482**	148,178,396
PRC	**11,506,664**	17,737,316	**45,035,019**	44,195,374
	34,033,312	39,017,204	**213,473,501**	192,373,770

Note: Non-current assets exclude available-for-sale invesments.

3. Finance costs

	2013 HK$	2012 HK$
Interests on bank borrowings:		
Wholly repayable within five years	**371,910**	424,903
Not wholly repayable within five years	**549,092**	628,497
	921,002	1,053,400

4. Taxation

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or has tax losses brought forward from prior years to offset the assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiary is 25%. No provision for PRC Enterprise income tax is required as the subsidiary operating in the PRC has tax losses brought forward from prior years to offset the assessable profits.

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the year of HK$12,012,514 (2012: HK$13,987,334) and the number of shares as calculated below.

	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**488,842,675**	488,842,675
Effect of dilutive potential ordinary shares from share options	**550,000**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**489,392,675**	488,842,675

During the year ended 31 March 2013, the computation of diluted earnings per share does not assume the exercise of certain of the Company's share options (2012: all the Company's share options) because the exercise price of those share options was higher than the average market price for shares for the year.

6. Profit before taxation

	2013 HK$	2012 HK$ (restated)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**8,536,817**	8,684,016
Auditor's remuneration	**829,229**	913,366
Directors' remuneration and other staff costs		
Salaries, bonus and allowances	**12,000,483**	12,165,741
Retirement benefits cost	**883,453**	866,444
Share-based payment expenses	**442,656**	631,800
	13,326,592	13,663,985
Operating lease rentals in respect of rented premises	**6,134,506**	6,115,259
Share of taxation of associates (included in share of results of associates)	**85,158**	81,221
Cost of inventories recognised as an expense	**4,361,652**	4,198,650
and crediting:		
Net rental income from properties	**2,449,173**	9,156,000
Dividend income from held-for trading investments	**892,612**	1,027,935
Imputed interest income from loan to a jointly controlled entity	**265,744**	293,484
Bank interest income	**5,330**	13,925
Other interest income	**517**	84

7. Trade receivables

The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

The following is an aged analysis of trade debtors based on invoice date, net of allowance for doubtful debts.

	2013	2012
	HK$	HK$
0 - 30 days	**221,896**	448,969
31 - 60 days	**126,275**	102,849
Over 60 days	**358,002**	43,630
	706,173	595,448

8. Trade and other payables

Included in trade and other payables are trade creditors of HK$1,772,752 (2012: HK$1,603,462). The following is an aged analysis of the trade creditors based on invoice date:

	2013	2012
	HK$	HK$
0 - 30 days	**820,538**	609,506
31 - 60 days	**427,975**	410,836
Over 60 days	**524,239**	583,120
	1,772,752	1,603,462

9. Share capital

	2013	2012
	HK$	HK$
Authorised:		
750,000,000 ordinary shares of HK$0.1 each	**75,000,000**	75,000,000
Issued and fully paid:		
488,842,675 ordinary shares of HK$0.1 each	**48,884,268**	48,884,268

DIVIDENDS

The Board does not recommend the payment of any dividend for the year.

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of the Group has decreased by approximately 13% as compared with the last corresponding period. Of which, the turnover of the Cheung Chau Warwick Hotel has increased by approximately 6% as compared with the last corresponding period and contributed a segment profit of approximately HK$5.4 million while the turnover of Beijing Warwick, which comprises suite hotel and office premises leasing, has decreased by approximately 35% as compared with last corresponding period and sustained a segment loss of approximately HK$4.5 million.

The Cheung Chau Warwick Hotel has recorded an increase in the revenues from the rooms department and the food & beverage department by approximately 7% and 5% respectively. The hotel will keep on gaining more publicity and expanding its market share through media channels or social media platforms. The management has been considering the possibility of providing more products and services in order to create more income stream for the coming year.

The decrease in the revenue of Beijing Warwick is mainly due to the closure of approximately one-fifth of its gross floor area for renovation. The renovation has been completed. The sales and marketing team of Beijing Warwick will continue putting strong effort on office premises leasing to cope with the increasing market demand for office premises in Beijing.

At the end of the reporting period, there was an increase of approximately HK$18.5 million in fair value of investment properties.

The Group has recorded a profit of approximately HK$1.9 million from securities investment and trading.

The Group will from time to time seek the business opportunities that can provide investment potential and broaden the income base of the Group.

EMPLOYEES

The Group has approximately 80 employees. Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

LIQUIDITYAND FINANCIAL RESOURCES

At 31 March 2013, the Group had bank balances and cash of HK$11,547,991 (2012: HK$6,884,367) and pledged bank deposits of HK$2,118,000 (2012: HK$2,118,000).

At 31 March 2013, there were outstanding bank loans and utilised overdraft facilities of HK$47,152,388 (2012: HK$42,581,000) and unutilised overdraft facilities of HK$2,000,000 (2012: HK$6,000,000) available to the Group.

At 31 March 2013, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2013 amounted to approximately HK$339 million (2012: approximately HK$326 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 31 March 2013 is 14% (2012: 13%).

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

During the year ended 31 March 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

On 25 April 2013, the Company and Mr Derek Chiu, the Executive Director of the Company, entered into a sales and purchase agreement, pursuant to which the Company agreed to acquire, and Mr Derek Chiu agreed to sell the remaining 50% issued share capital of Sino Noble Development Limited ("Sino Noble") and the related shareholder's loan, for a total consideration of HK$18,482,500 (the "Acquisition"). Upon completion of the Acquisition, Sino Noble will become a wholly-owned subsidiary of the Group, accordingly, the financial information of Sino Noble will be consolidated in the Group's consolidated financial statements. For more information on the Acquisition, details of which are set out in the Company's announcement dated 30 April 2013.

On 20 June 2013, the resolution in relation to the Acquisition was not passed by the shareholders of the Company at the extraordinary general meeting.

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 "Model Code"). The directors have confirmed that they have fully complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 March 2013.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following:

(a) Code provision A.4.1 of the Code stipulated that non-executive directors should be appointed for a specific term, subject to re-election.

    None of the existing non-executive directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors are subject to retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company's articles of association. 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.

(b) Code provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting. The chairman of the Board was unable to attend the Company's annual general meeting held on 3 September 2012 due to other business engagement. However, an executive director and the managing director and chief executive of the Company present at the said meeting was elected chairman thereof to ensure an effective communication with the shareholders thereat.

(c) Code provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Due to their unavoidable business engagement, one independent non-executive director and two non-executive directors were unable to attend the annual general meeting held on 3 September 2012.

AUDIT COMMITTEE

The audit committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the consolidated financial statements. As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr Ng Wing Hang Patrick (chairman of the audit committee), Mr Ip Shing Hing and Mr Choy Wai Shek Raymond.

The Group's annual results for the year ended 31 March 2013 have been reviewed by the audit committee and recommended to the Board for approval.

REMUNERATION COMMITTEE

The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of directors and senior management.

NOMINATION COMMITTEE

The nomination committee was established by the Board on 2 March 2012. The terms of reference of the nomination committee are consistent with the terms set out in the relevant provisions of the Code.

The nomination committee is principally responsible for formulating and making recommendation to the Board regarding the composition of the Board.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2013 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

On behalf of the Board
Far East Hotels And Entertainment Limited
Derek Chiu
Managing Director & Chief Executive

Hong Kong, 28 June 2013

As at the date of this announcement, the executive directors are Mr Deacon Te Ken Chiu, Mr Derek Chiu, Mr Desmond Chiu and Ms Margaret Chiu; the non-executive directors are Mrs Chiu Ju Ching Lan and Mr Dick Tat Sang Chiu; the independent non-executive directors are Mr Ip Shing Hing, Mr Ng Wing Hang Patrick and Mr Choy Wai Shek Raymond.