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If you have sold or transferred all your shares in Far East Hotels and Entertainment Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF REMAINING 50% EQUITY INTERESTS IN
SINO NOBLE DEVELOPMENT LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Capitalised terms used in this cover page shall have the same respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from Goldin Financial Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the EGM to be held at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Monday, 28 November 2016 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish and in such event, the form of proxy should be deemed to be revoked.

10 November 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Company from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 24 October 2016 entered into between the Company and the Vendor in relation to the Acquisition
“Announcement”	the announcement of the Company dated 24 October 2016 in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and any other public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	Far East Hotels and Entertainment Limited (Stock Code: 00037), a company incorporated in Hong Kong and the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions as set out in the Acquisition Agreement
“Completion Date”	the date on which Completion takes place, which shall be within 5 days following the satisfaction or waiver of the Conditions
“Condition(s)”	the condition(s) precedent to the Completion, as set out in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Consideration”	the sum of HK\$22,815,000, being the total consideration payable by the Company to the Vendor for the Sale Shares and the Sale Loans
“Director(s)”	director(s) of the board of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Monday, 28 November 2016 at 3:00 p.m. to approve, among other things, the Acquisition Agreement and the transaction contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Target Company after Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond, has been established to advise the Independent Shareholders regarding the terms of the Acquisition Agreement and the transaction contemplated thereunder
“Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholder(s)”	Shareholders other than the Vendor and his associates
“Land in Dispute”	Lot Nos. 1545, 1547 in Demarcation District No. 118 and portion of Lot Nos. 1543 and 1544 in Demarcation District No. 118 which are parts of the Property
“Latest Practicable Date”	8 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2017, or such later date as the Company and the Vendor may agree in writing
“PRC”	The People’s Republic of China which, for the purposes of this circular, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Property”	40 parcels of agricultural lots with Lot Nos. 1478, 1481, 1483, 1484, 1487, 1488, 1489, 1490, 1491, 1492, 1495, 1496, 1497, 1498, 1499, 1502, 1503, 1505, 1506, 1509, 1510, 1512, 1513, 1515, 1519, 1520, 1521, 1522, 1523, 1525, 1526, 1529, 1543, 1544, 1545, 1547, 1552, 1556, 1557 & 1571 in Demarcation District No. 118, Shap Pat Heung, Yuen Long, New Territories, Hong Kong
“Sale Loans”	the advance, loan(s) and finance made to the Target Company by the Vendor which is unsecured, non-interest bearing and repayable on demand, which shall be in the sum of HK\$9,004,797.5 upon Completion
“Sale Shares”	50 shares in the issued share capital of the Target Company, representing 50% of the total issued shares of the Target Company as at the date of the Acquisition Agreement, free from encumbrances and together with all rights now or thereafter attached thereto including but not limited to all dividends and distribution declared, paid or made in respect thereof on or after Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Target Company”	Sino Noble Development Limited, a limited liability company incorporated in Hong Kong on 27 March 2009, which is owned as to 50% by the Company and 50% by the Vendor as at the Latest Practicable Date
“Valuer” or “Vigers”	Vigers Appraisal & Consulting Limited, an independent qualified property valuer
“Vendor” or “Mr. Derek Chiu”	Mr. Derek Chiu, an executive Director, Managing Director and Chief Executive of the Company and a substantial shareholder who is beneficially interested in approximately 18.2% of the issued share capital of the Company as at the Latest Practicable Date, a son of Madam Chiu Ju Ching Lan and a brother of Mr. Dick Tat Sang Chiu and Ms. Margaret Chiu, all of whom are Directors of the Company
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Derek Chiu, B.A.

(Managing Director and Chief Executive)

Margaret Chiu, LL.B.

Alex Chiu, B.Sc.

Amanda Chiu, B.A.

*Registered office and principal
place of business:*

Suite 1902, 19th Floor
The Sun's Group Centre
200 Gloucester Road
Wanchai, Hong Kong

Non-executive Directors:

Chiu Ju Ching Lan, J.P.

Dick Tat Sang Chiu, M.A.

Independent non-executive Directors:

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

10 November 2016

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF REMAINING 50% EQUITY INTERESTS IN
SINO NOBLE DEVELOPMENT LIMITED**

INTRODUCTION

Reference is made to the Announcement. On 24 October 2016 (after trading hours), the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans at an aggregate consideration of HK\$22,815,000.

The purpose of this circular is to provide you with, among others, (i) details of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Acquisition; (iii) a letter of advice from the

LETTER FROM THE BOARD

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) valuation report of the Property from the Valuer; and (v) the notice of the EGM together with the enclosed form of proxy.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

Date

24 October 2016 (after trading hours)

Parties

Purchaser: The Company

Vendor: Mr. Derek Chiu

Subject Matter

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans.

The Sale Shares represent 50% of the issued share capital of the Target Company and the entire interest held by the Vendor in the Target Company. The Sale Loans represent the entire sum due from the Target Company to the Vendor as at Completion Date. As at the date of the Acquisition Agreement, the Sale Loans amounted to HK\$9,004,797.5.

The sole asset of the Target Company is the Property which comprises 40 parcels of agricultural lots located in Yuen Long, New Territories, Hong Kong with a total site area of approximately 149,846 square feet. Further particulars of the Target Company are set out in the section headed “Letter from the Board – Information on the Target Company”.

Immediately before Completion, the Target Company is a jointly controlled entity owned as to 50% by the Company and 50% by the Vendor. Upon Completion, the Target Company will become a directly wholly-owned subsidiary of the Company.

Consideration

The aggregate Consideration shall be HK\$22,815,000 of which HK\$13,810,202.5 is the consideration for the Sale Shares and HK\$9,004,797.5 is the consideration for the Sale Loans. The Consideration shall be payable in cash within 5 days upon Completion.

The Consideration was determined after arm’s length negotiation between the Company and the Vendor with reference to, among others, (i) valuation of the Property at approximately HK\$46,900,000 in existing state as at 30 September 2016 prepared by the Valuer after deducting the affected area of the Land in Dispute; (ii) the net asset value of the Target Company as at 30 September 2016 based on the unaudited management accounts

LETTER FROM THE BOARD

of the Target Company; (iii) the benefits of the Acquisition as detailed in the section headed “Letter from the Board – Reasons for and benefits of the Acquisition”; and (iv) the amount of the Sale Loans as at the date of the Acquisition Agreement.

The Acquisition will be funded by internal resources of the Company.

The Directors (excluding the Vendor who has a material interest in the Acquisition but including the independent non-executive Directors who have taken into account the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction of or waiver in writing (as the case may be), among other things, the following Conditions:

- (a) the Independent Shareholders having passed the ordinary resolution approving the Acquisition Agreement and the transaction contemplated thereunder by way of poll at the EGM;
- (b) all representations and warranties given by the Vendor under the Acquisition Agreement having remained true and accurate and not misleading in all material aspects as at the Completion Date, and there being no situation, facts or circumstances which constitute or may constitute any breach of warranties under the Acquisition Agreement;
- (c) the Target Company having performed and complied with all agreements, obligations and conditions in the Acquisition Agreement that are required to be performed or complied with by it on or before Completion; and
- (d) no material adverse change or prospective material adverse change in the Target Company’s business, operations, financial conditions or prospects has occurred since the date of the Acquisition Agreement.

The Company shall have the right to waive the Conditions, save as Condition (a) as set out above.

If any of the Conditions as set out in the Acquisition Agreement have not been fulfilled (or where applicable, waived by the Company) at or before 12:00 noon on the Long Stop Date, the Acquisition Agreement shall lapse, whereupon the Vendor and the Company shall have no further obligations under the Acquisition Agreement (save in respect of any accrued rights and obligations).

Completion

Upon fulfilment and/or waiver of all the Conditions, Completion shall take place on the Completion Date.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Hong Kong on 27 March 2009 with limited liability. On 16 October 2009, the Company, the Vendor and the Target Company entered into a joint venture agreement, pursuant to which the Target Company became a jointly controlled entity owned as to 50% by the Company and 50% by the Vendor. As at the Latest Practicable Date, the Target Company remains jointly controlled by the Company and the Vendor. The Target Company acquired the Property in January 2010 and has since then been principally engaged in property investment with the Property as its sole asset. The details of the Property are set out in the section headed “Letter from the Board – Information on the Property” below. Save for the investment in the Property, to the best knowledge of the Directors, the Target Company has not conducted any business activities since its incorporation.

As advised by the Vendor, the original cost of the Sale Shares, representing 50% of the total issued share capital of the Target Company, was HK\$50 and such cost did not include loans advanced by the Vendor to the Target Company.

Information on the Property

The Property comprises 40 parcels of agricultural land with total site area of approximately 149,846 square feet located at the southern part of Shap Pat Heung, a village or rural area within Yuen Long district. The Property is about 2 kilometers to the south east of Yuen Long Town and it can be accessed in approximately five minutes by car from Yuen Long Station via Tai Shu Ha Road West when there is no heavy traffic. The value of the Property, assuming that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value, was estimated to be approximately HK\$49,500,000 as at 30 September 2016 based on a valuation conducted by the Valuer.

In 2015, there was a claim made against the Target Company for the right over the possession of the Land in Dispute, which is on the peripheral area of the Property and has an aggregate area of 7,827.10 square feet.

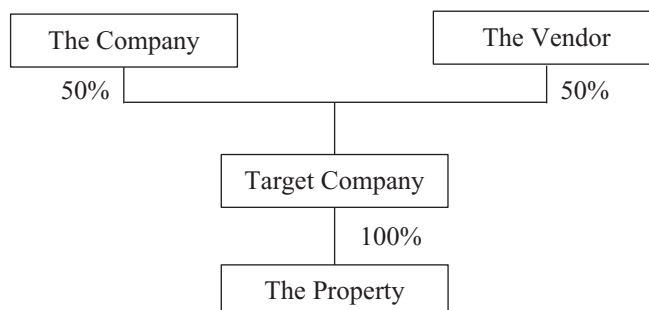
The legal proceeding in relation to the Land in Dispute is currently in process and is at its preliminary stage. The fair value of the Property stated in the financial statements of the Target Company as at 31 March 2015 and 2016 have been taken into account the risks of suspected trespass and likely dispossession of the Land in Dispute. The valuation of the Property as at 30 September 2016 prepared by the Valuer, after deducting the affected area of the Land in Dispute, was approximately HK\$46,900,000.

LETTER FROM THE BOARD

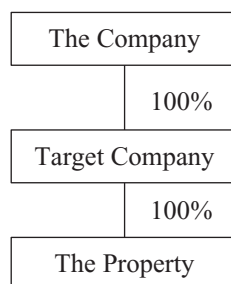
Shareholding structure of the Target Company

The shareholding structure of the Target Company immediately before and after Completion is illustrated as follows:

Immediately before Completion



Immediately after Completion



Financial information of the Target Company

Set out below is the summary of the Target Company's key financial information for the two years ended 31 March 2016 and six months ended 30 September 2016, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the six months ended 30 September 2016 HK\$	For the year ended 31 March 2016 HK\$	2015 HK\$
Revenue	—	—	—
Increase in fair value of investment property	1,141,279	5,398,605	1,719,418
Profit before taxation	1,133,924	5,386,250	509,063
Profit after taxation	1,133,924	5,386,250	509,063

LETTER FROM THE BOARD

	As at 30 September 2016 HK\$	As at 31 March 2016 HK\$	2015 HK\$
Total asset – Investment property	46,900,000	45,758,721	40,360,116
Total liabilities	19,279,595	19,272,240	19,259,885
Net assets	27,620,405	26,486,481	21,100,231

As illustrated above, the Target Company has not generated revenue during the last two financial years and the six months ended 30 September 2016. The net profits before and after taxation for the two years ended 31 March 2016 and the six months ended 30 September 2016 were mainly attributable to the increase in fair value of the Property.

As at 30 September 2016, the unaudited net asset value of the Target Company was approximately HK\$27,620,405.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in hotel operation, serviced property letting, securities investment and trading, and property investment in Hong Kong, the PRC and overseas.

As stated in the latest annual report of the Group for the year ended 31 March 2016, whilst maintaining the Group's existing business and improving core competitiveness thereof, this is the Board's intention to actively seek and identify any appropriate investment opportunities that can provide investment potential and broaden the income base of the Group. In addition, it was disclosed in the circular of the Company dated 22 July 2015 in relation to a major disposal that the Company intended to apply approximately 65% of the net proceeds from such disposal, being approximately HK\$48 million, for developing the existing businesses of the Group including but not limited to property investments. The Acquisition is in line with the business strategies of the Group as aforementioned and will increase the land bank of the Group for potential development opportunities.

The Acquisition represents a valuable opportunity of the Company to invest in land resources with promising prospects. The Board expects that Yuen Long will be an important source of supply for public and private housing in the years to come. Since November 2012, the Planning Department and the Civil Engineering and Development Department commissioned an in-depth study to enhance and optimise the use of brownfield sites in southern Yuen Long ("Yuen Long South"). Further, according to the 2016 Policy Address, the Hong Kong government is proceeding in full steam to take forward residential projects relating to the development of new development areas (NDAs) and the extension of new towns. It is estimated that Yuen Long South, together with other NDAs and new town extensions, can provide over 197,000 units for occupation starting seven years from now. Aside from land for housing, the Hong Kong government will also increase the land supply for economic use. The projects regarding Yuen Long South and other NDAs and new town extensions are progressing as scheduled. The projects will in aggregate provide over 7.8 million square metres of floor area for commercial or industrial uses and nearly 240,000

LETTER FROM THE BOARD

employment opportunities in various sectors. Taking into consideration that the Property situates in the vicinity of Yuen Long South, the Directors believe that upon Completion and in the short-to-medium term, the Group will benefit from the appreciation in value of the Property as a result of the urban design and development in Yuen Long South.

Further, development of agricultural land has been specifically mentioned in the 2016 Policy Address. It is stated that the government will explore ways to optimize the use of quality agricultural land through planning and land management. It is also mentioned that sites no longer suitable for agricultural purposes can be released for other uses in order to improve the rural environment. The Directors are of the view that, upon change of the use of land, the Property will be able to develop into viable projects for other alternative uses and bring about attractive long-term return to the Group. The Company intends to identify any suitable development opportunities for the Property including but not limited to residential, recreational or other commercial developments. The Company will perform relevant assessments on the various opportunities and apply for a change of land usage for the Property in due course. Further details of the development plan, if proceeded, will be announced by the Company in accordance with the Listing Rules when and as appropriate.

The Vendor, after taking into account the upward trend in market value of the Property since 2010 and the prospect of land development in Yuen Long as mentioned above, considers that the Property is of great potential and therefore the Acquisition represents a good opportunity for the Company to increase its land bank for both market value's appreciation and development potential. Further, the Vendor, being a substantial shareholder of the Company and a Director, is of the view that the Company possesses sufficient and appropriate resources to carry out development plans for the Property that are deemed to be advisable by the Company, if any. The Vendor has confirmed that the disposal of his equity interest in the Target Company has no association with the claim regarding the Land in Dispute. Despite the Land in Dispute, the Directors (excluding the Vendor, who has a material interest in the Acquisition, but including the independent non-executive Directors whose views have been given after considering the advice from the Independent Financial Adviser) are of the view that the Acquisition is fair and reasonable, and it is the right timing for the Acquisition considering that (i) the Land in Dispute will not pose material obstacles to the development of the Property since it is located on the periphery of the Property and (ii) the consideration for the Sale Shares, which is based on the net asset value of the Property, has taken into account the risks associated with the Land in Dispute.

Upon Completion, the Target Company will become a directly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group. Since the Target Company is engaged in investment holding activity (i.e. holding the Property for capital appreciation), no revenue is expected to be generated. However, profit or loss (as the case may be) may be recognised in the books of the Target Company if there is an increase or a decrease of the Property's market value.

Accordingly, the Directors (excluding the Vendor, who has a material interest in the Acquisition, but including the independent non-executive Directors whose views have been given after considering the advice from the Independent Financial Adviser) are of the view that the Acquisition and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Vendor, who is an

LETTER FROM THE BOARD

executive Director, has abstained from voting at the Board meeting approving the Acquisition Agreement and the transaction contemplated thereunder. Save as disclosed, none of the Directors has any material interest in the Acquisition.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5% and all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, as the Vendor is an executive Director and a substantial Shareholder being beneficially interested in 109,324,299 Shares (representing approximately 18.2% of the total issued share capital of the Company), the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5%, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Vendor and his associates will be required to abstain from voting on the Shareholders' resolution in relation to the Acquisition Agreement and the transaction contemplated thereunder at the EGM.

RECOMMENDATION

Your attention is drawn to:

- (i) the letter from the Independent Board Committee dated 10 November 2016 as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders regarding the terms of the Acquisition Agreement; and
- (ii) the letter of advice from the Independent Financial Adviser dated 10 November 2016 as set out on pages 16 to 28 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement.

The Directors (excluding the Vendor, who has a material interest in the Acquisition, but including the independent non-executive Directors after taking into account the advice of Goldin Financial Limited) consider that the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding the Vendor, who has a material interest in the Acquisition, but including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Acquisition Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

EGM

The Company will convene the EGM at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong, on Monday, 28 November 2016 at 3:00 p.m. for the Independent Shareholders to consider and approve, if thought fit, among other things, the Acquisition Agreement and the transaction contemplated thereunder. The Vendor and his associates are regarded as having material interest in the Acquisition and therefore are required to abstain from voting on the resolution approving the Acquisition Agreement and the transaction contemplated thereunder at the EGM.

The notice of the EGM is set out in pages EGM-1 to EGM-2 of this circular. Voting on the resolution to be proposed at the EGM will be conducted by way of poll in accordance with Rule 13.39(4) of the Listing Rules.

The Company will publish an announcement on the results of the EGM with respect to whether or not the proposed resolution have been passed by the Independent Shareholders.

A form of proxy for use by the Independent Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish and in such event, the form of proxy should be deemed to be revoked.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully

For and on behalf of the Board

Far East Hotels and Entertainment Limited

Derek Chiu

Managing Director and Chief Executive

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Acquisition Agreement and the transaction contemplated thereunder which has been prepared for the purpose of inclusion in this circular.



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)

10 November 2016

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF REMAINING 50% EQUITY INTERESTS IN
SINO NOBLE DEVELOPMENT LIMITED**

We refer to the circular dated 10 November 2016 issued by the Company to the Shareholder (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms and expressions used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transaction contemplated thereunder, details of which are set out in the letter from the Board contained in the Circular, of which this letter forms part. Goldin Financial Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Financial Adviser as set out on pages 16 to 28 of this Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms Acquisition Agreement and the transaction contemplated thereunder.

After taking into account the advice of the Independent Financial Adviser, we concur with its view and consider that the terms of the Acquisition Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the Acquisition.

Yours faithfully,

For and on behalf of the Independent Board Committee

Ip Shing Hing

Ng Wing Hang Patrick

Choy Wai Shek Raymond

Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transaction contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
Suites 2202-2209, 22/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

10 November 2016

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF REMAINING 50% EQUITY INTEREST IN
SINO NOBLE DEVELOPMENT LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transaction contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular dated 10 November 2016 issued by the Company (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 24 October 2016 (after trading hours), the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans at an aggregate consideration of HK\$22,815,000. The sole asset of the Target Company is the Property which comprises 40 parcels of agricultural lots located in Yuen Long, New Territories, Hong Kong with a total site area of approximately 149,846 square feet.

As at the Latest Practicable Date, the Target Company is a jointly controlled entity owned as to 50% by the Company and 50% by the Vendor. Upon Completion, the Target Company will become a directly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group.

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Since one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5% and all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, as the Vendor is an executive Director and a substantial Shareholder being beneficially interested in 109,324,299 Shares (representing approximately 18.2% of the total issued share capital of the Company), the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition are more than 5%, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Vendor and his associates will be required to abstain from voting on the Shareholders' resolution in relation to the Acquisition Agreement and the transaction contemplated thereunder at the EGM.

The EGM will be convened and held for the Independent Shareholders for the purpose of, among others, considering, and if thought fit, approving the Acquisition Agreement and the transaction contemplated thereunder. The Vendor and its associates will be required to abstain from voting on the resolution approving the Acquisition Agreement and the transaction contemplated thereunder at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Acquisition Agreement and the transaction contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM.

The Vendor, who is an executive Director, has abstained from voting at the Board meeting approving the Acquisition Agreement and the transaction contemplated thereunder. Save as disclosed, none of the Directors has any material interest in the Acquisition.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond, has been established to make recommendations to the Independent Shareholders as to (i) whether the terms of the Acquisition Agreement are fair and reasonable; (ii) whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Acquisition at the EGM, taking into account the recommendations of the Independent Financial Adviser.

We, Goldin Financial Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transaction contemplated thereunder, and to make a recommendation as to (i) whether the terms of the Acquisition Agreement are fair and reasonable; (ii) whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group;

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(iii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Acquisition at the EGM. Our appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Goldin Financial Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Goldin Financial Limited. In the last two years, Goldin Financial Limited has been appointed as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company, details of such appointment is set out in the circular of the Company dated 22 July 2015. Apart from normal professional fees paid to us in connection with such appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition Agreement and the transaction contemplated thereunder.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Acquisition Agreement, and the annual report of the Group for the year ended 31 March 2016 (the “**Annual Report 2016**”). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the terms of the Acquisition Agreement and the transaction contemplated thereunder, the businesses and future outlook of the Group. We have taken reasonable steps to ensure that such information and statements, and any representation made to us, which we have relied upon them in formulating our opinion, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes (if any) as soon as possible.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for entering into, the Acquisition Agreement and the transaction contemplated thereunder to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, conducted any form of in-depth investigation into the businesses and affairs or

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other prospects of the Group or its associates. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

This letter is issued as our advice for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition Agreement and the transaction contemplated thereunder. This letter, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transaction contemplated thereunder, we have taken into account the following principal factors and reasons:

1. Information of the Group

The Company is an investment holding company. The Group is principally engaged in hotel operation, serviced property letting, securities investment and trading, and property investment in Hong Kong, the PRC and overseas.

Set out below are certain audited financial information of the Group for the two years ended 31 March 2016 as extracted from the Annual Report 2016:

Financial highlights of the Group

	For the year ended	
	31 March	
	2016	2015
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	48,919.46	52,166.20
(Loss) for the year attributable to owners of the Company	(10,549.89)	(68,017.19)

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	As at 31 March	
	2016	2015
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	236,056.62	316,856.53
Current assets	99,685.58	28,995.54
Current liabilities	(32,654.58)	(35,469.40)
Net current assets (liabilities)	67,031.00	(6,473.86)
Non-current liabilities	(19,407.39)	(21,910.18)
Net assets	283,680.24	288,472.49

For the year ended 31 March 2016

For the year ended 31 March 2016, the Group's revenue decreased by approximately 6.23% from approximately HK\$52.17 million for the year ended 31 March 2015 to approximately HK\$48.92 million for the year ended 31 March 2016. The decrease was mainly attributable to the decrease in the segment revenue of hotel operation. For the year ended 31 March 2016, the revenue of the Cheung Chau Warwick Hotel decreased from approximately HK\$22.40 million to approximately HK\$18.90 million. According to the Annual Report 2016, the overall performance of the Cheung Chau Warwick Hotel was adversely affected by the decline in the number of visitors from the PRC.

The Group's loss for the year attributable to owners of the Company decreased by approximately HK\$57.47 million from approximately HK\$68.02 million for the year ended 31 March 2015 to approximately HK\$10.55 million for the year ended 31 March 2016. Such improvement was mainly attributable to (i) the Group recorded an impairment loss on available-for-sale investments of approximately HK\$19.19 million in the year ended 31 March 2015 which was absent in the year ended 31 March 2016; (ii) the Group recorded a net decrease in fair values of investment properties of approximately HK\$46.56 million for year ended 31 March 2015, as compared to the Group recording a net increase in fair values of investment properties of approximately HK\$6.10 million for the year ended 31 March 2016; and (iii) the Group recorded an increase of approximately 216.30% in the share of result of a joint venture from approximately HK\$0.92 million for the year ended 31 March 2015 to approximately HK\$2.91 million for the year ended 31 March 2016.

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As at 31 March 2016, the audited net current assets and net assets of the Group amounted to approximately HK\$67.03 million and approximately HK\$283.68 million, respectively, while as at 31 March 2015, the audited net current liabilities and net assets of the Group amounted to approximately HK\$6.47 million and approximately HK\$288.47 million, respectively.

Conclusion

Taking into account of the above and that the Group is principally engaged in hotel operation, serviced property letting, securities investment and trading, and property investment in Hong Kong, the PRC and overseas, we are of the view that the Acquisition is in the ordinary and usual course of business of the Group and the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Information on the Target Company and the Property

The Target Company

The Target Company was incorporated in Hong Kong on 27 March 2009 with limited liability. On 16 October 2009, the Company, the Vendor and the Target Company entered into a joint venture agreement, pursuant to which the Target Company became a jointly controlled entity owned as to 50% by the Company and 50% by the Vendor. As at the Latest Practicable Date, the Target Company remains jointly controlled by the Company and the Vendor. The Target Company acquired the Property in January 2010 and has since then been principally engaged in property investment with the Property as its sole asset. Save for the investment in the Property, to the best knowledge of the Directors, the Target Company has not conducted any business activities since its incorporation.

It is noted that since the Target Company is engaged in investment holding activity (i.e. holding the Property for capital appreciation), no revenue is expected to be generated. However, profit or loss (as the case may be) may be recognised in the books of the Target Company if there is an increase or a decrease of the Property's market value. Taking into account the historical profitable track record of the Target Company (please refer to the below section headed "*Financial information of the Target Company*"), we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Property

The Property comprises of 40 parcels of agricultural land with total site area of approximately 149,846 square feet located at the southern part of Shap Pat Heung, a village or rural area within Yuen Long district. The Property is about 2 kilometers to the south east of Yuen Long Town and it can be accessed in approximately five minutes by car from Yuen Long Station via Tai Shu Ha Road West when there is no heavy traffic. The value of the Property, assuming that the

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Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value, was estimated to be approximately HK\$49,500,000 as at 30 September 2016 based on a valuation conducted by the Valuer (the “**Valuation**”).

In 2015, there was a claim made against the Target Company for the right over the possession of the Land in Dispute, which is on the peripheral area of the Property and has an aggregate area of 7,827.10 square feet.

The legal proceeding in relation to the Land in Dispute is currently in process and is at its preliminary stage. The fair value of the Property stated in the financial statements of the Target Company as at 31 March 2015 and 2016 have been taken into account the risks of suspected trespass and likely dispossession of the Land in Dispute. The Valuation of the Property as at 30 September 2016 prepared by the Valuer, deducting the affected area of the Land in Dispute, was approximately HK\$46,900,000.

Upon our discussion with the management of the Company, we were given to understand that the Vendor, after taking into account the upward trend in market value of the Property since 2010 and the prospect of land development in Yuen Long as mentioned above, considers that the Property is of great potential and therefore the Acquisition represents a good opportunity for the Company to increase its land bank for both market value’s appreciation and development potential. Further, the Vendor, being a substantial shareholder of the Company and a Director, is of the view that the Company possesses sufficient and appropriate resources to carry out development plans for the Property that are deemed to be advisable by the Company, if any. The Vendor has confirmed that the disposal of his equity interest in the Target Company has no association with the claim regarding the Land in Dispute.

Having considered that (i) the Land in Dispute will not pose material obstacles to the development of the Property since it is located on the periphery of the Property; (ii) the fair value of the Property stated in the financial statements of the Target Company as at 31 March 2015 and 2016 have been taken into account the risks of suspected trespass and likely dispossession of the Land in Dispute; and (iii) the consideration for the Sale Shares, which is based on the net asset value of the Property, has taken into account the risks associated with the Land in Dispute, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

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Financial information of the Target Company

Set out below is the summary of the Target Company's key financial information for the two years ended 31 March 2016 and six months ended 30 September 2016, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the six months ended 30 September 2016 HK\$	For the year ended 31 March 2016 HK\$	2015 HK\$
Revenue	–	–	–
Increase in fair value of investment property	1,141,279	5,398,605	1,719,418
Net profit/(loss) before taxation	1,133,924	5,386,250	509,063
Net profit/(loss) after taxation	1,733,924	5,386,250	509,063

As illustrated above, the Target Company has not generated revenue during the last two financial years and the six months ended 30 September 2016. According to the management of the Company, the net profits before and after taxation for the two years ended 31 March 2016 and the six months ended 30 September 2016 were mainly attributable to the increase in fair value of the Property.

As at 30 September 2016, the unaudited net asset value of the Target Company was approximately HK\$27,620,405.

Taking into account the historical profitable track record of the Target Company, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

3. Reasons for and benefits of the Acquisition

The Acquisition is in line with the business strategies of the Group

As stated in the Annual Report 2016, whilst maintaining the Group's existing business and improving core competitiveness thereof, this is the Board's intention to actively seek and identify any appropriate investment opportunities that can provide investment potential and broaden the income base of the Group. In addition, it was disclosed in the circular of the Company dated 22 July 2015 in

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relation to a major disposal that the Company intended to apply approximately 65% of the net proceeds from such disposal, being approximately HK\$48 million, for developing the existing businesses of the Group including but not limited to property investments. Taking into account the historical profitable track record of the Target Company which was primarily due to the appreciation in value of the Property, we are of the view that the Acquisition would diversify the Company's assets portfolio with potential return and will increase the land bank of the Group for potential development opportunities, which is in line with the business strategies of the Group as aforementioned.

The Acquisition represents a valuable opportunity of the Company to invest in land resources with promising prospects

According to the "2016 Policy Address of Hong Kong", which was delivered by the Chief Executive of Hong Kong in January 2016 (<http://www.policyaddress.gov.hk/2016/eng/index.html>), the Hong Kong government is proceeding in full steam to take forward projects relating to the development of new development areas ("NDA(s)") and the extension of new towns. It is estimated that Kwu Tung North and Fanling North NDAs, Tung Chung New Town Extension, Hung Shui Kiu NDA and Yuen Long South Development can provide over 197,000 units for occupation starting seven years from now (<http://www.policyaddress.gov.hk/2016/eng/p108.html>).

The "2016 Policy Address of Hong Kong" also mentioned that aside from land for housing, the Hong Kong government will also increase the land supply for economic use. All new development plans will take into account people's housing and employment needs in tandem. The projects regarding Kwu Tung North and Fanling North NDAs, Tung Chung New Town Extension, Hung Shui Kiu NDA and Yuen Long South Development are progressing as scheduled. They will provide over 7.8 million square metres of floor area for commercial or industrial uses and nearly 240,000 employment opportunities in various sectors (<http://www.policyaddress.gov.hk/2016/eng/p117.html>).

According to the "2016 Policy Address of Hong Kong", there are around 4,000 hectares of agricultural land in Hong Kong, of which about 15% is actively farmed while the rest is mostly fallow. Through consolidation, sites no longer suitable for agricultural purposes can be released for other uses, thereby improving the rural environment. Some brownfield sites in the New Territories have development potential. The Hong Kong government is stepping up efforts to explore ways to accommodate brownfield operations that are necessary and will earnestly study the possibility of moving some of these operations into multi-storey buildings. The proposal will improve the environment of rural New Territories and release land for development. The Hong Kong government has set aside 24 hectares of land in Hung Shui Kiu NDA for such uses, and is working to identify suitable land in adjoining areas for use as a pilot site to consolidate different types of operations (<http://www.policyaddress.gov.hk/2016/eng/p123.html>).

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Taking into consideration that the Property situates in the vicinity of Yuen Long South, and the Target Company will become a directly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group upon Completion, we are of the view that the Acquisition would enable the Group to further capture the potential upsides of the Property as benefitted from the Hong Kong government policies which represents a valuable opportunity of the Company to invest in land resources with promising prospects.

Conclusion

Having taken into consideration that (i) the Acquisition is in the ordinary and usual course of business of the Group as discussed in the section headed “**1. Information of the Group**” above; (ii) the historical profitable track record of the Target Company as shown in the section headed “**2. Information of the Target Company and the Property**” above; (iii) the Acquisition is in line with the business strategies of the Group; and (iv) the Acquisition represents a valuable opportunity of the Company to invest in land resources with promising prospects, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Acquisition Agreement

The Acquisition Agreement

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans.

The Sale Shares represent 50% of the issued share capital of the Target Company and the entire interest held by the Vendor in the Target Company. The Sale Loans represent the entire sum due from the Target Company to the Vendor as at Completion Date. As at the Latest Practicable Date, the Sale Loans amounted to HK\$9,004,797.5.

The Consideration

The aggregate Consideration shall be HK\$22,815,000 of which HK\$13,810,202.5 is the consideration for the Sale Shares and HK\$9,004,797.5 is the consideration for the Sale Loans. The Consideration shall be payable in cash within 5 days upon Completion.

The Consideration was determined after arm's length negotiation between the Company and the Vendor with reference to, among others, (i) the Valuation of the Property at approximately HK\$46,900,000 in existing state as at 30 September 2016 prepared by the Valuer after deducting the affected area of the Land in Dispute; (ii) the net asset value of the Target Company as at 30 September 2016 based on the unaudited management accounts of the Target Company; (iii) the

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benefits of the Acquisition as detailed in the section headed “**REASONS FOR AND BENEFITS OF THE ACQUISITION**” in the Letter from the Board; and (iv) the amount of the Sale Loans as at the date of the Acquisition Agreement. The Acquisition will be funded by internal resources of the Company.

The summary of the valuation report in relation to the Valuation of the Property prepared by the Valuer is contained in Appendix I to the Circular (the “**Valuation Report**”).

For our due diligence purpose, we have reviewed the qualification and experience of the Valuer in relation to the performance of the Valuation based on the information available. We noted that the Valuer has experience in conducting valuation services for numerous sizeable enterprises covering a wide range of industries in Hong Kong. The Valuer confirmed that it is an independent third party to the Company. The Valuer also confirmed that all relevant material information provided by the Company had been incorporated in the Valuation Report and there were no other material relevant information or representations relating to the Property provided or made by the Company to it not having been included in the Valuation Report. In addition, we have also reviewed the terms of the engagement of the Valuer and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report. Based on the above, we are of the view that the scope of work of the Valuer is appropriate and the Valuer is qualified to perform the Valuation.

We also enquired the Valuer regarding the methodology of, and basis and assumptions adopted for the Valuation. We were advised by the Valuer that in valuing the Property, the Valuer adopted the basis of valuation and made the valuation assumptions in accordance with, among others, HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 to the Listing Rules.

The Valuation was prepared by the Valuer using the direct comparison method under the market approach. The Valuer explained that they have adopted the direct comparison method where comparable land parcels transactions in Yuen Long with similar development potential, size, location and accessibility are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value. During our discussion with the Valuer, we understand how the Valuation was being derived and how the comparable properties of similar size, character and location were weighed against their respective advantages and drawbacks. The Valuer further confirmed that the valuation method they have adopted for the Valuation is commonly adopted for valuation of properties in Hong Kong, consistent with normal market practice.

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During the course of our discussions with the Valuer and after reviewing the data and the calculation work provided by the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the methodology, principal bases and assumptions used in arriving the Valuation. Having considered the above, we are of the view that the principal basis, valuation methods and assumptions adopted for the Valuation are fair, reasonable and complete and hence the reliability of the Valuation Report.

Having considered that (i) the principal basis, valuation methods and assumptions adopted for the Valuation are fair, reasonable and complete and hence the reliability of the Valuation Report; (ii) the consideration for the Sale Shares of HK\$13,810,202.5 is equivalent to 50% of the net asset value of the Target Company as at 30 September 2016; (iii) the consideration for the Sale Loans (which is HK\$9,004,797.5) is equivalent to the carrying value of the Sale Loans as at the Latest Practicable Date (which is HK\$9,004,797.5); (iv) the purchase of the Sale Loans forms part and parcel of the Acquisition which was agreed between the Company and the Vendor in arm's length negotiation; and (v) the benefits of the entering into of the Acquisition Agreement as discussed in the section headed "**3. Reasons for and benefits of the Acquisition**", in particular, the Acquisition represents a valuable opportunity of the Company to invest in land resources with promising prospects, we are of the view that the consideration for the Sale Shares and the consideration for the Sale Loans are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. As such, we are of the view that the Consideration are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

5. Financial effects of the Acquisition

Liquidity

According to the Annual Report 2016, the bank balances and cash of the Group as at 31 March 2016 was approximately HK\$68.27 million. Since the Consideration of HK\$22,815,000 for the Acquisition will be settled by cash, it is expected that the working capital of the Group will decrease by the same amount upon the Completion.

Net asset value

According to the Annual Report 2016, the net assets of the Group amounted to approximately HK\$283.68 million as at 30 June 2016. Since the Consideration of HK\$22,815,000 for the Acquisition will be settled by cash, the bank balances and cash of the Group is expected to decrease by the same amount.

As at the Latest Practicable Date, the Target Company is a jointly controlled entity owned as to 50% by the Company and 50% by the Vendor. Upon Completion, the Target Company will become a directly wholly-owned subsidiary

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of the Company. Taking into account that there is no significant difference between (i) the Consideration; and (ii) the carrying value attributable to the Sale Shares of HK\$13,810,202.5 and the Sale Loans of HK\$9,004,797.5, or HK\$22,815,000 in aggregate, it is expected that there will be no material changes in the net assets value of the Group upon the Completion.

Earnings

Taking into account of the historical profitable track record of the Target Company, it is expected that the Acquisition will have a positive impact on the earnings of the Group.

Conclusion

Having considered that upon the Completion, although the working capital of the Group would decrease, the Acquisition will have a positive impact on the earnings of the Group while there will be no material changes in the net assets value of the Group, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon the Completion.

RECOMMENDATIONS

Based on the abovementioned principal factors and reasons, we are of the view that (i) the terms and conditions of the Acquisition Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Goldin Financial Limited to carry on type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

The following is the text of a letter and a valuation certificate, prepared for inclusion in this circular, received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with their valuation as of 30 September 2016.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



10 November 2016

The Directors
Far East Hotels and Entertainment Limited
Suite 1902, 19th Floor
The Sun's Group Centre
No. 200 Gloucester Road
Hong Kong

Dear Sirs,

In accordance with the instructions of Far East Hotels and Entertainment Limited (hereinafter referred to as the "Company") for us to value the property interest held by Sino Noble Development Limited in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such the property interest as at 30 September 2016 ("valuation date") for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest and we would define market value in accordance with the HKIS Valuation Standards 2012 Edition of the Hong Kong Institute of Surveyors (the "Standards") as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing property interest, we have valued the property interest by the direct comparison approach. Comparable land parcels transactions in Yuen Long with similar development potential, size, location and accessibility are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value.

Our valuation has been made on the assumption that the owner sells the property interest on the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in the valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any neither of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all the property interest are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In arriving at the valuation, we have caused searches to be made at the Land Registry and in some instances, we have been provided with copies of title documents relating to the property interest. We have not, however, searched the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which do not appear on the copies handed to us.

In valuing the property interest which are situated in Hong Kong and held under the government leases which will be expired before 30th June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable value of the property interest would be charged from the date of extension.

We have carried out inspections of the property. Yet, due to the topography and accessibility of the property, we were unable to carry out inspection to the each lot of the property. In the course of our valuation, we have assumed that the property is vacant and may be utilized for the use permitted under the relevant Block Government Lease.

We have based our assessment of the property on the registered site areas stated in the relevant Block Government Lease, which are only approximations. For the purpose of our valuations, we have assumed that the site areas shown on the relevant Block Government Leases and/or other documents made available to us are correct.

In the course of our valuations, we have relied on the relevant lot index plans, demarcation and survey sheets to identify the location of the property as we are not in the capacity to carry out land survey to delineate the exact boundaries of the property. We have assumed that the property are under the custody of their registered owner(s) and are without being encroached upon by owners/occupiers of the adjacent parcels of land.

We have not carried out any land survey and site measurements to verify the site areas of the property. Dimensions, measurements and areas included in the valuation certificate are based on information contained in copies of documents provided to us and are therefore approximations only.

Our valuation is prepared in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars (HK\$).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty nine years' experiences in undertaking valuations of properties in Hong Kong and has over twenty two years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2016
40 Agricultural Lots in Demarcation District No. 118, Shap Pat Heung, Yuen Long, New Territories, Hong Kong	The property comprises 40 agricultural lots with a total registered site area of approximately 149,846.40 sq.ft. (or 13,921.07 sq.m.) with the majority of the lots grouped together and located closer to Tai Shu Ha Road West while 8 of the lots, namely Lots Nos. 1552, 1556, 1557, 1543, 1544, 1545, 1547 and 1571 are located further north-west of the main group adjoin one another. The lots are held under Government Leases for the same term of 99 years commencing from 1 July 1898 and the lease has been extended to 30 June 2047. The Government Rent payable is 3% rateable value of the property.	As at the date of valuation, the property which comprises 40 agricultural lots, is believed to be vacant, unoccupied and overgrown with trees, bushes and shrubs. As the boundaries of the various parcels of land are difficult to be determined on site, we have assumed that all of the lots are unoccupied and have not been encroached upon or occupied by unauthorized or non-conforming users.	HK\$49,500,000

Notes:

1. The subject lots comprise Lots Nos. 1478, 1481, 1483, 1484, 1487, 1488, 1489, 1490, 1491, 1492, 1495, 1496, 1497, 1498, 1499, 1502, 1503, 1505, 1506, 1509, 1510, 1512, 1513, 1515, 1519, 1520, 1521, 1522, 1523, 1525, 1526, 1529, 1543, 1544, 1545, 1547, 1552, 1556, 1557 and 1571 all in Demarcation District No. 118.
2. According to the Land Registry's record, the registered owner of the property is Sino Noble Development Limited.
3. According to the Land Registry's record, the property is the Sealed Copy Writ of Summons in connection with Law Yim Chuen "Plaintiff", Sino Noble Development Limited "1st Defendant" and Cheung Kau On "2nd Defendant" (Re: HCA 427/2015) vide Memorial No. 15030200050016 dated 27 February 2015. (Re: Lots Nos. 1543, 1544, 1545 and 1547 in Demarcation District No. 118)
4. Our valuation of the property is based on a 100% attributable interest in relation to the registered owner.
5. Most of the lots lie within area zoned as Agriculture, with the exception of Lot No. 1478 seem to be lie within an area zoned as Conservation area under the Approval Tai Tong Outline Zoning Plan No. S/YL-TT/16.
6. According to a Block Government Lease, the description of most of the lots are Dry Cultivation, with the exception of Lot Nos. 1497 and 1543 described as Waste and Padi respectively.

7. After deducting the portion of the property, having a site area of 7,827.10 sq.ft, subject to the legal proceeding, the site area of the remaining portion of the property is approximately 142,019.30 sq.ft. For reference purposes, we are of the opinion that the remaining portion of the property as at the valuation date was HK\$46,900,000.
8. As advised by the instructing party, the property is held for investment.
9. The property was inspected by Mr. Nicky Lai, MRICS, on 17 October 2016.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors and Chief Executive**

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and the Company's chief executive in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the "Model Code") were as follows:

Directors' interest in Shares and underlying Shares

Name of Director	Personal interests	Underlying Shares pursuant to share option	Corporate interests	Aggregate interests	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Mr. Derek Chiu	30,894,000	11,600,000 (Note 1)	78,430,299 (Note 2)	120,924,299	20.08%
Madam Chiu Ju Ching Lan	188,000	2,000,000 (Note 3)	–	2,188,000	0.36%
Mr. Dick Tat Sang Chiu	2,172,800	–	22,277,033 (Note 4)	24,449,833	4.06%

Name of Director	Personal interests	Underlying Shares pursuant to share option	Corporate interests	Aggregate interests	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Ms. Margaret Chiu	676,240	2,000,000 (Note 5)	5,000,000 (Note 6)	7,676,240	1.27%
Mr. Ip Shing Hing	–	4,000,000 (Note 7)	–	4,000,000	0.66%
Mr. Ng Wing Hang Patrick	–	4,000,000 (Note 7)	–	4,000,000	0.66%
Mr. Choy Wai Shek Raymond	–	4,000,000 (Note 7)	–	4,000,000	0.66%

Notes:

- (1) A total of 11,600,000 share options were granted to Mr. Derek Chiu, of which 4,500,000 were granted on 15 April 2011 at an exercise price of HK\$0.2498 per Share and exercisable at any time from 15 April 2011 to 14 April 2021, 1,100,000 were granted on 6 February 2014 at an exercise price of HK\$0.2320 per Share and exercisable at any time from 6 February 2014 to 5 February 2024 and 6,000,000 were granted on 23 October 2015 at an exercise price of HK\$0.5600 per Share and exercisable at any time from 23 October 2015 to 22 October 2025.
- (2) The 78,430,299 shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu.
- (3) 2,000,000 share options were granted to Madam Chiu Ju Ching Lan on 6 February 2014 at an exercise price of HK\$0.2320 per Share and exercisable at any time from 6 February 2014 to 5 February 2024.
- (4) The 22,277,033 shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu.
- (5) 2,000,000 share options were granted to Ms. Margaret Chiu on 6 February 2014 at an exercise price of HK\$0.2320 per Share and exercisable at any time from 6 February 2014 to 5 February 2024.
- (6) The 5,000,000 shares were held by a private company wholly owned by Ms. Margaret Chiu.
- (7) Each of Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond was granted with a total of 3,000,000 share options of which 1,000,000 share options were granted on 30 December 2009 at an exercise price of HK\$0.2820 per Share and exercisable at any time

from 30 December 2009 to 29 December 2019 and 2,000,000 share options were granted on 6 February 2014 at an exercise price of HK\$0.2320 per Share and exercisable at any time from 6 February 2014 to 5 February 2024.

Directors' interest in shares and underlying shares of associated corporation

Name of Director	Nature of the interests	Name of associated corporation	Number of ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Derek Chiu	Personal interest	Sino Noble Development Limited (Note)	50	50%

Note: Sino Noble Development Limited is jointly owned by Mr. Derek Chiu and the Company

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the Company's chief executive nor their respective associates, had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, companies and persons who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company

under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Substantial Shareholders' interest in Shares and underlying Shares

Name of Shareholder	Capacity of interest	Number of Shares held	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Mr. Deacon Te Ken Chiu (deceased) (Note 1)	Beneficial owner and interest in controlled corporations	113,726,476	18.89%
Achiemax Limited (Note 1)	Beneficial owner	72,182,400	11.99%
Energy Overseas Ltd. (Note 2)	Beneficial owner	78,430,299	13.03%
Mr. Chan Tai Keung David	Beneficial owner	41,768,000	6.94%

Notes:

- (1) The late Mr. Deacon Te Ken Chiu beneficially owned 12,491,424 Shares. Of the remaining 101,235,052 Shares, (i) 100,939,842 shares were held by various private companies wholly owned by the late Mr. Deacon Te Ken Chiu of which 72,182,400 Shares were held by Achiemax Limited; and (ii) 295,210 Shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited. The late Mr. Deacon Te Ken Chiu was a controlling shareholder of these companies and a director of Achiemax Limited.
- (2) Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu, who is also its director.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF OTHER INTERESTS**(a) Service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group, excluding contracts expiring or determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation). The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the Acquisition.

(b) Interest in assets

As at the Latest Practicable Date, save for the Acquisition, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2016, being the date of the latest published audited financial statements of the Group, acquired or disposed of by, or leased to the Company or any other member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to, the Company or any other member of the Enlarged Group.

(c) Interest in contracts or arrangements significant to the Group

As at the Latest Practicable Date, save for the Acquisition Agreement none of the Directors was materially interested in any contract or arrangement entered into by the Company or any member of the Enlarged Group which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Enlarged Group.

(d) Interest in competing business

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

4. LITIGATION

As at the Latest Practicable Date, apart from the litigation claim against the Target Company, as disclosed in Letter from the Board and Appendix I, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. MATERIAL CONTRACT

Set out below are the material contracts (not being contracts entered into in the ordinary course of business) entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular:

(a) the Acquisition Agreement

- (b) the license to operate agreement dated 25 June 2015 entered into by Silver Autumn Beach Villa Limited as leaseholder and Silver Autumn Tokatoka Hotel Limited for the license of the a land use right and together with the structure and buildings erected thereon, which was then operating as the Tambua Sands Beach Resort in Fiji
- (c) the sale and purchase agreement dated 30 June 2015 entered into between the Company and Up Mark Limited in respect of a disposal of approximately 16.1% of the total issued share capital of Warwick Holdings S.A. and an acquisition of the entire issued share capital of Rise Vision Limited by the Company

Save as disclosed above, no material contracts (not being contract entered into in the ordinary course of business carried out by the Group), have been entered into by any member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice which are contained in the circular:

Name	Qualification
Goldin Financial Limited	Licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
Vigers Appraisal & Consulting Limited	Professional surveyors and valuers

As at the Latest Practicable Date, each of the experts above did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 March 2016, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the experts' statements included in the form and context in which it is included and reference to its name in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date of the latest published audited financial statements of the Group, up to and including the Latest Practicable Date.

8. GENERAL

- (a) The registered and principal office of the Company is situated at Suite 1902, 19th Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong.
- (b) In the event of inconsistency, the English text of this circular and proxy form shall prevail over the Chinese text.
- (c) The company secretary of the Company is Mr. Kwok Siu Man, who is the Head of Corporate Secretarial in Boardroom Corporate Services (HK) Limited, a fellow member of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries. He holds a Post-graduate Diploma in Laws and a Bachelor's Degree in Accountancy and has extensive experience in company secretarial practice. In addition, Mr. Kwok Siu Man was the chief examiner of the HKICS.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 6:00 p.m. Monday to Friday (except public holidays) at the registered and principal office of the Company at Suite 1902, 19th Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong from the date of this circular and up to the date of the EGM (both days inclusive):

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;
- (c) the letter from Goldin Financial Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 28 of this circular;
- (d) the written consents referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;
- (e) the annual reports of the Company for each of the three years ended 31 March 2014, 2015 and 2016;

- (f) the valuation report from Vigers, the text of which is set out in Appendix I to this circular;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (h) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Far East Hotels and Entertainment Limited (the “**Company**”) will be held at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Monday, 28 November 2016 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Acquisition Agreement and the transaction contemplated thereunder be and hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorized to, on behalf of the Company, do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Acquisition Agreement and the transaction contemplated thereunder.

Yours faithfully

For and on behalf of the Board

Far East Hotels and Entertainment Limited

Derek Chiu

Managing Director and Chief Executive

Hong Kong, 10 November 2016

Registered & Principal Office:

Suite 1902, 19th Floor

The Sun's Group Centre

200 Gloucester Road

Wanchai, Hong Kong

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint one (or, if he holds two or more Shares, more than one) proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed must be lodged with the office of the share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for the holding of the EGM (or the adjourned meeting) as the case may be.
3. In case of joint shareholding, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the shareholding.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or its adjourned meeting, if he so wishes. If such member attends the EGM, his form of proxy will be deemed to have been revoked.
5. The ordinary resolution set out in this notice of EGM is required to be approved by way of poll, and Mr. Derek Chiu and his associates shall abstain from voting on the resolution.