FAR EAST HOTELS AND ENTERTAINMENT LIMITED

遠東酒店實業有限公司

(Incorporated in Hong Kong with limited liability)

(Website: www.tricor.com.hk/webservice/00037)

(Stock Code: 0037)

Announcement

Final Results For The Year Ended 31 March 2008

RESULTS

The Board of Directors (the "Board") of Far East Hotels And Entertainment Limited (the "Company") announces that the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 are set out as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2008

	NOTES	2008 HK$	2007 HK$
Revenue from hotel operation		**16,558,252**	13,662,525
Property rental income		**10,488,655**	6,056,855
License fee income		**-**	637,255
Cost of sales		**(28,235,399)**	(29,335,921)
Gross loss		**(1,188,492)**	(8,979,286)
Dividend income from listed securities		**146,641**	281,807
Increase in fair value of held-for-trading investment		**3,175,850**	21,069,893
Other income		**3,684,586**	2,962,688
Gain (loss) on disposal of available-for-sale investments		**3,428,900**	(82,950)
Gain on disposal of investment properties		**969,015**	-
Increase in fair value of investment properties		**27,249,807**	3,915,586
Increase in fair value of financial liabilities at fair value through profit and loss		**(497,635)**	-
Administrative expenses		**(25,693,950)**	(18,517,444)
Finance costs	3	**(4,219,585)**	(3,747,005)
Share of results of associates		**550,552**	(45,933,469)
Profit (loss) before taxtaion		**7,605,689**	(49,030,180)
Taxation	4	**(3,822,329)**	(400,000)
Profit (loss) for the year		**3,783,360**	(49,430,180)
		Cents	Cents
Earnings (loss) per share	5	**0.77**	(10.11)

CONSOLIDATED BALANCE SHEET

As at 31st March 2008

	NOTES	2008 HK$	2007 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**106,371,482**	110,092,520
Investment properties		**143,014,342**	125,024,535
Prepaid lease payments		**1,029,464**	1,057,446
Interests in associates		**4,535,780**	11,785,228
Available-for-sale investments		**180,411,545**	186,004,545
Other non-current assets		**3,373,523**	-
		438,736,136	433,964,274
CURRENT ASSETS			
Prepaid lease payments		**28,016**	28,050
Held-for-trading investments		**22,517,895**	20,480,520
Inventories		**437,303**	415,956
Trade and other receivables	7	**3,468,789**	431,683
Deposits and prepayment		**7,214,889**	1,632,335
Amount due from an associate		**203,562**	203,562
Amounts due from related companies		**472,489**	572,488
Pledged bank deposits		**2,410,948**	2,324,734
Bank balances and cash		**19,457,028**	40,230,730
		56,210,919	66,320,058
CURRENT LIABILITIES			
Trade and other payables	8	**6,310,615**	7,175,104
Deposits received		**1,499,709**	463,346
Amounts due to associates		**1,697,717**	6,777,085
Amounts due to related companies		**212,406**	171,822
Amount due to a minority shareholder		**1,718,594**	2,213,400
Obligations under finance leases - due within one year		**-**	442,773
Secured bank borrowings - due within one year		**5,195,638**	4,264,068
Financial liabilities at fair value through profit and loss		**497,635**	-
		17,132,314	21,507,598
NET CURRENT ASSETS		**39,078,605**	44,812,460
		477,814,741	478,776,734
CAPITAL AND RESERVES			
Share capital	9	**48,884,268**	488,842,675
Reserves		**337,157,233**	(104,290,439)
		386,041,501	384,552,236
NON-CURRENT LIABILITIES			
Deferred taxation		**11,741,752**	7,919,423
Provision for long service payments		**2,055,013**	2,055,013
Obligations under finance leases - due after one year		**-**	276,200
Secured bank borrowings - due after one year		**77,976,475**	83,973,862
		91,773,240	94,224,498
		477,814,741	478,776,734

NOTES

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

In the current year, the Group and the Company have has applied, for the first time, the following new standards, amendments to Hong Kong Financial Reporting Standards ("HKFRS"), and interpretations ("HK(IFRIC)-Int") (new "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's and the Company's financial year beginning 1 April, 2007.

HKAS 1(Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs has resulted in the following areas:

- The impact of application of HKFRS 7 "Financial Instruments: Disclosures" has been to expand the disclosures provided in the consolidated financial statements regarding the Group's financial instruments, especially on the sensitivity analysis to market risk.

- The impact of application of HKAS 1 (Amendment) "Capital Disclosures" has been to disclose information regarding its objectives, policies and processes for managing capital.

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

The Group and the Company have not early adopted the following new and revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group and the Company.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 12	Service Concession Arrangements[3]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st July, 2009.
[3] Effective for annual periods beginning on or after 1st January, 2008.
[4] Effective for annual periods beginning on or after 1st July, 2008.

2. Business And Geographical Information

Business segments

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

Principal activities are as follows:

Hotel operation	- operation of a hotel
Property letting	- leasing of investment properties and service apartments
Securities investment and trading	- investment and trading in securities
Investment holding	- investment in a sauna business licence of which licence expired in 2007

Segment information about these businesses is presented below.

	Hotel operation HK$	Property letting HK$	Securities investment and trading HK$	Investment holding HK$	Consolidated HK$
2008					
REVENUE	**16,558,252**	**10,488,655**	-	-	**27,046,907**
RESULTS					
Segment (loss) profit	**(102,115)**	**24,341,972**	**615,449**	-	**24,855,306**
Bank interest income					**1,155,860**
Unallocated corporate expenses					**(14,736,444)**
Finance costs					**(4,219,585)**
Share of results of associates					**550,552**
Profit before taxation					**7,605,689**
Taxation					**(3,822,329)**
Profit for the year					**3,783,360**
2007					
REVENUE	13,662,525	6,056,855	-	637,255	20,356,635
RESULTS					
Segment (loss) profit	(696,204)	(1,931,524)	21,268,751	(3,146,882)	15,494,141
Bank interest income					690,639
Unallocated corporate expenses					(15,534,486)
Finance costs					(3,747,005)
Share of results of associates					(45,933,469)
Loss before taxation					(49,030,180)
Taxation					(400,000)
Loss for the year					(49,430,180)

	Sales revenue by geographical market	
	2008 HK$	2007 HK$
Hong Kong	**17,096,833**	14,299,780
Other regions in the PRC	**9,950,074**	6,056,855
	27,046,907	20,356,635

3. Finance Costs

	2008 HK$	2007 HK$
Interest on bank and other borrowings:		
Wholly repayable within five years	189,151	6,728
Not wholly repayable within five years	3,966,096	3,650,749
Interest on finance leases	64,338	89,528
	4,219,585	3,747,005

4. Taxation

Taxation charge represents the deferred taxation charged for the year.

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

5. Earnings (Loss) Per Share

The calculation of basic earnings (loss) per share is based on the profit for the year of HK$3,783,360 (2007: loss of HK$49,430,180) and 488,842,675 (2007: 488,842,675) ordinary shares in issue during the year.

No diluted earnings (loss) per share is presented for as the exercise of the potential dilutive ordinary shares would result in an increase in earnings per share (2007: a reduction in loss per share).

6. Depreciation And Amortisation

During the year, depreciation of HK$9,763,070 (2007: HK$8,990,868) was charged in respect of the Group's property, plant and equipment.

No amortisation on intangible asset (2007: HK$1,885,400) was charged during the year.

7. Trade And Other Receivables

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

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

	THE GROUP	
	2008	2007
	HK$	HK$
0 - 30 days	**3,409,065**	3,511,084
31 - 60 days	**53,974**	23,082
Over 60 days	**516,295**	378,557
Trade and other receivables	**3,979,334**	3,912,723
Less: allowance for doubtful debts	**(510,545)**	(3,481,040)
	3,468,789	431,683

8. Trade And Other Payables

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

	THE GROUP	
	2008	2007
	HK$	HK$
0 - 30 days	974,698	800,790
31 - 60 days	125,830	229,556
Over 60 days	1,596,711	1,652,950
Trade payables	2,697,239	2,683,296
Other payables	3,613,376	4,491,808
	6,310,615	7,175,104

9. Share Capital

	Number of shares		Share capital	
	2008	2007	**2008**	2007
			HK$	HK$
Authorised:				
At 1 April 2007	750,000,000	750,000,000	750,000,000	750,000,000
Capital reduction	-	-	(675,000,000)	-
At 31 March 2008	750,000,000	750,000,000	75,000,000	750,000,000
Issued and fully paid:				
At 1 April 2007	488,842,675	488,842,675	488,842,675	488,842,675
Capital reduction	-	-	(439,958,407)	-
At 31 March 2008	488,842,675	488,842,675	48,884,268	488,842,675

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

DIVIDENDS

The Board does not recommend the payment of any dividend for the year (2007: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of Cheung Chau Warwick Hotel has increased by 21% compared with last year. The renovation of our Spa Room and Multi-Function Room has been completed by September 2007. These new elements have enhanced our image as a resort hotel and in return have attracted more business. The sales and marketing department will also focus on developing the Conference group as well. The Food & Beverage division will remain emphasis on local market on one hand, and try to develop outside market through promotions.

The turnover of Beijing Warwick International Apartments has increased by 64% compared with last year. Renovation works on the Level 1, Level 2 and the external wall of the East Wing of the Apartments are now in progress and will be completed before the opening of the Beijing 2008 Olympic Games event. With the approaching of the Olympic Games event in August 2008 and the continued improvement of surrounding environment and facilities, the management believes that the turnover of Beijing Warwick International Apartments will further improve.

On 1 June 2007, a special resolution was passed at an extraordinary general meeting to approve capital reduction of the Company which becomes effective on 20 July 2007. After the capital reduction becomes effective, the Company will have a capital structure that permits the payment of dividends (subject to performance) and the issue of new shares for potential future fund raising exercises.

EMPLOYEES

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

FINANCE ACTIVITIES

At 31 March 2008, the Group had bank credit facilities amounting to approximately HK$92,172,000 (2007: HK$97,238,000), of which approximately HK$83,172,000 (2007: HK$88,238,000) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits.

At 31 March 2008, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2008 amounted to approximately HK$386 million (2007: approximately HK$385 million). Accordingly, the Group's gearing ratio (total bank credit facilities utilized to shareholders' funds) at 31 March 2008 is 22% (2007: 23%).

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

During the year ended 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted a new code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Directors confirmed that there were not any non-compliance with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 March 2008.

CORPORATE GOVERNANCE

The Company has complied with the Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2008, with deviations from code provision A.4.1 and A.4.2 of the Code in respect of the service term and rotation of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term and Managing Director is not subject to re-election by rotation by the Company's Articles of Association (the "Articles") 76. This constitutes a deviation from code provision A.4.1 and A.4.2 of the Code. However, all Directors of the Company excluding Managing Director are subject to the retirement by rotation at each annual general meeting under Articles 79 and 80 of the Company. In view of good Corporate Governance Practices, Managing Director voluntarily retired from his office at the annual general meeting of the Company held on 24 August 2006 notwithstanding that he was not required to do so by the Company's Article 76. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2008 approved by the directors.

REMUNERATION COMMITTEE

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

POST BALANCE SHEET EVENTS

On 29 May 2008, the Group has acquired two pre-sale units in phase 1 of the property development "Celestial Heights" at 80 Sheung Shing Street, Homantin, Kowloon at a total consideration of HK$32,229,000. According to the pre-sale brochure, the anticipated completion date of the construction of the building in this development is 31 July 2009. The Directors believe that the acquisitions will improve the Group's operating performance and widen its asset base. Details of the acquisition are set out in the Company's circular dated 18 June 2008.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.tricor.com.hk/webservice/00037. The annual report will be despatched to the shareholders of the Company and will be published on the same websites in due course.

On behalf of the Board

Derek Chiu
Managing Director & Chief Executive
Hong Kong, 4 July 2008

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