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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF PROPERTY

The Board announces that on 29 June 2009, Jeanstar (a wholly-owned subsidiary of the Company) entered into the Provisional Contract with the Purchasers under which Jeanstar provisionally agreed to sell the Property for a purchase price of HK$27,380,000.

The Provisional Contract is a provisional agreement for the sale of unit in Mount Beacon in Kowloon Tong, Kowloon. The Provisional Contract is subject to the entering into of the formal agreement for sale and purchase of the Property on or before 10 July 2009. According to the Provisional Contract, the completion date of the sale and purchase of the Property shall be on or before 14 August 2009.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board announces that on 29 June 2009, Jeanstar (being a wholly-owned subsidiary of the Company) entered into the Provisional Contract with the Purchasers for the Disposal. The Provisional Contract is a provisional agreement for the sale of unit in Mount Beacon in Kowloon Tong, Kowloon which is owned by Jeanstar. The Provisional Contract is subject to the entering into of the formal agreement for sale and purchase of the Property on or before 10 July 2009. According to the Provisional Contract, the completion date of the sale and purchase of the Property is on or before 14 August 2009.

Provisional Contract

Date : 29 June 2009

Parties : (a) Vendor: Jeanstar, a wholly-owned subsidiary of the Company
(b) Purchasers: (i) Tsang Bing; and (ii) Lum Nga Lai
(c) the sales agent in respect of the Disposal

The Subject Property:

The Property comprises residential property known as Flat B, 2/F, Tower 1, Mount Beacon, Kowloon Tong, Kowloon (including the Flat Roof thereof), which was acquired by Jeanstar on 17 July 2005.

The net profit (before deduction of a decrease in fair value of investment property amounting to HK$10,500,000) attributable to the Property was approximately HK$336,000 for the year ended 31 March 2009. The net loss (without adjusting an increase in fair value of investment property amounting to HK$6,380,000) attributable to the Property was approximately HK$788,000 for the year ended 31 March 2008. The book value and the valuation of the Property as at 31 March 2009 was HK$22,200,000. The Disposal is expected to enable the Company to recognize a profit of HK$5,180,000 (before expenses).

Purchase Price:

The Purchase Price of the Property is HK$27,380,000, and has been determined after arm's length negotiations between the Vendor and the Purchasers with reference to the prices of nearby properties . The Purchase Price is inclusive of the fixed furniture in the Property.

Terms of Payment of the Purchase Price:

(a) an initial deposit of HK$800,000 was paid by the Purchasers upon signing of Provisional Contract;

(b) HK$1,880,000 being part payment of the purchase price shall be paid by the Purchasers on or before 10 July 2009 upon the signing of the formal sale and purchase agreement;

(c) the balance of the purchase price of HK$ 24,700,000 shall be paid by the Purchasers on or before 14 August 2009.

The initial deposit of HK$800,000 has been received by Jeanstar.

All the stamp duty on the Disposal shall be borne by the Purchasers.

Sale and Purchase:

The Purchasers and Jeanstar shall enter into the formal agreement for sale and purchase in respect of the Property on or before 10 July 2009.

Should Jeanstar fail to complete the sale in the manner set out in the Provisional Contract, Jeanstar shall immediately compensate the Purchasers with a refund of the initial deposit together with a sum equivalent to the amount of the initial deposit as liquidated damages plus the stamp duty payable on the Provisional Contract.

Should the Purchasers fail to complete the purchase in the manner set out in the Provisional Contract, the initial deposit paid shall be forfeited to Jeanstar and Jeanstar may sell the Property to any other party as it thinks fit. The Purchasers shall then be liable to pay the stamp duty on the Provisional Contract.

Commission:

The sales agent for the Disposal shall be entitled to receive a sum of HK$273,800 from Jeanstar as commission.

If either side fails to complete the sale or purchase in the manner set out in the Provisional Contract, the defaulting party shall compensate the sales agent for HK$547,600 as liquidated damages. Should the Purchasers and Jeanstar agree to cancel the Provisional Agreement, they shall be jointly and severally liable for payment of the commission for the Disposal.

REASONS FOR THE DISPOSAL

With the recent active Hong Kong property market conditions, the Directors consider that it is now a good opportunity for the Group to dispose of the Property and thus realize cash for the provision of working capital for the Group. The Directors are of the view that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds from the Disposal of approximately HK$10,600,000 are intended for working capital purpose of the Company.

GENERAL

The principal business activities of the Group are hotel operation, property letting, securities investment and trading and investment holding.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchasers are third parties independent of the Company and its connected persons.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

"Board"	the board of Directors
"Company"	Far East Hotels and Entertainment Limited, a company incorporated in Hong Kong whose shares are listed on the main board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of the Property by Jeanstar Limited
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jeanstar"	Jeanstar Limited a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"Property"	Flat B, 2/F, Tower 1, Mount Beacon, Kowloon Tong, Kowloon (including the Flat Roof thereof)
"Provisional Contract"	the provisional sale and purchase agreement dated 29 June 2009 entered into between Jeanstar and the Purchasers in respect of the Property
"Purchasers"	the purchasers of the Property pursuant to the Provisional Contract, namely Tsang Bing and Lum Nga Lai
"Shareholders"	the shareholders of the Company
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
Far East Hotels and Entertainment Limited
Derek Chiu
Managing Director and Chief Executive

Hong Kong, 30 June 2009

As at the date of this announcement, the executive Directors are Mr. Deacon Te Ken Chiu, Mr. Derek 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; and alternate Director is Mr. Chan Chi Hing (alternate Director to Mr. Deacon Te Ken Chiu).