



FAR EAST HOTELS AND ENTERTAINMENT LIMITED

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2003

RESULTS

The Board of Directors of Far East Hotels And Entertainment Limited (the “Company”) announces the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2003 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2003

		Year ended 31 March	
		2003 HK\$	2002 HK\$
Turnover	1	77,286,642	23,688,888
Cost of sales		(47,994,260)	(22,595,449)
		29,292,382	1,093,439
Other operating income		—	79,530
Administrative expenses		(21,321,033)	(15,575,660)
Provision for recoverability of deposit paid		—	(3,500,000)
Revaluation decrease on investment properties		(9,888,702)	(460,000)
Revaluation decrease on hotel property		(6,297,782)	(2,571,183)
		(8,215,135)	(20,933,874)
Loss from operations		(8,215,135)	(20,933,874)
Finance costs		(5,339,219)	(4,910,179)
Share of results of associates		59,182,244	(957,278)
		45,627,890	(26,801,331)
Profit (Loss) before taxation		(8,863,543)	—
Taxation	2	—	—
		36,764,347	(26,801,331)
Profit (Loss) before minority interests		1,499,797	1,457,134
Minority interests		—	—
		38,264,144	(25,344,197)
Net profit (loss) for the year		38,264,144	(25,344,197)
		Cents	Cents
Earnings (Loss) per share – basic & diluted	3	7.83	(5.18)

NOTES

1. Segmental Information

Business segments		Hotel operation HK\$	Property rental HK\$	Securities trading HK\$	Loan financing HK\$	Investment holding HK\$	Others HK\$	Consolidated HK\$
2003								
Turnover		11,235,094	6,540,917	23,338,474	34,866,690	1,305,467	—	77,286,642
Other operating income		—	—	—	—	—	—	—
Total revenue		<u>11,235,094</u>	<u>6,540,917</u>	<u>23,338,474</u>	<u>34,866,690</u>	<u>1,305,467</u>	<u>—</u>	<u>77,286,642</u>
Segment result		<u>(6,783,716)</u>	<u>(16,265,251)</u>	<u>(1,600,150)</u>	<u>34,866,574</u>	<u>(12,249,373)</u>	<u>(6,183,219)</u>	<u>(8,215,135)</u>
Finance costs		—	—	—	—	—	—	(5,339,219)
Share of results of associates		—	—	—	58,054,398	1,127,846	—	59,182,244
Profit before taxation		—	—	—	(8,848,013)	(15,530)	—	45,627,890
Taxation		—	—	—	—	—	—	(8,863,543)
Profit before minority interests		—	—	—	—	—	—	36,764,347
Minority interests		—	—	—	—	—	—	1,499,797
Net profit for the year		—	—	—	—	—	—	<u>38,264,144</u>
2002								
Turnover		10,792,289	7,631,131	1,216,688	3,491,991	556,789	—	23,688,888
Other operating income		—	—	—	79,530	—	—	79,530
Total revenue		<u>10,792,289</u>	<u>7,631,131</u>	<u>1,216,688</u>	<u>3,571,521</u>	<u>556,789</u>	<u>—</u>	<u>23,768,418</u>
Segment result		<u>(1,277,345)</u>	<u>(5,616,907)</u>	<u>(148,541)</u>	<u>2,154,390</u>	<u>(13,695,399)</u>	<u>(2,350,072)</u>	<u>(20,933,874)</u>
Finance costs		—	—	—	—	—	—	(4,910,179)
Share of results of associates		—	—	—	2,022,435	(2,979,713)	—	(957,278)
Loss before taxation		—	—	—	—	—	—	(26,801,331)
Taxation		—	—	—	—	—	—	—
Net loss before minority interests		—	—	—	—	—	—	(26,801,331)
Minority interests		—	—	—	—	—	—	1,457,134
Net loss for the year		—	—	—	—	—	—	<u>(25,344,197)</u>
Geographical segments								
		Sales revenue by geographical market		Contribution to loss from operations				
		2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$			
Hong Kong		72,189,215	16,057,757	(1,119,156)	(15,867,120)			
People's Republic of China		5,097,427	7,631,131	(7,095,979)	(5,066,754)			
		<u>77,286,642</u>	<u>23,688,888</u>	<u>(8,215,135)</u>	<u>(20,933,874)</u>			

2. Taxation

The charge for the current year represented share of taxation attributable to associates.

No provision for Hong Kong Profits Tax in respect of the Company and its subsidiaries has been made in the financial statements as the Company and its subsidiaries has no assessable profit or incurred a tax loss for the year.

3. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the Group's profit attributable to shareholders of HK\$38,264,144 (2002: loss of HK\$25,344,197) and on the 488,842,675 (2002: 488,842,675) shares in issue during the year.

(b) Diluted earnings (loss) per share

The computation of diluted earnings (loss) per share has not assumed the exercise of the outstanding share options of the Company since their exercise prices were greater than the average market price of shares for each of the two years ended 31 March 2003 and 2002.

4. Depreciation

During the year, depreciation of HK\$5,670,123 (2002: HK\$5,705,198) was charged in respect of the Group's property, plant and equipment.

5. Amortisation

Amortisation on intangible assets of HK\$1,000,000 (2002: Nil) was charged during the year.

6. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year (2002: Nil).

BOOK CLOSURE

The register of members of the Company will be closed from 25 August 2003 to 27 August 2003 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with Standard Registrars Limited, the Registrars of the Company, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00pm on 22 August 2003.

REVIEW OF OPERATIONS AND PROSPECTS

The directors are pleased to announce that the Group has achieved a net profit of HK\$38,264,144 for the year ended 31 March 2003 compared with previous year ended 31 March 2002 that recorded a loss of HK\$25,344,197.

Vacant possession of the residential units of Nob Hill was delivered to the purchasers in September 2002. As at the year-end date, over 90% of residential units were sold and the commercial podium thereof was successfully sold to our joint venture partner in December 2002. The directors are optimistic to successfully sell the remaining residential units.

The business of Cheung Chau Warwick Hotel remains stable during the year under review and due to its nature as a local resort hotel, it is the least affected hotel during SARS period. However, the business of Beijing Warwick International Apartments was severely affected by SARS in the first half of 2003.

In September 2002, the Group acquired a carport podium in Mongkok, Kowloon which has a total gross floor area of approximately 29,400 square feet and was let to a carpark operator thereby securing a stable rental income to the Group.

Segment loss of hotel operation of approximately HK\$6.8 million (2002: approximately HK\$1.3 million) included a revaluation decrease on hotel property of approximately HK\$6.3 million (2002: approximately HK\$2.6 million) and provision for long service payment of HK\$1 million (2002: HK\$ nil) respectively.

Segment loss of property rental of approximately HK\$16.3 million (2002: approximately HK\$5.6 million) included a revaluation decrease on investment properties of approximately HK\$9.9 million (2002: approximately HK\$0.5 million).

In order to enable the Group to have greater flexibility and control on the redevelopment of the land situated at No. A7, Nan Shui Guan, Guang Qu Men, Chong Wen District, Beijing (北京市崇文區廣渠門南水關甲七號院), the location where Beijing Warwick International Apartments (“BWIA”) is situated, the Group acquired 25 percent equity interests in Tradeland Investments Limited (“Tradeland”), which holds BWIA, at a consideration of HK\$37 million. Tradeland then became an indirectly wholly-owned subsidiary of the Company.

During the year under review, Old Sydney Town Theme Park, which owns and operates by an associate Bolan Holdings N.V., ceased its operation on 27 January 2003. Further, the directors of that associate have re-assessed its interest in land situated in Sydney, Australia and made an impairment provision of asset value by US\$11 million.

For long-term purpose, an associate of the Group, which jointly owned by the Group and a company controlled by a director of the Company, acquires a property consisting of gross floor area of approximately 8,130 square feet as office for both parties. The completion date was on 30 April 2003. Rent is charged to both parties at fair market value.

The Group has approximately 110 employees. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance.

FINANCE ACTIVITIES

At the balance sheet date, the Group had bank loans and overdraft facilities amounting to HK\$159,456,314 (2002: HK\$199,265,883), of which HK\$152,456,314 (2002: HK\$192,265,883) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$74,860,931 (2002: HK\$57,449,788) and HK\$2,161,807 (2002: HK\$2,136,010) respectively.

At 31 March 2003, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2003 amounted to approximately HK\$544 million (2002: approximately HK\$584 million). Accordingly, the Group's gearing ratio (total bank loans and overdraft facilities utilized to shareholders' funds) at 31 March 2003 is 28% (2002: 33%).

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

During the year ended 31 March 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

PUBLICATION OF THE ANNUAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

The financial and other information required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Derek Chiu
Managing Director & Chief Executive

Hong Kong, 18 July 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Wednesday, 27 August 2003 at 3:00p.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2003.
- To elect directors and to fix their fees.
- To appoint auditors and to authorise the directors to fix their remuneration.

- To transact any other ordinary business.

By Order of the Board
Sung-Ki Tang
Secretary

Hong Kong, 18 July 2003

Notes:

- Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be lodged with the registered office of the Company at Suite 3408, 34th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.