FAR EAST HOTELS AND ENTERTAINMENT LIMITED
遠東酒店實業有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0037)

Announcement
Final Results For The Year Ended 31 March 2010

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 2010 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2010

	Notes	2010 HK$	2009 HK$
Revenue		**26,938,036**	29,138,783
Cost of sales		**(30,262,380)**	(30,325,761)
Gross loss		**(3,324,344)**	(1,186,978)
Dividend income from held-for-trading investments		**311,843**	400,700
Increase (decrease) in fair value of held-for-trading investments		**3,803,631**	(21,675,986)
Other income		**416,121**	890,640
Increase (decrease) in fair value of investment properties		**25,804,748**	(38,992,202)
Provision for onerous contracts		**-**	(3,706,000)
Decrease (increase) in fair value of financial liabilities at fair value through profit or loss		**540,425**	(42,790)
Administrative expenses		**(16,122,951)**	(17,167,601)
Loss on disposal of a subsidiary		**(52,251)**	-
Finance costs	3	**(1,632,787)**	(2,254,762)
Share of results of associates		**838,587**	390,607
Share of result of a jointly controlled entity		**(64,492)**	-
Profit (loss) before taxation		**10,518,530**	(83,344,372)
Tax (charge) credit	4	**(1,806,692)**	5,350,690
Profit (loss) for the year		**8,711,838**	(77,993,682)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the year ended 31st March 2010

	Notes	**2010** **HK$**	2009 HK$
Other comprehensive expenses for the year			
Exchange differences arising on translation of foreign operations		**(110,446)**	(589,975)
Total comprehensive income (expenses) for the year		**8,601,392**	(78,583,657)
		Cents	Cents
Earnings (loss) per share	5		
Basic		**1.78**	(15.95)
Diluted		**1.78**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2010

	Notes	**2010**	2009
		HK$	HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**94,794,240**	101,628,623
Paintings		**4,220,000**	3,800,000
Investment properties		**99,881,420**	104,022,140
Prepaid lease payments		**973,432**	1,001,448
Interests in associates		**1,764,974**	1,926,387
Interest in a jointly controlled entity		**565,186**	-
Loan to a jointly controlled entity		**8,432,315**	-
Available-for-sale investments		**159,188,314**	159,188,314
		369,819,881	371,566,912
CURRENT ASSETS			
Prepaid lease payments		**28,016**	28,016
Held-for-trading investments		**13,956,410**	10,195,070
Inventories		**507,469**	414,450
Trade and other receivables	7	**305,493**	3,407,945
Deposits and prepayment		**1,990,008**	2,506,804
Deposits for acquisition of properties		**-**	4,844,170
Amount due from an associate		**203,562**	203,562
Amounts due from a related company		**-**	420,716
Pledged bank deposits		**2,135,306**	2,132,323
Bank balances and cash		**4,145,215**	2,040,796
		23,271,479	26,193,852
CURRENT LIABILITIES			
Trade and other payables	8	**9,635,241**	7,305,296
Deposits received		**3,465,706**	3,153,914
Amounts due to directors		**-**	370,000
Amounts due to associates		**1,200,381**	385,381
Amounts due to related companies		**434,516**	315,192
Amount due to a minority shareholder		**4,039,599**	3,344,671
Provision for onerous contracts		**-**	3,706,000
Bank borrowings - due within one year		**9,443,212**	9,064,231
Financial liabilities at fair value through profit or loss		**-**	540,425
Bank overdrafts		**-**	2,495,979
		28,218,655	30,681,089
NET CURRENT LIABILITIES		**(4,947,176)**	(4,487,237)
		364,872,705	367,079,675

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31st March 2010

	Notes	**2010** HK$	2009 HK$
CAPITAL AND RESERVES			
Share capital	9	**48,884,268**	48,884,268
Reserves		**247,385,400**	237,350,345
		296,269,668	286,234,613
NON-CURRENT LIABILITIES			
Deferred taxation		**8,197,754**	6,391,062
Provision for long service payments		**2,055,013**	2,055,013
Bank borrowings - due after one year		**58,350,270**	72,398,987
		68,603,037	80,845,062
		364,872,705	367,079,675

NOTES

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 2) and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1st July, 2009
[2] Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate
[3] Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate
[4] Effective for annual periods beginning on or after 1st January, 2010
[5] Effective for annual periods beginning on or after 1st February, 2010
[6] Effective for annual periods beginning on or after 1st July, 2010
[7] Effective for annual periods beginning on or after 1st January, 2011
[8] Effective for annual periods beginning on or after 1st January, 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary and allocation of deficit balance to non-controlling interest.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

2. Segment Information

The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as follows:

Hotel operation – operation of a hotel in Hong Kong
Hotel operation and property letting – operation of a hotel and property letting in the People's Republic of China ("PRC"), excluding Hong Kong
Property investment - investment properties and property letting in Hong Kong
Securities investment and trading

Segment information for prior year has been restated to conform with the current year's presentation.

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

	Hotel operation- Hong Kong HK$	Hotel operation and property letting - PRC excluding Hong Kong HK$	Property investment - Hong Kong HK$	Securities investment and trading HK$	Total HK$
2010					
REVENUE	**15,882,688**	**10,741,671**	**313,677**	**-**	**26,938,036**
RESULTS					
Segment profit (loss)	**648,258**	**(4,046,439)**	**25,106,514**	**4,654,532**	**26,362,865**
Unallocated income					**416,121**
Central administrative expenses					**(16,122,950)**
Loss on disposal of a subsidiary					**(52,251)**
Finance costs					**(923,842)**
Share of results of associates					**838,587**
Profit before taxation					**10,518,530**
Tax charge					**(1,806,692)**
Profit for the year					**8,711,838**
2009					
REVENUE	16,704,565	10,763,799	1,670,419	-	29,138,783
RESULTS					
Segment profit (loss)	1,209,880	(3,553,607)	(42,564,293)	(21,318,076)	(66,226,096)
Unallocated income					890,640
Central administrative expenses					(17,167,600)
Finance costs					(1,231,923)
Share of results of associates					390,607
Loss before taxation					(83,344,372)
Tax credit					5,350,690
Loss for the year					(77,993,682)

Geographical information

	Revenue by geographical market	
	2010 HK$	2009 HK$
Hong Kong	**16,196,365**	18,374,984
People's Republic of China (excluding Hong Kong)	**10,741,671**	10,763,799
	26,938,036	29,138,783

3. Finance Costs

	2010	2009
	HK$	HK$
Interests on bank borrowings:		
Wholly repayable within five years	**140,612**	918,050
Not wholly repayable within five years	**1,492,175**	1,336,712
	1,632,787	2,254,762

4. Tax (charge) credit

Tax (charge) credit represents the deferred taxation 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 profits in both years. No provision for People's Republic of China ("PRC") Enterprise income tax as there is no assessable profits for both years for the subsidiary operated in PRC.

5. Earnings (Loss) Per Share

The calculation of basic and diluted earnings (loss) per share is based on the profit for the year of HK$8,711,838 (2009: loss of HK$77,993,682).

Number of shares	2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	**488,842,675**	488,742,675
Effect of dilutive potential ordinary shares from options	**7,926**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**488,850,601**	N/A

No diluted loss per share for prior year was presented as there was no potential ordinary shares outstanding in prior year.

6. Depreciation

During the year, depreciation of HK$8,354,242 (2009: HK$9,329,348) was charged in respect of the Group's property, plant and equipment.

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 end of reporting period:

	THE GROUP	
	2010	2009
	HK$	HK$
0 - 30 days	**292,397**	3,398,878
31 - 60 days	**2,137**	-
Over 60 days	**521,504**	519,612
Trade and other receivables	**816,038**	3,918,490
Less: allowance for doubtful debts	**(510,545)**	(510,545)
	305,493	3,407,945

8. Trade And Other Payables

The following is an aged analysis of trade payables at the end of the reporting period:

	THE GROUP	
	2010	2009
	HK$	HK$
0 - 30 days	**533,148**	495,384
31 - 60 days	**685,786**	449,781
Over 60 days	**3,564,693**	3,065,808
Trade payables	**4,783,627**	4,010,973
Other payables	**4,851,614**	3,294,323
	9,635,241	7,305,296

9. Share Capital

	Number of shares	Share capital HK$
Ordinary shares of HK$0.10 each		
Authorised:		
At 31st March, 2010 and 2009	750,000,000	75,000,000
Issued and fully paid:		
At 31st March, 2010 and 2009	488,842,675	48,884,268

DIVIDENDS

The Board does not recommend the payment of any dividend for the year (2009: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of Cheung Chau Warwick Hotel has decreased by 5% compared with last corresponding year. In 2010, our Sales and Marketing Team will keep extending the China market, and exploring more markets besides regular clients that we are currently having. Sales team will also manage the room rate frequently during the high - low season in order to get better revenue. Furthermore, sales team will not only focus on the local meeting and conference groups, but also hold more events and functions at the hotel to gain more publicity and profits. Advertisings, seasonal promotions, and joint venture with other brands or companies will also keep going on in order to raise the income.

The turnover of Beijing Warwick Suite Hotel remained stable compared with last corresponding year. The sales team will put more emphasis on both domestic and overseas frequent independent traveler and Tour Operator, as well as sales through hotel booking website. More competitive packages and prices will be offered to increase the occupancy rate and revenue for the coming year.

In securities investment and trading, the Group has recorded a profit of approximately HK$4.60 million.

During the year, the Group had disposed some of its investment properties and recognized a gain of approximately HK$5.5 million. Further at the end of the reporting date, there was an increase in fair value of investment properties of approximately HK$20,300,000 as a result of the turnaround of the property market.

In October 2009, the Company entered into a Joint Venture Agreement with Mr. Derek Chiu, a director of the Company, for the formation of a Joint Venture Company (the "JV Company"). The JV Company is owned by the Company as to 50% and by Mr. Derek Chiu as to 50%. The JV Company has acquired the property located in Yuen Long, New Territories from Mr. Derek Chiu. The formation of the JV Company can increase the land portfolio of the Group and enable the Group to have adequate land reserve for future development.

The Group will from time to time seek for investment opportunity that could provide investment potential and broaden the income base of the Group.

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 2010, the Group had bank credit facilities amounting to approximately HK$73,293,000 (2009: HK$86,963,000), of which approximately HK$67,793,000 (2009: HK$83,959,000) were utilised. These facilities, other than HK$3,500,000 which was unsecured, were secured by legal mortgages over the Group's properties and bank deposits.

At 31 March 2010, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2010 amounted to approximately HK$296 million (2009: approximately HK$286 million). Accordingly, the Group's gearing ratio (total bank credit facilities utilized to shareholders' funds) at 31 March 2010 is 23% (2009: 29%).

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

During the year ended 31 March 2010, 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 2010.

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 2010, with deviations from code provision A.4.1 of the Code in respect of the service term of Directors.

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors of the Company are subject to the retirement by rotation at each annual general meeting under Articles 78 and 79 of the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's Corporate Governance Practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management 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 2010 approved by the Board.

REMUNERATION COMMITTEE

The Company has 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.

On behalf of the Board

Derek Chiu
Managing Director & Chief Executive
Hong Kong, 16 July 2010

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 Director is Mr. Chan Chi Hing (alternate Director to Mr. Deacon Te Ken Chiu).