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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 2014

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 2014 together with the relevant comparative figures are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (EXPENSE) INCOME
For the year ended 31 March 2014

	Notes	**2014** **HK$**	2013 HK$
Revenue	2	**39,317,966**	34,033,312
Cost of sales		**(32,788,364)**	(33,237,246)
Gross profit		**6,529,602**	796,066
Other income		**1,224,597**	1,164,203
Other gains and losses		**(2,066,041)**	1,151,995
Increase in fair value of investment properties		**5,743,797**	18,465,760
Administrative expenses		**(17,649,032)**	(13,392,158)
Finance costs	3	**(919,491)**	(921,002)
Share of results of associates		**393,202**	503,929
Share of result of a joint venture		**2,394,723**	4,243,721
(Loss) profit before taxation	6	**(4,348,643)**	12,012,514
Taxation	4	**-**	-
(Loss) profit for the year attributable to owners of the Company		**(4,348,643)**	12,012,514
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**190,447**	54,203
Total comprehensive (expense) income for the year attributable to owners of the Company		**(4,158,196)**	12,066,717
(LOSS) EARNINGS PER SHARE	5	**Cents**	Cents
Basic		**(0.89)**	2.46
Diluted		**(0.89)**	2.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	**2014**	2013
		HK$	HK$
Non-current assets			
Property, plant and equipment		**80,419,123**	84,511,539
Investment properties		**106,428,000**	105,665,660
Interests in associates		**1,020,044**	626,842
Interest in a joint venture		**12,698,658**	10,303,935
Loan to a joint venture		**8,718,966**	8,444,308
Available-for-sale investments		**159,188,314**	159,188,314
Paintings		**3,921,217**	3,921,217
		372,394,322	372,661,815
Curent assets			
Held-for-trading investments		**23,449,125**	22,686,315
Inventories		**534,488**	575,892
Trade receivables	7	**473,318**	706,173
Other receivables, deposits and prepayment		**1,939,283**	790,997
Pledged bank deposits		**2,118,000**	2,118,000
Bank balances and cash		**20,495,374**	11,547,991
		49,009,588	38,425,368
Current liabilities			
Trade and other payables	8	**8,372,194**	9,461,907
Receipt in advance		**3,525,494**	1,779,532
Deposits received		**2,509,253**	2,448,351
Amount due to an associate		**568,381**	301,381
Amounts due to related companies		**747,856**	730,528
Amount due to a non-controlling shareholder		**7,376,119**	8,234,274
Bank borrowings - due within one year		**2,888,548**	8,908,000
Bank overdrafts		**339,654**	3,979,388
		26,327,499	35,843,361
Net current assets		**22,682,089**	2,582,007
Total assets less current liabilities		**395,076,411**	375,243,822

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2014

	Notes	**2014** HK$	2013 HK$
Capital and reserves			
Share capital	9	**308,099,513**	48,884,268
Reserves		**47,695,550**	290,041,153
		355,795,063	338,925,421
Non-current liabilities			
Provision for long service payments		**2,053,401**	2,053,401
Bank borrowings - due after one year		**37,227,947**	34,265,000
		39,281,348	36,318,401
		395,076,411	375,243,822

Notes

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised 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.

HKFRS 11 Joint arrangements

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) - Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers" has been incorporated in HKAS 28 (as revised in 2011). 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 operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

In addition, joint ventures under HKFRS 11 are required to account for using the equity method, whereas jointly controlled entities under HKAS 31 could be accounted for using the equity method of accounting or proportionate consolidation.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS11. The directors concluded that the Group's joint arrangements, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method up to the date the joint arrangements are classified as assets held for sale.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new and revised HKFRSs in current year has had no material impact on the Group’s financial performance and positions for current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[3]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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 new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on the 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.

2. Segment information

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

- Hotel operation in Hong Kong
- Hotel operation and serviced 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 serviced property letting in PRC HK$	Property investment in Hong Kong HK$	Securities investment and trading HK$	Total HK$
2014					
Revenue	**22,235,667**	**17,082,299**	**-**	**-**	**39,317,966**
Segment profit	**5,342,911**	**1,292,617**	**3,308,633**	**3,877,683**	**13,821,844**
Unallocated gains and losses					**4,834**
Unallocated expenses					**(17,649,032)**
Unallocated finance costs					**(919,491)**
Share of results of associates					**393,202**
Loss before taxation					**(4,348,643)**
Taxation					**-**
Loss for the year					**(4,348,643)**
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

Geographical information

	Revenue from external customers		Non-current assets (Note)	
	2014 HK$	2013 HK$	**2014 HK$**	2013 HK$
Hong Kong	**22,235,667**	22,526,648	**169,067,926**	168,438,482
PRC	**17,082,299**	11,506,664	**44,138,082**	45,035,019
	39,317,966	34,033,312	**213,206,008**	213,473,501

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

3. Finance costs

	2014	2013
	HK$	HK$
Interests on bank borrowings:		
Wholly repayable within five years	**796,565**	371,910
Not wholly repayable within five years	**122,926**	549,092
	919,491	921,002

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. (Loss) earnings per share

The calculation of basic and diluted (loss) earnings per share is based on the loss for the year of HK$4,348,643 (2013: profit of HK$12,012,514) and the number of shares as calculated below.

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**490,896,943**	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	**490,896,943**	489,392,675

During the year ended 31 March 2014, the computation of diluted loss per share (2013: earnings per share) does not assume the exercise of all (2013: certain) of the Company's share options because the exercise price of those share options was higher than the average market price for shares of the Company for the year when those options were outstanding.

The denominators used in the calculation of both basic and diluted loss per share (2013: earnings per share) for the year ended 31 March 2014 are the same as those detailed above.

6. (Loss) profit before taxation

	2014	2013
	HK$	HK$
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**8,786,162**	8,536,817
Auditor's remuneration	**961,496**	829,229
Directors' remuneration and other staff costs		
Salaries, bonus and allowances	**11,712,481**	12,000,483
Retirement benefits cost	**901,189**	883,453
Share-based payment expenses	**1,668,558**	442,656
	14,282,228	13,326,592
Operating lease rentals in respect of rented premises	**6,247,136**	6,134,506
Share of taxation of associates (included in share of results of associates)	**65,677**	85,158
Cost of inventories recognised as an expense	**3,670,435**	4,361,652
and crediting:		
Net rental income from properties	**10,054,960**	2,449,173
Dividend income from held-for trading investments (included in other income)	**944,772**	892,612
Imputed interest income from loan to a joint venture (included in other income)	**274,380**	265,744
Bank interest income (included in other income)	**5,235**	5,330
Other interest income (included in other income)	**210**	517

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.

	2014	2013
	HK$	HK$
0 - 30 days	**44,239**	221,896
31 - 60 days	**1,021**	126,275
Over 60 days	**428,058**	358,002
	473,318	706,173

8. Trade and other payables

Included in trade and other payables are trade creditors of HK$1,484,885 (2013: HK$1,772,752). The following is an aged analysis of the trade creditors based on invoice date:

	2014	2013
	HK$	HK$
0 - 30 days	**614,023**	820,538
31 - 60 days	**347,304**	427,975
Over 60 days	**523,558**	524,239
	1,484,885	1,772,752

9. Share capital

	Number of shares	HK$
Authorised:		
At 31 March 2013		
Ordinary shares of HK$0.1 each	750,000,000	75,000,000
At 31 March 2014	N/A(Note a)	N/A(Note a)
Issued and fully paid:		
At 31 March 2012 and 31 March 2013		
Ordinary shares of HK$0.1 each	488,842,675	48,884,268
Exercise of share option	4,800,000	480,000
Issue of new shares pursuant to a placing agreement (Note b)	97,768,000	18,575,920
Transfer upon abolition of par value under new Hong Kong Companies Ordinance effective on 3 March 2014	-	240,159,325
At 31 March 2014		
Ordinary shares with no par value	591,410,675	308,099,513

Notes:

(a) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

(b) Pursuant to a placing agreement dated 5 March 2014 entered into between the Company and a placing agent, 97,768,000 new ordinary shares were issued at HK$0.19 each amounting to HK$18,575,920 in aggregate. The proceeds were used to provide additional working capital for the Company. The new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 2 September 2013.

DIVIDENDS

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company (the "AGM") will be held on 2 September 2014 and the Notice of AGM will be published and despatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining shareholders' entitlement to attend and vote at the forthcoming AGM, the Register of Members of the Company will be closed from 29 August 2014 to 2 September 2014, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Standard Limited, the Company's share registrar and transfer office at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 28 August 2014.

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of the Group has increased by approximately 16% as compared with the last corresponding period. Of which, the turnover of the Cheung Chau Warwick Hotel has remained stable as compared with the last corresponding period and contributed a segment profit of approximately HK$5.3 million while the turnover of Beijing Warwick, which comprises suite hotel and office premises leasing, has increased by approximately 48% as compared with last corresponding period and contributed a segment profit of approximately HK$1.3 million.

The Cheung Chau Warwick Hotel has recorded an increase in the revenue from the rooms department by approximately 2.6% and a decrease in the revenue from the food & beverage department by approximately 6.6%. The decrease in the food & beverage revenue is mainly due to the keen competition between the restaurants on Cheung Chau island. The hotel will keep on gaining more publicity and expanding its market share through media promotion. 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 increase in the revenue of Beijing Warwick is mainly due to the increase in occupancy rate of the office premises which has provided a steady rental income to the Group.

At the end of the reporting period, there is an increase of approximately HK$5.7 million in fair value of investment properties.

The Group has recorded a profit of approximately HK$3.9 million from securities investment and trading.

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

EMPLOYEES

As at 31 March 2014, the Group had approximately 70 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.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2014, the Group had bank balances and cash of HK$20,495,374 (2013: HK$11,547,991) and pledged bank deposits of HK$2,118,000 (2013: HK$2,118,000).

At 31 March 2014, there were outstanding bank loans and utilised overdraft facilities of HK$40,456,149 (2013: HK$47,152,388) and unutilised overdraft facilities of HK$5,660,346 (2013: HK$2,000,000) available to the Group.

At 31 March 2014, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2014 amounted to approximately HK$356 million (2013: approximately HK$339 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 31 March 2014 is 11% (2013: 14%).

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

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

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 (the "Model Code") as set out in Appendix 10 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Following a specific enquiry made by the Company, the directors have confirmed that they had fully complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 March 2014.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2014, the Company has complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except for the following:

(a) Code provision A.4.1 of the Code stipulates 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 provided 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 2 September 2013 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.

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 discussing 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 final results for the year ended 31 March 2014 have been reviewed by the audit committee, which recommended the same to the Board for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive (expense) income and the related notes thereto for the year ended 31 March 2014 as set out in this 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 this preliminary announcement.

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

Hong Kong, 24 June 2014

As at the date of this announcement, the executive directors are Mr Deacon Te Ken Chiu, Mr Derek 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.