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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: 00037)**

### **Announcement**

### **Final Results For The Year Ended 31 March 2024**

#### **RESULTS**

The board of directors (the “Directors” and the “Board”, respectively) 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 2024 (the “Year”) together with the relevant comparative figures are set out as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2024*

	<i>NOTES</i>	<b>2024</b> <b>HK\$</b>	2023 <b>HK\$</b>
Revenue	2		
Contracts with customers		<b>27,271,231</b>	30,788,976
Leases		<b>2,367,590</b>	6,377,293
		<b>29,638,821</b>	37,166,269
Cost of sales		<b>(24,375,932)</b>	(31,258,387)
Gross profit		<b>5,262,889</b>	5,907,882
Other income		<b>2,209,917</b>	5,816,020
Other gains or losses	3	<b>(2,743,173)</b>	(3,407,076)
Net (decrease) increase in fair values of investment properties		<b>(10,481,854)</b>	5,572,740
Administrative expenses		<b>(25,605,454)</b>	(20,810,626)
Selling expenses		<b>(1,451,564)</b>	(1,352,812)
Finance costs	4	<b>(919,283)</b>	(1,049,773)
Share of results of associates		<b>675,770</b>	590,385

	<i>NOTES</i>	<b>2024</b> <b>HK\$</b>	2023 <i>HK\$</i>
Loss before tax	7	<b>(33,052,752)</b>	(8,733,260)
Income tax credit	5	<u><b>35,525</b></u>	<u>787,071</u>
<b>Loss for the year attributable to owners of the Company</b>		<u><b>(33,017,227)</b></u>	<u>(7,946,189)</u>
<b>Other comprehensive expense:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u><b>(2,202,229)</b></u>	<u>(5,325,559)</u>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<u><b>(35,219,456)</b></u>	<u>(13,271,748)</u>
<b>Loss Per Share</b>	6		
Basic ( <i>HK cents</i> )		<u><b>(4.39)</b></u>	<u>(1.06)</u>
Diluted ( <i>HK cents</i> )		<u><b>(4.39)</b></u>	<u>(1.06)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	NOTES	2024 HK\$	2023 HK\$
<b>Non-current assets</b>			
Property, plant and equipment		26,469,358	28,444,572
Right-of-use assets		3,530,984	2,790,429
Deposits for capital expenditure		296,160	956,512
Investment properties		278,736,862	288,490,803
Interests in associates		563,871	788,101
Finance lease receivables		–	6,376,159
Paintings		5,113,967	4,386,582
Deferred taxation		786,169	–
		<u>315,497,371</u>	<u>332,233,158</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss (“FVTPL”)		16,197,923	19,736,940
Inventories		481,750	316,840
Finance lease receivables		4,853,324	19,401,938
Trade receivables	8	691,793	430,560
Other receivables, deposits and prepayment		1,472,665	2,139,736
Demand deposits held with security broker companies		2,930,980	3,104,387
Cash and cash equivalents		22,178,646	30,314,264
		<u>48,807,081</u>	<u>75,444,665</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	9	7,421,181	8,254,151
Contract liabilities		710,825	125,971
Rental deposits received		217,300	105,300
Amount due to an associate		287,381	737,381
Amounts due to related companies		656,056	668,906
Bank borrowings		8,433,757	11,740,184
Lease liabilities		3,692,956	6,581,696
Tax payable		3,138,295	2,361,244
		<u>24,557,751</u>	<u>30,574,833</u>
<b>Net current assets</b>		<u>24,249,330</u>	<u>44,869,832</u>
<b>Total assets less current liabilities</b>		<u><u>339,746,701</u></u>	<u><u>377,102,990</u></u>

	<i>NOTES</i>	<b>2024</b> <i>HK\$</i>	2023 <i>HK\$</i>
<b>Capital and reserves</b>	10		
Share capital		<b>329,138,773</b>	327,866,573
Reserves		<b>8,374,037</b>	43,593,493
		<u><b>337,512,810</b></u>	<u>371,460,066</u>
<b>Non-current liabilities</b>			
Deferred taxation		–	2,202,310
Provision for long service payments		<b>1,107,120</b>	681,808
Lease liabilities		<b>1,126,771</b>	2,758,806
		<u><b>2,233,891</b></u>	<u>5,642,924</u>
		<u><b>339,746,701</b></u>	<u>377,102,990</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standard (“HKAS”) 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

#### *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note to these consolidated financial statements.

## Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 2. REVENUE AND SEGMENT INFORMATION

### (a) Revenue

#### (i) Disaggregation of revenue from contracts with customers

Segments	2024		Total HK\$
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	14,532,270	–	14,532,270
– Food and beverages	6,570,625	–	6,570,625
Property management services	–	6,168,336	6,168,336
<b>Total</b>	<b>21,102,895</b>	<b>6,168,336</b>	<b>27,271,231</b>
<b>Geographical markets</b>			
Hong Kong	21,102,895	–	21,102,895
Mainland China	–	6,168,336	6,168,336
<b>Total</b>	<b>21,102,895</b>	<b>6,168,336</b>	<b>27,271,231</b>
<b>Timing of revenue recognition</b>			
A point in time	6,570,625	–	6,570,625
Over time	14,532,270	6,168,336	20,700,606
<b>Total</b>	<b>21,102,895</b>	<b>6,168,336</b>	<b>27,271,231</b>

Segments	2023		Total HK\$
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	16,397,388	–	16,397,388
– Food and beverages	7,748,803	–	7,748,803
Property management services	–	6,642,785	6,642,785
<b>Total</b>	<b>24,146,191</b>	<b>6,642,785</b>	<b>30,788,976</b>
<b>Geographical markets</b>			
Hong Kong	24,146,191	–	24,146,191
Mainland China	–	6,642,785	6,642,785
<b>Total</b>	<b>24,146,191</b>	<b>6,642,785</b>	<b>30,788,976</b>
<b>Timing of revenue recognition</b>			
A point in time	7,748,803	–	7,748,803
Over time	16,397,388	6,642,785	23,040,173
<b>Total</b>	<b>24,146,191</b>	<b>6,642,785</b>	<b>30,788,976</b>

(ii) *Performance obligations from contracts with customers*

*Hotel operation*

For income from hotel rooms revenue, revenue is recognised over time using output method when the service and facilities are provided. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers. All the hotel operation services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

For income from food and beverages, revenue is recognised when control of the goods has transferred to customers, being at the point the goods are delivered to the customer.

*Property management services*

Revenue from property management services is payable by the tenants, are recognised over time using output method when the services are provided. The Group applied the practical expedient in HKFRS by recognising revenue in the amount to which the Group has right to invoice, since the Group is entitled to bill a fixed amount for every three months according to the terms of the relevant agreement. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied contracts is not disclosed.

(iii) *Leases*

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
<b>For operating leases:</b>		
Lease payments that are fixed	<u>2,367,590</u>	<u>6,377,293</u>

(b) **Segment information**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Hotel operation in Hong Kong		
– Hotel rooms revenue	14,532,270	16,397,388
– Food and beverages	6,570,625	7,748,803
Serviced property letting in the Mainland China		
– Property management services	<u>6,168,336</u>	<u>6,642,785</u>
<b>Revenue from contracts with customers</b>	<u>27,271,231</u>	<u>30,788,976</u>
Serviced property letting in the Mainland China	–	4,900,491
Property investment in Hong Kong	819,639	841,951
Property investment overseas	<u>1,547,951</u>	<u>634,851</u>
<b>Gross rental income from properties</b>	<u>2,367,590</u>	<u>6,377,293</u>
<b>Total revenue</b>	<u>29,638,821</u>	<u>37,166,269</u>

Information reported to the executive Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is based on the financial information of subsidiaries engaged in different operations at different locations. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. Hotel operation in Hong Kong
2. Serviced property letting in the Mainland China
3. Property investment in Hong Kong
4. Property investment overseas
5. Securities investment and trading



## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	2024					Total HK\$
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	
Revenue	<u>21,102,895</u>	<u>6,168,336</u>	<u>819,639</u>	<u>1,547,951</u>	<u>-</u>	<u>29,638,821</u>
Segment profit (loss)	<u>1,232,790</u>	<u>(4,905,308)</u>	<u>(15,450,138)</u>	<u>1,833,501</u>	<u>(1,817,495)</u>	<u>(19,106,650)</u>
Unallocated other gains and losses						(73,678)
Unallocated other income						19,258
Unallocated expenses						(13,908,120)
Unallocated finance costs						(659,332)
Share of results of associates						<u>675,770</u>
Loss before tax						<u>(33,052,752)</u>
	2023					
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Total HK\$
Revenue	<u>24,146,191</u>	<u>11,543,276</u>	<u>841,951</u>	<u>634,851</u>	<u>-</u>	<u>37,166,269</u>
Segment profit (loss)	<u>5,174,094</u>	<u>(9,892,886)</u>	<u>7,528,483</u>	<u>857,653</u>	<u>(399,915)</u>	<u>3,267,429</u>
Unallocated other gains and losses						(11,513)
Unallocated other income						235,717
Unallocated expenses						(12,292,028)
Unallocated finance costs						(523,250)
Share of results of associates						<u>590,385</u>
Loss before tax						<u>(8,733,260)</u>

The accounting policies of the operating segments are same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of certain other income, certain other gains and losses, corporate expenses including auditor's remuneration, directors' emoluments, administrative staff costs and depreciation of unallocated corporate assets, certain finance costs and share of results of associates. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

### *Information about major customers*

Revenue from external customers included in serviced property letting in the Mainland China segment contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Customer A	<u><u>4,060,695</u></u>	<u><u>9,052,912</u></u>

### *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
<b>Segment assets</b>		
Hotel operation in Hong Kong	17,894,517	23,279,027
Serviced property letting in the Mainland China	21,257,080	48,208,667
Property investment in Hong Kong	250,087,267	260,873,680
Property investment overseas	30,360,530	30,156,474
Securities investment and trading	<u>22,297,576</u>	<u>22,859,352</u>
Total segment assets	341,896,970	385,377,200
Paintings	5,113,967	4,386,582
Other unallocated assets	<u>17,293,515</u>	<u>17,914,041</u>
Consolidated assets	<u><u>364,304,452</u></u>	<u><u>407,677,823</u></u>
<b>Segment liabilities</b>		
Hotel operation in Hong Kong	2,006,831	2,202,629
Serviced property letting in the Mainland China	8,349,534	16,300,914
Property investment in Hong Kong	1,714,980	1,549,125
Property investment overseas	850,839	323,608
Securities investment and trading	<u>150,000</u>	<u>150,000</u>
Total segment liabilities	13,072,184	20,526,276
Bank borrowings	8,433,757	11,740,184
Unallocated lease liabilities	2,357,172	1,094,123
Other unallocated liabilities	<u>2,928,529</u>	<u>2,857,174</u>
Consolidated liabilities	<u><u>26,791,642</u></u>	<u><u>36,217,757</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than paintings and other unallocated corporate assets (including interest in associates).
- all liabilities are allocated to reportable segments other than amounts due to an associate and related companies, bank borrowings, provision for long service payments (other than those staff employed for hotel operation), certain unallocated lease liabilities and other corporate liabilities.

### Other segment information

The following segment information is included in the measurement of segment profit or loss and segment assets and segment liabilities:

	2024							
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Segment total HK\$	Unallocated HK\$	Total HK\$
Additions of property, plant and equipment	292,414	696,471	-	-	-	988,885	28,801	1,017,686
Additions of right-of-use assets	-	-	-	-	-	-	2,432,517	2,432,517
Additions of investment properties	-	-	26,100	1,373,537	-	1,399,637	-	1,399,637
Depreciation of property, plant and equipment	2,137,646	163,874	-	-	-	2,301,520	483,399	2,784,919
Depreciation of right-of-use assets	28,017	210,989	-	-	-	239,006	1,279,281	1,518,287
Decrease (increase) in fair values of investment properties	-	-	10,844,428	(362,574)	-	10,481,854	-	10,481,854
Finance costs	-	259,951	-	-	-	259,951	659,332	919,283
Decrease in fair values of financial assets at FVTPL	-	-	-	-	2,741,393	2,741,393	-	2,741,393
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,741,393</u>	<u>2,741,393</u>	<u>-</u>	<u>2,741,393</u>
	2023							
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Segment total HK\$	Unallocated HK\$	Total HK\$
Additions of property, plant and equipment	1,398,448	-	-	-	-	1,398,448	3,165	1,401,613
Additions of right-of-use assets	-	156,789	-	-	-	156,789	1,127,101	1,283,890
Additions of investment properties	-	-	-	1,331,454	-	1,331,454	-	1,331,454
Depreciation of property, plant and equipment	2,069,593	147,517	-	-	-	2,217,110	480,956	2,698,066
Depreciation of right-of-use assets	28,016	218,509	-	-	-	246,525	1,334,332	1,580,857
Decrease (increase) in fair values of investment properties	-	4,448,071	(9,574,171)	(446,640)	-	(5,572,740)	-	(5,572,740)
Finance costs	-	526,523	-	-	-	526,523	523,250	1,049,773
Decrease in fair values of financial assets at FVTPL	-	-	-	-	3,395,563	3,395,563	-	3,395,563
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,395,563</u>	<u>3,395,563</u>	<u>-</u>	<u>3,395,563</u>

### *Geographical information*

The Group's operations are located in Hong Kong, the Mainland China and overseas.

The Group's revenue from external customers and the Group's non-current assets by geographical location are analysed below.

	Revenue from external customers		Non-current assets	
	2024	2023	2024	2023
	HK\$	HK\$	HK\$	HK\$
Hong Kong	<b>21,922,534</b>	24,988,142	<b>283,824,744</b>	295,060,554
Mainland China	<b>6,168,336</b>	11,543,276	<b>1,076,410</b>	7,795,390
Overseas	<b>1,547,951</b>	634,851	<b>29,810,048</b>	29,377,214
	<b>29,638,821</b>	37,166,269	<b>314,711,202</b>	332,233,158

### 3. OTHER GAINS OR LOSSES

	2024	2023
	HK\$	HK\$
Decrease in fair values of financial assets at FVTPL	(2,741,393)	(3,395,563)
Write-off in respect of other receivables	–	(1,700)
Gain (loss) on disposal of property, plant and equipment	71,898	(9,813)
Loss on disposal of right-of-use assets	(73,678)	–
	<b>(2,743,173)</b>	<b>(3,407,076)</b>

### 4. FINANCE COSTS

	2024	2023
	HK\$	HK\$
Interests on borrowings	611,159	488,112
Interests on lease liabilities	308,124	561,661
	<b>919,283</b>	<b>1,049,773</b>

## 5. INCOME TAX CREDIT

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Current tax:		
Mainland China	2,149,145	359,927
Fiji	406,367	82,203
	<u>2,555,512</u>	<u>442,130</u>
Underprovision in prior year:		
Mainland China	323,464	71,848
Deferred taxation	<u>(2,914,501)</u>	<u>(1,301,049)</u>
	<u><u>(35,525)</u></u>	<u><u>(787,071)</u></u>

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 People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the Mainland China subsidiary is 25% for both years.

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 20% for both years.

## 6. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the loss for the Year of HK\$33,017,227 (2023: HK\$7,946,189) and the number of shares as calculated below.

	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>752,387,733</u>	<u>747,524,536</u>

The computation of the diluted loss per share for the years ended 31 March 2024 and 2023 did not assume the exercise of the Company's share options, because this would result in decrease in the loss per share.

## 7. LOSS BEFORE TAX

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Loss before tax has been arrived at after charging:		
Auditor's remuneration		
– Audit service	1,205,000	1,280,000
– Non-audit services	100,000	25,000
Cost of inventories recognised as an expense	3,036,229	3,750,983
Depreciation of property, plant and equipment	2,784,919	2,698,066
Depreciation of right-of-use assets	1,518,287	1,580,857
Staff costs		
– Directors' remuneration	2,178,771	1,844,372
Other staff		
– Salaries and other allowances	14,418,129	14,356,232
– Retirement benefit schemes contributions	1,028,294	1,091,899
	<u>15,446,423</u>	<u>15,448,131</u>
and crediting:		
Interest income (included in other income)		
– Bank deposits	102,274	91,111
– Finance lease	1,195,750	1,975,733
– Debt instrument	125,000	–
	<u>1,423,024</u>	<u>2,066,844</u>
Dividend income from financial assets at FVTPL (included in other income)	786,893	2,991,576
Government grants (included in other income)	–	757,600
	<u><u>–</u></u>	<u><u>757,600</u></u>

During the year ended 31 March 2023, the Group recognised government grants of HK\$757,600 in respect of COVID-19 related subsidies, of which HK\$757,600 relates to Employment Support Scheme provided by the Government.

## 8. TRADE RECEIVABLES

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Trade receivables		
– contracts with customers	216,290	106,362
– leases	475,503	324,198
	<u>691,793</u>	<u>430,560</u>

As at 1 April 2022, trade receivables from contracts with customers amounted to HK\$696,819.

The following is an aged analysis of trade receivables based on the invoice dates at the end of the reporting period which approximate the respective date of rendering of services.

	<b>2024</b> <i>HK\$</i>	2023 <i>HK\$</i>
0–30 days	<b>691,793</b>	430,560

Trade receivables aged over 30 days are normally past due. As at 31 March 2024, none of the Group's trade receivables balance are past due.

#### **Trade receivable due from the related party**

As at 31 March 2024, included in the Group's trade receivables is an unsecured amount due from the Group's related company of HK\$448,819 (2023: HK\$322,646). None of the balance is past due at the reporting date. No impairment has been recognised in accordance with expected credit loss model in respect of the amount outstanding from the related company. The related company was controlled by a common director of a subsidiary of the Company.

### **9. TRADE AND OTHER PAYABLES AND ACCRUALS**

	<b>2024</b> <i>HK\$</i>	2023 <i>HK\$</i>
Trade payables	<b>389,346</b>	576,641
Other payables and accruals	<b>6,919,960</b>	7,555,697
Rental receipt in advance	<b>111,875</b>	121,813
	<b>7,421,181</b>	8,254,151

The following is an aged analysis of the trade payables based on invoice date:

	<b>2024</b> <i>HK\$</i>	2023 <i>HK\$</i>
0–30 days	<b>151,604</b>	237,593
31–60 days	<b>189,916</b>	311,398
Over 60 days	<b>47,826</b>	27,650
	<b>389,346</b>	576,641

The average credit period on purchase of goods is 60 days.

Included in the other payables and accruals of HK\$1,802,172 (2023: HK\$1,998,671) related to accrued professional fees.

## 10. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$</i>
<b>Issued and fully paid:</b>		
Ordinary shares with no par value		
At 1 April 2022	733,852,810	325,964,479
Exercise of share options ( <i>note a</i> )	<u>14,677,000</u>	<u>1,902,094</u>
At 31 March 2023	748,529,810	327,866,573
Exercise of share options ( <i>note a</i> )	<u>4,000,000</u>	<u>1,272,200</u>
At 31 March 2024	<u><u>752,529,810</u></u>	<u><u>329,138,773</u></u>

*Note:*

- (a) During the Year, 4,000,000 shares (2023: 14,677,000 shares) have been issued at a consideration of HK\$1,272,200 (2023: HK\$1,902,094) by virtue of the exercise of share options under the Company's share option schemes adopted on 1 June 2007 and 2 September 2016.

## 11. DIVIDENDS

No dividends were paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.



## **DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “AGM”) will be held on Monday, 2 September 2024 and the notice of AGM will be published and despatched to the shareholders of the Company (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 Wednesday, 28 August 2024 to Monday, 2 September 2024, both days inclusive. During this period, no transfer of shares of the Company (the “Shares”) will be registered. In order to be eligible to attend and vote at the forthcoming AGM, the non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 August 2024.

## **REVIEW OF OPERATIONS AND PROSPECTS**

For the Year, a total revenue of the Group was approximately HK\$29.6 million, resulting a 20.4% decrease as compared to HK\$37.2 million in 2023. The Group’s gross profit for the Year was HK\$5.3 million, resulting a 10.2% decrease as compared to HK\$5.9 million in 2023. The loss for the Year attributable to the owners of the Company was HK\$33.0 million (2023: HK\$7.9 million).

For the Cheung Chau Warwick Hotel, the Group recorded a total revenue of approximately HK\$21.1 million (2023: HK\$24.1 million) and a net profit of HK\$1.2 million for the Year (2023: HK\$5.2 million). The revenue of rooms department during the Year was HK\$14.5 million, resulting a 11.6% decrease as compared to HK\$16.4 million in 2023. The revenue of food and beverages department during the Year was HK\$6.6 million, resulting a 14.3% decrease as compared to HK\$7.7 million in 2023.

For the serviced property in Beijing, the People’s Republic of China (the “PRC”), the Group recorded a total revenue of approximately HK\$6.2 million (2023: HK\$11.5 million) resulting a net loss of HK\$4.9 million (2023: HK\$9.9 million). The significant drop in revenue was mainly due to a decrease in rental income from operating lease after derecognition of leased properties under subleases from investment properties in May 2022, and finance lease receivables were recognised at corresponding lease commencement dates.

For the investment properties located in Hong Kong, the Group recorded a total revenue of approximately HK\$0.8 million (2023: HK\$0.8 million) and a net loss of HK\$15.5 million for the Year (2023: profit of HK\$7.5 million). The significant segment loss was mainly attributable to (i) a decrease of HK\$10.8 million (2023: increase of HK\$9.6 million) in fair values of investment properties and (ii) legal and professional fee of HK\$4.6 million (2023: HK\$2.1 million) in relation to Kau Wa Keng Project.

For the investment properties located in Fiji, the Group recorded a total revenue of approximately HK\$1.5 million (2023: HK\$0.6 million) and a net profit of HK\$1.8 million for the Year (2023: HK\$0.9 million).

For securities investment and trading, the Group recorded a net loss of approximately HK\$1.8 million for the Year (2023: HK\$0.4 million), including a decrease of HK\$2.7 million (2023: HK\$3.4 million) in fair values of financial assets at FVTPL and dividend income from financial assets at FVTPL of HK\$0.8 million (2023: HK\$3.0 million).

### **Legal dispute in respect of the serviced property in Beijing**

As at 31 March 2024, the Group was involved in a legal dispute in respect of the leasing of the serviced property in the PRC (the “Relevant Property”) by 北京海聯物業管理有限公司 (Beijing Hai Lian Property Management Company Limited) (a subsidiary of the Company) (“Beijing Hai Lian”) as tenant from landlord (the “Landlord”). The Relevant Property comprises 2 buildings, which have been sub-let by Beijing Hai Lian to independent third party sub-tenants. It is stipulated in the relevant lease agreement entered into between Beijing Hai Lian and the Landlord that the lease has a term of 30 years expiring on 30 September 2024 and that Beijing Hai Lian is entitled to renew the lease for a further term of 20 years based on the same terms. The dispute arose from the disagreement on the proposed increase in the rental amount as from 1 October 2022. The Landlord has sought an order from 北京市東城區人民法院 (Beijing Dongcheng People’s Court) that the lease was terminated by the Landlord with effect from August 2022, and that Beijing Hai Lian shall vacate the Relevant Property and pay an increased rent during the period from 1 October 2022 to the date of actual vacating of the Relevant Property. The claims by the Landlord were dismissed by the court on 8 October 2023 and the appeal filed by the Landlord was also dismissed by 北京市第三中級人民法院 (Beijing No. 3 Intermediate People’s Court) on 26 April 2024.

Despite the abovementioned outcome of the legal actions taken out by the Landlord, the Landlord subsequently issued written notices to Beijing Hai Lian requesting Beijing Hai Lian to deliver the possession of the Relevant Property to the Landlord by 30 June 2024. The Company has obtained legal advice from its external legal advisers and is considering the commencement of legal actions against the Landlord for, among others, the losses of Beijing Hai Lian as a result of the Landlord’s failure to renew the lease, the costs and expenses previously incurred by Beijing Hai Lian for the re-development, extension and refurbishment of the Relevant Property. In view that the dispute with the Landlord, Beijing Hai Lian did not renew one of the sub-tenancy which expired on 31 May 2024 and may early terminate the other sub-tenancy which will otherwise expire on 31 December 2026 (for which provision in the amount approximately HK\$2.2 million has been made in the audited consolidated financial statements for the financial year ended 31 March 2023 in relation to the probable compensation payable to such sub-tenant).

## **Kau Wa Keng Project**

On 25 January 2022, Lai Chi Kok Amusement Park Company, Limited (“LCKAP”), a wholly-owned subsidiary of the Company and Cornhill Enterprises Limited (a related company controlled by Mr. Derek Chiu and his family which holds certain portions of the application site on trust for LCKAP) (as the applicants) (collectively, the “Applicants”), have submitted an application (the “Application”) under section 16 of the Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) to the Town Planning Board (the “TPB”) to seek approval for the proposed comprehensive development of various lots in Survey District No. 4 and the adjoining Government Land at Kau Wa Keng, Kwai Chung, New Territories (the “Application Site”) which is designated as Comprehensive Development Area zone under the Draft Kwai Chung Outline Zoning Plan No. S/KC/29. On 14 July 2023, the Application has been approved by the TPB subject to certain conditions. For details of the Application, please refer to the announcements of the Company dated 26 January 2022 and 14 July 2023.

The Application Site has a total site area of approximately 48,313 m<sup>2</sup> comprising about 54% private lots and about 46% government land. The maximum development gross floor area of the Application Site is 241,522 m<sup>2</sup>. The proposed development under the Master Layout Plan as approved with a total plot ratio of 5, comprises a total of 5,973 residential flats in 14 blocks of 31 to 35 storeys. For further details, please refer to the summary of the Application and the decision of the TPB on the Application published on the website of the TPB.

Considering the existing land ownership pattern and the scale of the Application Site, the development is planned to be implemented in 4 phases. In addition to the current process of acquiring and consolidating lands within the Application Site, the Group intends to submit application to Lands Department of the HKSAR for the granting of a new lease of the first phase in due course. The process will entail at various stages, assessment and negotiation of land premium and re-grant conditions. The actual timeframe of the application will depend on the specific requirements and conditions imposed by the relevant government departments.

## **Prospects**

The uncertainties surrounding the ongoing geopolitical tensions will continue to affect our business in the years ahead. Nevertheless, the Group will continue to navigate through challenging market and take this opportunity to improve the service quality and strengthen operational efficiency. The Group will look for appropriate investment opportunities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2024, the Group has approximately 70 employees (2023: 70). 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. The Company adopted a new share option scheme on 2 September 2016 as an incentive to the Directors and other eligible participants. The Group also provides and arranges on-the-jobs training for the employees.

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS**

As at 31 March 2024, the Group's financial assets at FVTPL, with market value of approximately HK\$16.2 million (2023: HK\$19.7 million), mainly represented investment portfolio of 14 equity securities listed in Hong Kong and 1 equity security listed in Singapore (2023: 17 equity securities listed in Hong Kong and 1 equity security listed in Singapore). The Board considers that the investments with market value as at 31 March 2024 accounting for more than 5% of the Group's total assets as at 31 March 2024 as significant investments. As at 31 March 2024, none of each investment represents 5% or more of the Group's total assets.

Save as the above, during the Year, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2024, the Group had bank balances and cash of HK\$22.2 million (2023: HK\$30.3 million), no bank deposits with original maturity more than three months (2023: Nil), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 31 March 2024, there were outstanding bank loans facilities of HK\$8.4 million (2023: HK\$11.7 million). All of outstanding bank loans were denominated in Hong Kong dollars with interest at prevailing market rates.

As at 31 March 2024, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

Shareholders' funds as at 31 March 2024 amounted to approximately HK\$337.5 million (2023: HK\$371.5 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) as at 31 March 2024 was approximately 2.5% (2023: 3.2%).

## **CHARGES OVER ASSETS OF THE GROUP**

As at 31 March 2024, certain property, plant and equipment and right-of-use assets with an aggregate carrying value of approximately HK\$10.7 million (2023: HK\$28.2 million) are secured for the Group's bank borrowings.

## **TREASURY POLICIES**

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **CONTINGENT LIABILITIES**

As at 31 March 2024, the Company had issued financial guarantees of HK\$15 million (2023: HK\$15 million) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$8.4 million (2023: HK\$10.3 million) had been utilised by its subsidiaries.

## **CAPITAL COMMITMENTS**

As at 31 March 2024, the Group had capital commitments of HK\$0.3 million (2023: HK\$0.3 million).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY**

During the Year, the Company did not redeem any of the Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 March 2024, the Group did not have other plans for material investments and capital assets.

## **EVENTS AFTER THE REPORTING DATE**

The Group has no material event subsequent to the Year and up to the date of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company 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 C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and the "Model Code", respectively). Following a specific enquiry made by the Company with each Director, the Directors have confirmed that they had fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Year.

## **CORPORATE GOVERNANCE**

Throughout the Year, the Company had complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Part 2 of Appendix C1 to the Listing Rules, except for the following:

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman is responsible for formulating and setting the strategies and policies of the Group in conjunction with the Board.

The role of chief executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

Mr. Derek Chiu, an executive Director, the Managing Director and the Chief Executive was appointed as the chairman of the Board (the "Chairman") on 19 July 2023. The Board believes that vesting the roles of the Chairman, the Managing Director and the Chief Executive in the same person has the benefit of ensuring strong consistent leadership with the Group and enable more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are four independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

## **AUDIT COMMITTEE**

The audit committee of the Board (the "Audit Committee") has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems, and financial reporting matters including the review of the consolidated financial statements. The Audit Committee comprises four independent non-executive Directors, namely Mr. Ng Wing Hang Patrick (chairman of the Audit Committee), Mr. Ip Shing Hing, Mr. Choy Wai Shek Raymond and Mr. Ng Chi Kin.

The Group's final results for the Year have been reviewed by the Audit Committee which recommended the same to the Board for approval.

## **PRELIMINARY ANNOUNCEMENT OF AUDITED FINAL RESULTS**

The financial information relating to the years ended 31 March 2024 and 2023 included in this preliminary announcement of final results for the Year do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the Year in due course.

The Company's independent auditor has reported on the consolidated financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### **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 income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year as approved by the Board on 28 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board  
**Far East Hotels and Entertainment Limited**  
**Derek Chiu**

*Executive Director, Chairman, Managing Director and Chief Executive*

Hong Kong, 28 June 2024

*As at the date of this announcement, the executive Directors are Mr. Derek Chiu (Chairman, Managing Director and Chief Executive) and Ms. Amanda Chiu; the non-executive Directors are Madam Chiu Ju Ching Lan and Mr. Alex Chiu; and the independent non-executive Directors are Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick, Mr. Choy Wai Shek Raymond and Mr. Ng Chi Kin.*