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**FAR EAST HOTELS AND ENTERTAINMENT LIMITED**  
**遠東酒店實業有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00037)**

**Announcement**

**Final Results For The Year Ended 31 March 2017**

**RESULTS**

The board of directors (the "Board") of Far East Hotels and Entertainment Limited (the "Company") announces that the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017 together with the relevant comparative figures are set out as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2017*

	Notes	2017 HK\$	2016 HK\$
Revenue	2	46,676,591	48,919,458
Cost of sales		<u>(38,322,003)</u>	<u>(42,610,694)</u>
Gross profit		8,354,588	6,308,764
Other income		1,104,204	1,323,400
Other gains or losses	3	3,356,686	(2,401,141)
Net increase in fair values of investment properties		1,200,510	6,102,706
Administrative expenses		(16,391,223)	(24,230,395)
Finance costs	4	(957,838)	(1,008,214)
Share of results of associates		461,594	441,171
Share of result of a joint venture		<u>(1,903,678)</u>	<u>2,913,822</u>
Loss before tax	7	(4,775,157)	(10,549,887)
Income tax expense	5	<u>-</u>	<u>-</u>
Loss for the year attributable to owners of the Company		(4,775,157)	(10,549,887)
Other comprehensive expenses:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1,145,448)</u>	<u>(84,949)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(5,920,605)</u>	<u>(10,634,836)</u>
<b>LOSS PER SHARE</b>	6	<b>Cent</b>	<b>Cents</b>
Basic		<u>(0.79)</u>	<u>(1.76)</u>
Diluted		<u>(0.79)</u>	<u>(1.76)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK\$	2016 HK\$
<b>Non-current assets</b>			
Property, plant and equipment		61,849,304	67,818,199
Investment properties		171,699,285	122,499,779
Interests in associates		1,221,640	760,046
Interest in a joint venture		-	17,361,441
Loan to a joint venture		-	8,445,940
Promissory notes receivables		9,250,000	15,250,000
Available-for-sale investments		-	-
Paintings		3,921,217	3,921,217
		<u>247,941,446</u>	<u>236,056,622</u>
<b>Current assets</b>			
Held-for-trading investments		39,441,106	16,070,838
Inventories		454,405	479,257
Promissory notes receivables		12,000,000	6,000,000
Trade receivables	8	4,353,534	5,013,088
Other receivables, deposits and prepayment		1,720,799	1,734,769
Pledged bank deposits		2,118,000	2,118,000
Bank balances and cash		18,548,469	68,269,628
		<u>78,636,313</u>	<u>99,685,580</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	9	9,411,059	10,144,822
Deposits received		357,084	270,796
Amount due to an associate		752,381	442,381
Amounts due to related companies		713,031	717,236
Amount due to a non-controlling shareholder		1,182,699	3,780,151
Bank borrowings		17,231,614	17,165,542
Obligation under finance leases		361,501	133,652
		<u>30,009,369</u>	<u>32,654,580</u>
<b>Net current assets</b>		<u>48,626,944</u>	<u>67,031,000</u>
<b>Total assets less current liabilities</b>		<u>296,568,390</u>	<u>303,087,622</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 31 March 2017*

	Note	2017 HK\$	2016 HK\$
<b>Capital and reserves</b>			
Share capital	10	312,144,213	310,764,913
Reserves		<u>(33,005,282)</u>	<u>(27,084,677)</u>
		<b><u>279,138,931</u></b>	<b><u>283,680,236</u></b>
<b>Non-current liabilities</b>			
Provision for long service payments		2,053,401	2,053,401
Obligation under finance leases		700,994	240,882
Bank borrowings		<u>14,675,064</u>	<u>17,113,103</u>
		<b><u>17,429,459</u></b>	<b><u>19,407,386</u></b>
		<b><u>296,568,390</u></b>	<b><u>303,087,622</u></b>

## Notes

### 1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

#### *Application of amendments to HKFRSs*

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### *New and revised HKFRSs in issue but not yet effective*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January, 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January, 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January, 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January, 2017 or 1 January, 2018, as appropriate.

## **2. Segment information**

The Group's reportable segments under HKFRS 8 are as follows:

- Hotel operation in Hong Kong
- Serviced property letting in The People's Republic of China, excluding Hong Kong (the "PRC")
- Property investment in Hong Kong
- Property investment overseas
- Securities investment and trading

Segment revenues and results

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

	Hotel operation in Hong Kong HK\$	Serviced property letting in the PRC HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Total HK\$
<b>2017</b>						
Revenue	<u>17,832,804</u>	<u>26,111,019</u>	<u>760,276</u>	<u>1,972,492</u>	<u>-</u>	<u>46,676,591</u>
Segment profit	<u>481,697</u>	<u>6,495,904</u>	<u>453,770</u>	<u>215,363</u>	<u>4,026,342</u>	<u>11,673,076</u>
Unallocated gains and losses						<u>439,234</u>
Unallocated expenses						<u>(16,391,223)</u>
Unallocated finance costs						<u>(957,838)</u>
Share of results of associates						<u>461,594</u>
Loss before tax						<u>(4,775,157)</u>
Income tax expense						<u>-</u>
Loss for the year						<u>(4,775,157)</u>

	Hotel operation in Hong Kong HK\$	Serviced property letting in the PRC HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Total HK\$
<b>2016</b>						
Revenue	<u>18,895,229</u>	<u>28,450,801</u>	<u>904,640</u>	<u>668,788</u>	<u>-</u>	<u>48,919,458</u>
Segment profit (loss)	<u>2,737,348</u>	<u>2,688,158</u>	<u>9,497,458</u>	<u>535,088</u>	<u>(1,988,092)</u>	<u>13,469,960</u>
Unallocated gains and losses						<u>643,891</u>
Unallocated expenses						<u>(24,096,695)</u>
Unallocated finance costs						<u>(1,008,214)</u>
Share of results of associates						<u>441,171</u>
Loss before tax						<u>(10,549,887)</u>
Income tax expense						<u>-</u>
Loss for the year						<u>(10,549,887)</u>

Geographical information

	Revenue from external customers		Non-current assets	
	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$
Hong Kong	<u>18,593,080</u>	19,799,869	<u>177,747,839</u>	159,957,303
The PRC	<u>26,111,019</u>	28,450,801	<u>29,119,910</u>	34,846,485
Overseas	<u>1,972,492</u>	668,788	<u>41,073,697</u>	41,252,834
	<u>46,676,591</u>	<u>48,919,458</u>	<u>247,941,446</u>	<u>236,056,622</u>

### 3. Other gains or losses

	2017 HK\$	2016 HK\$
Increase (decrease) in fair value of held-for-trading investments	3,305,372	(2,394,139)
Gain (loss) on disposal of property, plant and equipment	<u>51,314</u>	<u>(7,002)</u>
	<u><u>3,356,686</u></u>	<u><u>(2,401,141)</u></u>

### 4. Finance costs

	2017 HK\$	2016 HK\$
Interests on borrowings and overdrafts	911,897	982,354
Interest on finance leases	<u>45,941</u>	<u>25,860</u>
	<u><u>957,838</u></u>	<u><u>1,008,214</u></u>

### 5. Income tax expense

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or has tax losses brought forward from prior years to offset the assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiary is 25% for both years. No provision for PRC Enterprise income tax is required as the subsidiary operating in the PRC has tax losses brought forward from prior years to offset the assessable profits.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

### 6. Loss per share

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the loss for the year of HK\$4,775,157 (2016: HK\$10,549,887) and the number of shares as calculated below.

	2017	2016
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>603,230,675</u></u>	<u><u>600,530,074</u></u>

The computation of the diluted loss per share for the current and prior years does not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

## 7. Loss before tax

	<b>2017</b>	2016
	<b>HK\$</b>	HK\$
Loss before tax has been arrived at after charging:		
Auditor's remuneration		
- audit service	<b>975,000</b>	950,000
- non-audit services	<b>1,249,000</b>	399,000
Cost of inventories recognised as an expense	<b>4,312,305</b>	3,803,720
Depreciation of property, plant and equipment	<b>7,475,176</b>	7,587,814
Operating lease rentals in respect of rented premises	<b>6,082,737</b>	6,284,634
Staff costs:		
Directors' remuneration	<b>2,108,861</b>	5,354,555
Other staff:		
- Salaries and other allowances	<b>10,381,672</b>	9,746,062
- Retirement benefits schemes contributions	<b>588,477</b>	599,813
- Share-based payment expenses	-	997,416
	<b><u>13,079,010</u></b>	<b><u>16,697,846</u></b>
and crediting:		
Interest income (included in other income)		
- Bank deposits	<b>82,557</b>	120,020
- Promissory notes receivables	<b>300,677</b>	203,788
	<b><u>383,234</u></b>	<b><u>323,808</u></b>
Dividend income from held-for-trading investments (included in other income)	<b>421,378</b>	406,035
Imputed interest income from loan to a joint venture (included in other income)	<b>159,804</b>	266,460
Net rental income from properties	<b><u>23,198,006</u></b>	<b><u>24,293,856</u></b>

## 8. Trade receivables

The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice dates at the end of the reporting period which approximately the respective date of rendering of services.

	<b>2017</b>	2016
	<b>HK\$</b>	HK\$
0 - 30 days	<b>2,379,990</b>	579,459
31 - 60 days	<b>29,487</b>	3,984,347
Over 60 days	<b>1,944,057</b>	449,282
	<b><u>4,353,534</u></b>	<u>5,013,088</u>

Trade receivables aged over 30 days are past due but are not impaired.

## 9. Trade and other payables and accruals

	<b>2017</b>	2016
	<b>HK\$</b>	HK\$
Trade payables	<b>794,502</b>	1,914,211
Other payables and accruals	<b>4,257,556</b>	3,916,466
Receipt in advance	<b>4,359,001</b>	4,314,145
	<b><u>9,411,059</u></b>	<u>10,144,822</u>

Included in trade and other payables and accruals are trade payables of HK\$794,502 (2016: HK\$1,914,211). The following is an aged analysis of the trade creditors based on invoice date:

	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
0 - 30 days	<b>276,317</b>	<b>281,293</b>
31 - 60 days	<b>186,473</b>	<b>283,029</b>
Over 60 days	<b>331,712</b>	<b>1,349,889</b>
	<b><u>794,502</u></b>	<u>1,914,211</u>

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

## 10. Share capital

	Number of shares	HK\$
Issued and fully paid:		
Ordinary shares with no par value		
At 1 April 2015	594,410,675	308,795,513
Exercise of share options	7,700,000	1,969,400
At 31 March 2016	<b>602,110,675</b>	<b>310,764,913</b>
Exercise of share options	<b>5,600,000</b>	<b>1,379,300</b>
<b>At 31 March 2017</b>	<b>607,710,675</b>	<b>312,144,213</b>

## 11. Acquisition of assets through acquisition of subsidiaries

- (a) In December 2016, the Group acquired the remaining 50% equity interest in Sino Noble Development Limited, a former 50% joint venture of the Group. Following the completion of the acquisition, Sino Noble Development Limited became a wholly-owned subsidiary of the Company. The assets acquired and liabilities assumed did not constitute a business combination as defined in HKFRS 3 “Business Combinations” and therefore, the acquisition was accounted for as assets acquisition.

Details of the transaction are set out in an announcement and a circular of the Company dated 24 October, 2016 and 10 November, 2016 respectively.

The assets acquired and liabilities assumed in the transaction were as follows:

	HK\$
Investment properties	47,989,881
Shareholder's loan	(8,447,118)
Other payables	(1,270,000)
Fair value of net assets acquired	38,272,763
Transferred from interest in a joint venture	(15,457,763)
Cash consideration paid and cash outflow arising on acquisition	22,815,000

- (b) In August 2015, the Group acquired the entire issued share capital of Rise Vision Limited, which owns approximately 100% equity interest in Far East Beach Villa Limited (formerly known as Silver Autumn Beach Villa Limited) which in turn owns hotel properties in Fiji. Following the completion of the acquisition, Rise Vision Limited became a wholly-owned subsidiary of the Company. The assets acquired and liabilities assumed did not constitute a business combination as defined in HKFRS 3 "Business Combinations" and therefore, the acquisition was accounted for as assets acquisition.

The assets acquired and liabilities assumed in the transaction were as follows:

	HK\$
Investment properties	40,502,434
Inventories	60,633
Trade and other receivables	317,920
Bank balances and cash	47,110
Trade and other payables	<u>(178,097)</u>
Fair value of net assets acquired	<u><u>40,750,000</u></u>

The net assets acquired as set out above form part of the consideration of the disposal of the Group's available-for-sale investments, being 16.09% of the entire issued share capital of Warwick Holdings S.A.. The transaction consideration was determined after arm's length negotiation and the transactions were completed in August 2015. Details of the transaction are set out in an announcement and a circular of the Company dated 30 June 2015 and 22 July 2015 respectively.

Total consideration satisfied by:

	HK\$
Cash consideration received	78,000,000
Promissory notes receivables	21,250,000
Net assets of Rise Vision Limited acquired	<u>40,750,000</u>
Total consideration	<u>140,000,000</u>
Available-for-sale investments disposed of	<u><u>(140,000,000)</u></u>
	<u><u>-</u></u>
Net cash inflow arising on disposal:	
Cash consideration received	78,000,000
Cash and cash equivalents acquired	<u>47,110</u>
	<u><u>78,047,110</u></u>

## **DIVIDENDS**

The Board does not recommend the payment of any dividend for the year (2016: Nil).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the shareholders of the Company (the "AGM") will be held on 8 September 2017 and the Notice of AGM will be published and despatched to the shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining shareholders' entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 5 September 2017 to 8 September 2017, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Standard Limited, the Company's share registrar and transfer office at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 4 September 2017.

## **REVIEW OF OPERATIONS AND PROSPECTS**

For the financial year ended 31 March 2017, the Group recorded a total revenue of approximately HK\$46.7 million (2016: HK\$48.9 million) and gross profit of approximately HK\$8.4 million (2016: HK\$6.3 million), representing a decrease in total revenue of approximately 4.5% and an increase in gross profit of approximately 33.3% respectively. Loss for the year attributable to the owners of the Company amounted to approximately HK\$4.8 million (2016: HK\$10.5 million).

For the year under review, the total revenue of the Cheung Chau Warwick Hotel recorded approximately HK\$17.8 million (2016: HK\$18.9 million) with a profit contribution of approximately HK\$0.5 million (2016: HK\$2.7 million). The rooms department and the food and beverage department recorded decreases in revenue of approximately 7.2% and 3.5% respectively. The decrease in total revenue coupled with higher operating costs resulted in a lower profit contribution as compared to the last financial year. The higher operating costs were due to the fact that, in order to deliver quality services and enhance market competitiveness during the year, the Cheung Chau Warwick Hotel has deployed more resources in enhancing hotel online booking system upgrade, internet media marketing and hotel refurbishment.

The total revenue of the serviced property in Beijing, the PRC recorded approximately HK\$26.1 million (2016: HK\$28.5 million) with a profit contribution of approximately HK\$6.5 million (2016: HK\$2.7 million). The increase in the profit of the serviced property letting in Beijing was mainly due to a decrease in refurbishment expenses incurred for the serviced property and ancillary facilities for the year under review.

For securities investment and trading, the Group recorded a profit of approximately HK\$4.0 million (2016: a loss of approximately HK\$2.0 million), which included an increase of approximately HK\$3.3 million (2016: a decrease of approximately HK\$2.4 million) in fair values of held-for-trading investment.

The Group recorded a net increase of approximately HK\$1.2 million (2016: HK\$6.1 million) in fair values of investment properties.

In December 2016, the Group acquired the remaining 50% equity interest in Sino Noble Development Limited, owner of 40 parcels of agricultural lots in the New Territories, Hong Kong, a former 50% joint venture of the Group, at a consideration of HK\$22,815,000. Following the completion of the acquisition, Sino Noble Development Limited became a wholly-owned subsidiary of the Company. Details of the transaction are set out in an announcement and a circular of the Company dated 24 October 2016 and 10 November 2016 respectively.

The Group will continue to explore business opportunities that can provide investment potential and broaden the income base of the Group in the long term.

The market conditions of the hotel business in Hong Kong remain challenging for the coming year. The relative strength of Hong Kong dollars and the increased competition from other countries continue to make shopping in and travelling to Hong Kong less appealing. The Group will closely monitor and actively react to any changes as they arise. Furthermore, the Group will continue to strengthen its marketing efforts to extend its customer base and improve the quality of the service to meet the customers' needs.

## **EMPLOYEES**

As at 31 March 2017, the Group had approximately 70 employees (2016: 70). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees.

## **LIQUIDITY AND FINANCIAL RESOURCES**

At 31 March 2017, the Group had bank balances and cash of HK\$18,548,469 (2016: HK\$68,269,628) and pledged bank deposits of HK\$2,118,000 (2016: HK\$2,118,000).

At 31 March 2017, there were outstanding bank loans and utilised overdraft facilities of HK\$31,906,678 (2016: HK\$34,278,645) and unutilised overdraft facilities of HK\$6,000,000 (2016: HK\$6,000,000) available to the Group.

At 31 March 2017, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2017 amounted to approximately HK\$279 million (2016: HK\$284 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 31 March 2017 was approximately 11.4% (2016: 12.1%).

## **CONTINGENT LIABILITIES**

At 31 March 2017, the Company had issued financial guarantees of HK\$18,000,000 (2016: HK\$18,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$14,793,600 (2016: HK\$14,793,600) has been utilised by its subsidiaries.

## **CAPITAL COMMITMENTS**

At 31 March 2017, the Group had no significant capital commitments (2016: Nil).

## **MATERIAL ACQUISITIONS OF SUBSIDIARIES**

In December 2016, the Group acquired the remaining 50% equity interest in Sino Noble Development Limited, a former 50% joint venture of the Group, at a consideration of HK\$22,815,000. Following the completion of the acquisition, Sino Noble Development Limited became a wholly-owned subsidiary of the Company. Details of the transaction are set out in an announcement and a circular of the Company dated 24 October 2016 and 10 November 2016 respectively.

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

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Board has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Following a specific enquiry made by the Company, the directors have confirmed that they had fully complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 March 2017.

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 March 2017, the Company has complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except for the following:

- (a) Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman is responsible for formulating and setting the Group's strategies and policies in conjunction with the Board.

The role of chief executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

The post of the Chairman has left vacant since 17 March 2015. Mr. Derek Chiu, an executive Director, assumes the roles and responsibilities of both the Chairman and the Managing Director and Chief Executive. The Board considers that the current structure of vesting the roles of the Chairman and the Managing Director and Chief Executive in the same person will

not impair the balance of power and authority between the Board and the management of the Company.

- (b) Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors are subject to retirement by rotation at each annual general meeting under articles 78 and 79 of the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those provided in the Code.

- (c) Code provision A.6.7 of the Code stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other engagements, all the non-executive Directors were unable to attend the 2016 AGM. To mitigate the above, future general meetings would be scheduled earlier to avoid timetable clashes.

## **AUDIT COMMITTEE**

The audit committee of the Company is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussing auditing, internal controls, and financial reporting matters, including the review of the consolidated financial statements. As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. Ng Wing Hang Patrick (chairman of the audit committee), Mr. Ip Shing Hing and Mr. Choy Wai Shek Raymond.

The Group's final results for the year ended 31 March 2017 have been reviewed by the audit committee which recommended the same to the Board for approval.

## **PRELIMINARY ANNOUNCEMENT OF AUDITED ANNUAL RESULTS**

The financial information relating to the years ended 31 March 2017 and 2016 included in this preliminary announcement of annual results 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 March 2017 in due course.

The Company's independent auditor has reported on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2017. The independent auditor's reports

were unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

#### **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 28 June 2017

*As at the date of this announcement, the executive directors are Mr. Derek Chiu, Ms. Margaret Chiu, Mr. Alex Chiu and Ms. Amanda Chiu; the non-executive directors are Madam Chiu Ju Ching Lan and Mr. Dick Tat Sang Chiu; the independent non-executive directors are Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond.*