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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 2025; and Supplemental Announcement in relation to the Annual Report of the Company 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 2025 (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 2025

	NOTES	2025 HK\$	2024 HK\$ (restated)
Continuing operations			
Revenue	2		
Contracts with customers		15,965,248	21,102,895
Leases		2,570,206	2,367,590
		<u>18,535,454</u>	<u>23,470,485</u>
Cost of sales		<u>(14,292,369)</u>	<u>(16,603,923)</u>
Gross profit		4,243,085	6,866,562
Other income		791,826	943,895
Other gains or losses	3	6,981,399	(2,837,986)
Net decrease in fair values of investment properties		(24,397,892)	(10,481,854)
Administrative expenses		(15,673,057)	(21,202,935)
Selling expenses		(771,261)	(1,451,564)
Finance costs	4	(549,443)	(659,332)
Share of results of associates		718,634	675,770

	NOTES	2025 HK\$	2024 HK\$ (restated)
Loss before tax	7	(28,656,709)	(28,147,444)
Income tax expense	5	(417,258)	(438,530)
Loss for the year from continuing operations		(29,073,967)	(28,585,974)
Discontinued operations			
Loss for the year from discontinued operations	12	(6,284,875)	(4,431,253)
Loss for the year		(35,358,842)	(33,017,227)
Other comprehensive expense:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,149,625)	(2,202,229)
Total comprehensive expense for the year		(37,508,467)	(35,219,456)
Loss for the year attributable to owners of the Company			
– from continuing operations		(29,073,967)	(28,585,974)
– from discontinued operations		(6,284,875)	(4,431,253)
		(35,358,842)	(33,017,227)
Total comprehensive expense attributable to owners of the Company			
– from continuing operations		(29,618,251)	(29,010,363)
– from discontinued operations		(7,890,216)	(6,209,093)
		(37,508,467)	(35,219,456)
LOSS PER SHARE	6		
From continuing and discontinued operations			
Basic (HK cents)		(4.70)	(4.39)
Diluted (HK cents)		(4.70)	(4.39)
From continuing operations			
Basic (HK cents)		(3.86)	(3.80)
Diluted (HK cents)		(3.86)	(3.80)
From discontinued operations			
Basic (HK cent)		(0.84)	(0.59)
Diluted (HK cent)		(0.84)	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	NOTES	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment		24,428,593	26,469,358
Right-of-use assets		2,172,110	3,530,984
Deposits for capital expenditure		493,700	296,160
Investment properties		253,828,529	278,736,862
Interests in associates		1,282,505	563,871
Paintings		2,281,549	5,113,967
Deferred taxation		—	786,169
		<u>284,486,986</u>	<u>315,497,371</u>
Current assets			
Financial assets at fair value through profit or loss (“FVTPL”)		13,788,467	16,197,923
Inventories		321,339	481,750
Finance lease receivables		3,250,975	4,853,324
Trade receivables	8	2,550,589	691,793
Other receivables, deposits and prepayment		2,330,969	1,472,665
Demand deposits held with security broker companies		8,383,631	2,930,980
Cash and cash equivalents		7,893,839	22,178,646
		<u>38,519,809</u>	<u>48,807,081</u>
Current liabilities			
Trade and other payables and accruals	9	6,667,009	7,421,181
Contract liabilities		48,908	710,825
Rental deposits received		245,800	217,300
Amount due to an associate		803,381	287,381
Amounts due to related companies		647,356	656,056
Bank borrowing		8,433,757	8,433,757
Lease liabilities		2,017,696	3,692,956
Tax payable		2,483,971	3,138,295
		<u>21,347,878</u>	<u>24,557,751</u>
Net current assets		<u>17,171,931</u>	<u>24,249,330</u>
Total assets less current liabilities		<u>301,658,917</u>	<u>339,746,701</u>
Capital and reserves			
Share capital	10	329,138,773	329,138,773
Reserves		(29,134,430)	8,374,037
		<u>300,004,343</u>	<u>337,512,810</u>
Non-current liabilities			
Deferred taxation		274,249	—
Provision for long service payments		1,133,913	1,107,120
Lease liabilities		246,412	1,126,771
		<u>1,654,574</u>	<u>2,233,891</u>
		<u>301,658,917</u>	<u>339,746,701</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standard (“HKAS”) 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

2. REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

Segment	2025 Hotel operation in Hong Kong HK\$	2024 Hotel operation in Hong Kong HK\$ (restated)
Types of goods or services		
Hotel operation		
– Hotel rooms revenue	10,884,266	14,532,270
– Food and beverages	5,080,982	6,570,625
Total	15,965,248	21,102,895
Geographical market		
Hong Kong	15,965,248	21,102,895
Timing of revenue recognition		
A point in time	5,080,982	6,570,625
Over time	10,884,266	14,532,270
Total	15,965,248	21,102,895

(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 food and beverages are delivered to the customer.

(iii) *Leases*

	2025 HK\$	2024 HK\$
For operating leases:		
Lease payments that are fixed	<u>2,570,206</u>	<u>2,367,590</u>

(b) **Segment information**

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

	2025 HK\$	2024 HK\$ (restated)
Hotel operation in Hong Kong		
– Hotel rooms revenue	10,884,266	14,532,270
– Food and beverages	<u>5,080,982</u>	<u>6,570,625</u>
Revenue from contracts with customers	<u>15,965,248</u>	<u>21,102,895</u>
Property investment in Hong Kong	1,044,878	819,639
Property investment overseas	<u>1,525,328</u>	<u>1,547,951</u>
Gross rental income from properties	<u>2,570,206</u>	<u>2,367,590</u>
Total revenue	<u>18,535,454</u>	<u>23,470,485</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. Property investment in Hong Kong
3. Property investment overseas
4. Securities investment and trading

The serviced property letting business in the Mainland China was discontinued in the current year. The segment information reported below excluded the results of these discontinued operations, which are described in more detail in note 12.

Segment revenue and results

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

	2025				Total HK\$
	Hotel operation in Hong Kong HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	
Revenue	<u>15,965,248</u>	<u>1,044,878</u>	<u>1,525,328</u>	<u>–</u>	<u>18,535,454</u>
Segment profit (loss)	<u>34,317</u>	<u>(25,243,509)</u>	<u>(797,922)</u>	<u>6,060,394</u>	<u>(19,946,720)</u>
Unallocated other gains and losses					1,609,470
Unallocated other income					105,240
Unallocated expenses					(10,593,890)
Unallocated finance costs					(549,443)
Share of results of associates					<u>718,634</u>
Loss before tax					<u>(28,656,709)</u>
	2024				Total HK\$ (restated)
	Hotel operation in Hong Kong HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	
Revenue	<u>21,102,895</u>	<u>819,639</u>	<u>1,547,951</u>	<u>–</u>	<u>23,470,485</u>
Segment profit (loss)	<u>1,232,790</u>	<u>(15,450,138)</u>	<u>1,833,501</u>	<u>(1,817,495)</u>	<u>(14,201,342)</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>(28,147,444)</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 gains and losses, certain other income, 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

There is no revenue from customers for the years ended 31 March 2025 and 2024 contributing over 10% of the total operating revenue of the Group.

Segment assets and liabilities

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

	2025 HK\$	2024 HK\$ (restated)
Segment assets from continuing operations		
Hotel operation in Hong Kong	16,077,212	17,894,517
Property investment in Hong Kong	228,372,673	250,087,267
Property investment overseas	28,387,333	30,360,530
Securities investment and trading	22,209,411	22,297,576
Total segment assets	295,046,629	320,639,890
Paintings	2,281,549	5,113,967
Assets relating to discontinued operations	6,200,735	21,257,080
Other unallocated assets	19,477,882	17,293,515
Consolidated assets	323,006,795	364,304,452
Segment liabilities from continuing operations		
Hotel operation in Hong Kong	1,886,377	2,006,831
Property investment in Hong Kong	2,514,354	1,714,980
Property investment overseas	791,500	850,839
Securities investment and trading	67,000	150,000
Total segment liabilities	5,259,231	4,722,650
Bank borrowing	8,433,757	8,433,757
Liabilities relating to discontinued operations	6,192,762	8,349,534
Unallocated lease liabilities	1,126,267	2,357,172
Other unallocated liabilities	1,990,435	2,928,529
Consolidated liabilities	23,002,452	26,791,642

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

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

Other segment information

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

2025	Hotel operation in Hong Kong HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Segment total HK\$	Unallocated HK\$	Total HK\$
Continuing operations							
Cost of sales	13,509,343	557,168	225,858	-	14,292,369	-	14,292,369
Additions of property, plant and equipment	818,498	-	-	-	818,498	-	818,498
Additions of investment properties	-	15,300	416,720	-	432,020	-	432,020
Depreciation of property, plant and equipment	2,161,403	-	-	-	2,161,403	473,625	2,635,028
Depreciation of right-of-use assets	28,016	-	-	-	28,016	1,182,357	1,210,373
Decrease in fair values of investment properties	-	22,300,500	2,097,392	-	24,397,892	-	24,397,892
Finance costs	-	-	-	-	-	549,443	549,443
Increase in fair values of financial assets at FVTPL	-	-	-	(5,374,770)	(5,374,770)	-	(5,374,770)
2024	Hotel operation in Hong Kong HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Segment total HK\$	Unallocated HK\$	Total HK\$ (restated)
Continuing operations							
Cost of sales	16,075,328	304,485	224,110	-	16,603,923	-	16,603,923
Additions of property, plant and equipment	292,414	-	-	-	292,414	28,801	321,215
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	-	-	-	2,137,646	483,399	2,621,045
Depreciation of right-of-use assets	28,017	-	-	-	28,017	1,279,281	1,307,298
Decrease (increase) in fair values of investment properties	-	10,844,428	(362,574)	-	10,481,854	-	10,481,854
Finance costs	-	-	-	-	-	659,332	659,332
Decrease in fair values of financial assets at FVTPL	-	-	-	2,741,393	2,741,393	-	2,741,393

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	
	2025 HK\$	2024 HK\$ (restated)	2025 HK\$	2024 HK\$
Hong Kong	17,010,126	21,922,534	256,889,716	283,824,744
Mainland China	–	–	706,514	1,076,410
Overseas	1,525,328	1,547,951	26,890,756	29,810,048
	<u>18,535,454</u>	<u>23,470,485</u>	<u>284,486,986</u>	<u>314,711,202</u>

3. OTHER GAINS OR LOSSES

	2025 HK\$	2024 HK\$ (restated)
Continuing operations		
Increase (decrease) in fair values of financial assets at FVTPL	5,374,770	(2,741,393)
Gain on disposal of paintings	1,609,470	–
Loss on disposal of property, plant and equipment	(2,841)	(22,915)
Loss on disposal of right-of-use assets	–	(73,678)
	<u>6,981,399</u>	<u>(2,837,986)</u>

4. FINANCE COSTS

	2025 HK\$	2024 HK\$ (restated)
Continuing operations		
Interests on borrowings	475,419	611,159
Interests on lease liabilities	74,024	48,173
	<u>549,443</u>	<u>659,332</u>

5. INCOME TAX EXPENSE

	2025 HK\$	2024 HK\$ (restated)
Continuing operations		
Current tax:		
Fiji	332,831	406,367
Deferred taxation	84,427	32,163
	<u>417,258</u>	<u>438,530</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.

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 25% for both years.

6. LOSS PER SHARE

For continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the loss for the Year of HK\$29,073,967 (2024: HK\$28,585,974) and the number of shares as calculated below.

	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>752,529,810</u>	<u>752,387,733</u>

The computation of the diluted loss per share for the years ended 31 March 2025 and 2024 did not assume the exercise of the Company's share options, because this would result in decrease in the loss per share.

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK0.84 cent per share (2024: HK0.59 cent per share), based on the loss for the year from the discontinued operations of HK\$6,284,875 (2024: HK\$4,431,253) and the denominators detailed above for both basic and diluted loss per share.

From continuing and discontinued operations

Basic and diluted loss per share for the continuing and discontinued operations is HK4.70 cents per share (2024: HK4.39 cents per share), based on the loss for the year from the continuing and discontinued operations of HK\$35,358,842 (2024: HK\$33,017,227) and the denominators detailed above for both basic and diluted loss per share.

7. LOSS BEFORE TAX

	2025 HK\$	2024 HK\$ (restated)
Loss before tax from continuing operations has been arrived at after charging:		
Auditor's remuneration:		
– Audit service	870,000	1,205,000
– Non-audit services	40,000	100,000
Cost of inventories recognised as an expense	2,373,922	2,888,614
Depreciation of property, plant and equipment	2,635,028	2,621,045
Depreciation of right-of-use assets	1,210,373	1,307,298
Staff costs:		
– Directors' remuneration	1,593,800	2,178,771
Other staff:		
– Salaries and other allowances	8,369,341	10,729,436
– Retirement benefit schemes contributions	276,526	320,403
	<u>8,645,867</u>	<u>11,049,839</u>
and crediting:		
Interest income (included in other income):		
– Bank deposits	113,022	32,002
– Debt instrument	<u>–</u>	<u>125,000</u>
	<u>113,022</u>	<u>157,002</u>
Dividend income from financial assets at FVTPL (included in other income)	<u><u>678,743</u></u>	<u><u>786,893</u></u>

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 rooms 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.

	2025 HK\$	2024 HK\$
Trade receivables		
– contracts with customers	343,439	216,290
– leases	2,207,150	475,503
	2,550,589	691,793

As at 1 April 2023, trade receivables from contracts with customers amounted to HK\$106,362.

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.

	2025 HK\$	2024 HK\$
0–30 days	922,685	691,793
Over 60 days	1,627,904	–
	2,550,589	691,793

Trade receivables aged over 30 days are normally past due. As at 31 March 2025, Group's trade receivables balance of HK\$1,627,904 (2024: HK\$Nil) has been past due 90 days or more. The Directors are of the view that there has been no significant increase in credit risk nor default because that debtor is with continuous settlements and no default history noted.

Trade receivable due from the related party

As at 31 March 2025, included in the Group's trade receivables is an unsecured amount due from the Group's related company of HK\$447,128 (2024: HK\$448,819). None of the balance is past due at the reporting date. No impairment has been recognised in accordance with expected credit losses 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

	2025 HK\$	2024 HK\$
Trade payables	323,659	389,346
Other payables and accruals	6,225,424	6,919,960
Rental receipt in advance	117,926	111,875
	<u>6,667,009</u>	<u>7,421,181</u>

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

	2025 HK\$	2024 HK\$
0–30 days	238,508	151,604
31–60 days	58,215	189,916
Over 60 days	26,936	47,826
	<u>323,659</u>	<u>389,346</u>

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

Included in the other payables and accruals of HK\$1,541,424 (2024: HK\$1,802,172) related to accrued professional fees.

10. SHARE CAPITAL

	Number of shares	HK\$
Issued and fully paid:		
Ordinary shares with no par value		
As at 1 April 2023	748,529,810	327,866,573
Exercise of share options (<i>note a</i>)	4,000,000	1,272,200
	<u>752,529,810</u>	<u>329,138,773</u>
As at 31 March 2024 and 2025		

Note:

- (a) During the year ended 31 March 2024, 4,000,000 shares have been issued at a consideration of HK\$1,272,200 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 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

12. DISCONTINUED OPERATIONS

During the Year, the Group had delivered the leased properties to the landlord. Accordingly, the serviced property letting business in the Mainland China was discontinued in the current year.

The loss for the Year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the serviced property letting business in the Mainland China as a discontinued operations.

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Revenue		
Contracts with customers	3,637,416	6,168,336
Leases	1,428,570	–
	<u>5,065,986</u>	<u>6,168,336</u>
Cost of sales	(6,738,702)	(7,772,009)
Other income	93,567	1,266,022
Other gains or losses	(37,114)	94,813
Administrative expenses	(3,771,694)	(4,402,519)
Finance costs	(31,911)	(259,951)
	<u>(5,419,868)</u>	<u>(4,905,308)</u>
Loss before tax	(5,419,868)	(4,905,308)
Income tax (credit) expense	(865,007)	474,055
	<u>(6,284,875)</u>	<u>(4,431,253)</u>
Loss for the year	<u>(6,284,875)</u>	<u>(4,431,253)</u>

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2024: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “AGM”) will be held on Tuesday, 2 September 2025 and the notice of AGM will be published and despatched to the shareholders of the Company (the “Shareholders”) who requested printed copy 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 Thursday, 28 August 2025 to Tuesday, 2 September 2025, 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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 August 2025.

REVIEW OF OPERATIONS AND PROSPECTS

For the Year, the Group recorded total revenue of approximately HK\$23.6 million, representing a 20.3% decrease compared to HK\$29.6 million in 2024. The Group’s gross profit for the Year was HK\$2.6 million, representing a 50.9% decrease as compared to HK\$5.3 million in 2024. The loss for the Year attributable to the owners of the Company was HK\$35.4 million (2024: HK\$33.0 million).

Continuing operations

For the Year, revenue from the Group’s continuing operations was approximately HK\$18.5 million, representing a 21.3% decrease compared to HK\$23.5 million in 2024. The gross profit from continuing operations was HK\$4.2 million, representing a 39.1% decrease as compared to HK\$6.9 million in 2024. The loss attributable to the owners of the Company from the continuing operations was HK\$29.1 million (2024: HK\$28.6 million).

For the Cheung Chau Warwick Hotel, the Group recorded a total revenue of approximately HK\$16.0 million (2024: HK\$21.1 million) and a net profit of HK\$34,000 (2024: HK\$1.2 million). Revenue from the rooms department was HK\$10.9 million, representing a 24.8% decrease as compared to HK\$14.5 million in 2024. Revenue from the food and beverage department was HK\$5.1 million, representing a 22.7% decrease as compared to HK\$6.6 million in 2024.

For the investment properties located in Hong Kong, the Group recorded a total revenue of approximately HK\$1.0 million (2024: HK\$0.8 million), with a net loss of HK\$25.2 million (2024: HK\$15.5 million). The segment loss was primarily due to (i) a decrease of HK\$22.3 million (2024: HK\$10.8 million) in fair value of investment properties; and (ii) legal and professional fees of HK\$3.1 million (2024: HK\$4.6 million) related to the Kau Wa Keng Project.

For the investment properties located in Fiji, the revenue remained stable at approximately HK\$1.5 million (2024: HK\$1.5 million). The segment recorded a net loss of HK\$0.8 million (2024: net profit of HK\$1.8 million), mainly due to a decrease of HK\$2.1 million (2024: an increase of HK\$0.4 million) in fair value of investment properties.

For securities investment and trading, the Group recorded a net profit of approximately HK\$6.1 million for the Year (2024: net loss of HK\$1.8 million), including an increase of HK\$5.4 million (2024: a decrease of HK\$2.7 million) in fair values of financial assets at FVTPL and dividend income from financial assets at FVTPL of HK\$0.7 million (2024: HK\$0.8 million).

Discontinued operations

During the Year, the serviced property letting business in the Mainland China was discontinued. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to reflect this business as discontinued operations. The Group recorded revenue of approximately HK\$5.1 million (2024: HK\$6.2 million) and a net loss of HK\$5.4 million (2024: HK\$4.9 million). The loss was primarily attributable to (i) a decline in revenue as the leases expire; and (ii) substantial legal and professional fees of HK\$2.7 million (2024: HK\$1.7 million) related to the legal dispute concerning the serviced property in Beijing. For further details, please refer below section “Legal dispute in respect of the serviced property in Beijing”.

Legal dispute in respect of the serviced property in Beijing

During the Year, 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 were 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 applied for an order from 北京市東城區人民法院 (Beijing Dongcheng People’s Court) (the “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. In view of the dispute with the Landlord, Beijing Hai Lian did not renew one of the sub-tenancies which expired on 31 May 2024 and provision in the amount of approximately HK\$2.2 million was made in the audited consolidated financial statements of the Company for the financial year ended 31 March 2023 in relation to the probable compensation payable to the sub-tenant for any early termination of the other sub-tenancy, which will otherwise expire on 31 December 2026 (the "Other Sub-tenancy"). The Company has obtained legal advice from its external legal advisers and made an application to the Court in January 2025 for an order against the Landlord for, among others, compensation for the losses of Beijing Hai Lian as a result of the Landlord's failure to renew the lease, and the costs and expenses previously incurred by Beijing Hai Lian for the re-development, extension and refurbishment of the Relevant Property. On 17 March 2025, the Landlord and Beijing Hai Lian entered into an agreement for the surrender of the Relevant Property by Beijing Hai Lian to the Landlord on 17 March 2025, which shall not prejudice the abovementioned claims of Beijing Hai Lian for compensation from the Landlord. Subsequent to 31 March 2025, the Landlord made a claim against Beijing Hai Lian for lease payments from July 2024 until the date of termination of the Other Sub-tenancy. As of the date of this announcement, the legal disputes remain ongoing. For further details, please refer to the "Contingent Liabilities" section on page 21.

As at 31 March 2025, the Group's finance lease receivables amounting to HK\$3.3 million and trade receivables amounting to HK\$1.6 million in relation to the Other Sub-tenancy were overdue. In November 2024, the Group initiated legal action against the sub-tenant to demand payment of the outstanding rent and damages. On 8 April 2025, the Group obtained a court ruling from the Court requiring the sub-tenant to pay the outstanding rent which was subsequently received by the Group on 21 May 2025. The settlement has no further material impact on the Group's financial position as of the reporting date.

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. On 14 July 2023, the Application has been approved by the TPB subject to certain conditions. The Application and Master Layout Plan as approved specified

the maximum development gross floor area of the Application Site to be about 241,522 m² and contemplated the comprehensive development to comprise 14 residential blocks with an overall plot ratio of not more than 5 and a maximum building height of +120 mPD, which would provide a total of 5,973 residential flats (the “Approved Scheme”). 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 site area of approximately 48,313.167 m² comprising about 54% private lots and about 46% Government Land. A majority of the private lots within the Application Site (representing about 69.34% of the total site area of the private lots) is wholly or partially owned by LCKAP.

In the meeting of the Metro Planning Committee (the “Committee”) of the TPB approving the Application held on 14 July 2023, certain members of the Committee put forward recommendations regarding the enhancement of retail and social welfare facilities. After taking into consideration the suggestions of the Committee’s members and for addressing community needs, LCKAP has on 10 April 2025, submitted an application (the “2025 Application”) under Section 16 of the Town Planning Ordinance, to seek approval for a revised comprehensive development of the Application Site proposing a revised maximum development gross floor area of about 313,979 m² and the minor relaxation of certain development restrictions. The 2025 Application aims to provide further planning and design enhancement to the approved comprehensive development under the Application, while retaining all planning merits committed in the Approved Scheme.

The Master Layout Plan submitted under the 2025 Application contemplates the Application Site to be developed into 15 building blocks with a maximum domestic plot ratio of 6, a maximum non-domestic plot ratio of 0.5 and a maximum building height of +147.55 mPD, which will provide about 7,052 residential flats. A non-domestic plot ratio of not more than 0.5 is designated for the proposed retail shops, proposed adaptive reuse of historic buildings and social welfare facilities. Amongst the 15 building blocks, 14 blocks of 37 to 40 storeys are contemplated for residential use with retail and social welfare facilities and one remaining 2-storey block is contemplated for retail facilities. For further details, please refer to the summary of the 2025 Application published on the website of the TPB.

Prospects

The Group anticipates that geopolitical developments, evolving consumer trends, and global economic conditions may continue to influence the business environment in the year ahead. While conditions remain dynamic, the Group remains focused on staying adaptable and responsive, and will continue to manage operations with care, readiness, and a long-term perspective.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group has approximately 40 employees (2024: 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 2025, the Group's financial assets at FVTPL, with market value of approximately HK\$13.8 million (2024: HK\$16.2 million), mainly represented investment portfolio of 11 equity securities listed in Hong Kong and 1 equity security listed in Singapore (2024: 14 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 2025 accounting for more than 5% of the Group's total assets as at 31 March 2025 as significant investments. As at 31 March 2025, 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 2025, the Group had bank balances and cash of HK\$7.9 million (2024: HK\$22.2 million), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 31 March 2025, there were outstanding bank loans facilities of HK\$8.4 million (2024: HK\$8.4 million). All of outstanding bank loans were denominated in Hong Kong dollars with interest at prevailing market rates.

As at 31 March 2025, 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 2025 amounted to approximately HK\$300.0 million (2024: HK\$337.5 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) as at 31 March 2025 was approximately 2.8% (2024: 2.5%).

CHARGES OVER ASSETS OF THE GROUP

As at 31 March 2025, certain property, plant and equipment with an aggregate carrying value of approximately HK\$10.2 million (2024: HK\$10.7 million) is 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 2025, the Company had issued financial guarantees of HK\$8.4 million (2024: HK\$15 million) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$8.4 million (2024: HK\$8.4 million) had been utilised by its subsidiaries.

Subsequent to 31 March 2025, the landlord made a claim against a subsidiary of the Company for lease payments from July 2024 until the date of termination of the sublease. As of the date of this announcement, the legal disputes remain ongoing.

As at 31 March 2025, the Group had recognised related lease liabilities of HK\$1,137,840, presenting the total lease payment from 1 July 2024 until the date of termination of the sublease based on the original head lease agreement and the Directors considered the amount is sufficient and appropriate. For further details, please refer to the "Legal dispute in respect of the serviced property in Beijing" section on pages 17 and 18.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had capital commitments of HK\$2.3 million (2024: 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 (including the sale of treasury shares, if any).

As at 31 March 2025, there were no treasury shares held by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2025, 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 three independent non-executive Directors (the “INEDs”) 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.

COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

References are made to the announcements of the Company dated 12 November 2024, 7 February 2025 and 1 April 2025 in relation to, among other things, the Company’s non-compliance with the Rules 3.10(1) and 3.21 of the Listing Rules and the appointment of Mr. Lo Chun Chiu Adrian as an INED, the chairman of nomination committee of the Board and a member of each of the audit committee of the Board (the “Audit Committee”) and the remuneration committee of the Board, the Company has fully complied with the following requirements as of 1 April 2025:

- i. Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive directors; and
- ii. Rule 3.21 of the Listing Rules that the audit committee must comprise a minimum of three members.

AUDIT COMMITTEE

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 three INEDs, namely Mr. Ng Chi Kin (chairman of the Audit Committee), Mr. Choy Wai Shek Raymond and Mr. Lo Chun Chiu Adrian.

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 2025 and 2024 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 2024 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 25 June 2025. 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.

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2024

Reference is made to the annual report of the Company for the year ended 31 March 2024 published on 25 July 2024 (the "Annual Report"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Annual Report.

In addition to the information disclosed on page 18 of the Annual Report in the section on share options of the Company, the Board wishes to provide the following additional information pursuant to Rules 17.09(3) and 17.09(7) of Chapter 17 of the Listing Rules:

Under the share option scheme,

1. As at 28 June 2024, being the date of Annual Report, the total number of Shares available for issue under the New Scheme were 46,771,067 which represent 6.22% of the issued shares of the Company.
2. The offer of a grant of share options may be accepted within 28 days from the date of offer (or such longer or shorter period as the Board may specify in the letter of offer).

The above additional information does not affect any other information contained in the Annual Report, and save as above disclosed, all other information in the Annual Report remains unchanged.

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

Executive Director, Chairman, Managing Director and Chief Executive

Hong Kong, 25 June 2025

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. Choy Wai Shek Raymond, Mr. Ng Chi Kin and Mr. Lo Chun Chiu Adrian.