

CONTENTS

.....

	<i>Page</i>
Managing Director and Chief Executive's Statement	2
Additional Information Required Under the Listing Rules	4
Condensed Consolidated Income Statement	7
Condensed Consolidated Balance Sheet	8
Condensed Consolidated Cash Flow Statement	10
Condensed Consolidated Statement of Changes in Equity	11
Notes to the Condensed Financial Statements	12

MANAGING DIRECTOR AND CHIEF EXECUTIVE’S STATEMENT

.....

INTERIM RESULTS

.....

The Board of Directors of Far East Hotels And Entertainment Limited (the “Company”) announces the unaudited interim financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2003. The unaudited interim financial results has been reviewed by the Company’s audit committee.

INTERIM DIVIDEND

.....

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2003 (2002: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

.....

Cheung Chau Warwick Hotel has successfully captured more local business with turnover on food and beverage section increased by 16% compared with last interim period. The business of room section remains stable during the period. However, the business of Beijing Warwick International Apartments was severely affected by SARS and turnover decreased by 22% compared with last interim period.

The majority of residential units of the Nob Hill development, our Company’s joint venture development project with Cheung Kong (Holdings) Limited, were sold.

The Group continues the pre-redevelopment work of the adjacent lands of the Nob Hill development.

The directors mentioned in our last year annual report that Old Sydney Town Theme Park, which owns and operates by the Company’s associate Bolan Holdings N.V., ceased its operation in early 2003 and the Company had since then engaged professionals to explore the possibility of future usage of the piece of land where the Theme Park was situated.

As the effect of SARS has faded out and the CEPA (Closer Economic Partnership Arrangement) has been put into effect, the general economy is now recovering. In the circumstances, the directors will capture such opportunity and consider new business and investment opportunities which may provide the Group with better recurrent income.

EMPLOYEES

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

FINANCE ACTIVITIES

At the interim reporting date, the Group had bank loans and overdraft facilities amounting to HK\$103,189,983 (31/03/2003: HK\$159,456,314), of which HK\$95,312,270 (31/03/2003: HK\$152,456,314) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$74,389,162 (31/03/2003: HK\$74,860,931) and HK\$2,171,447 (31/03/2003: HK\$2,161,807) respectively. A floating charge is applied on all assets, properties and undertakings both present and future including uncalled capital of the Company.

At 30 September 2003, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 30/09/2003 amounted to approximately HK\$542 million (31/03/2003: approximately HK\$544 million). Accordingly, the Group's gearing ratio (total bank loans and overdraft facilities utilised to shareholders' funds) at 30/09/2003 is 18% (31/03/2003: 28%).

Derek Chiu

Managing Director & Chief Executive

Hong Kong, 19 December 2003

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS OF THE COMPANY

(1) SHARES

As at 30 September 2003, the interests of the Directors of the Company in shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests which they were taken to have under Section 344 of the SFO) or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Number of ordinary shares of HK\$1.00 each held

Name of director	Personal interests	Family interests	Corporate interests
Mr. Deacon Te-ken Chiu	12,491,424	–	111,901,052 (<i>Note 1</i>)
Madam Chiu Ju Ching-lan	188,000	–	–
Mr. Dick Tat-sang Chiu	12,172,800	–	22,277,033 (<i>Note 2</i>)
Mr. David Tat-cheong Chiu	3,144,627	–	–
Ms. Margaret Chiu	676,240	–	5,000,000 (<i>Note 3</i>)
Mr. Derek Chiu	394,000	–	108,430,299 (<i>Note 4</i>)

Notes:

- (1) Of the 111,901,052 shares, 100,939,842 shares were held by various private companies controlled by Mr. Deacon Te-ken Chiu, 295,210 shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited, and 10,666,000 shares were held by Brentford Investments Inc., a wholly-owned subsidiary of Far East Technology International Limited. Mr. Deacon Te-ken Chiu is a controlling shareholder of these companies.
- (2) The 22,277,033 shares were held by various private companies controlled by Mr. Dick Tat-sang Chiu.
- (3) The 5,000,000 shares were held by a private company controlled by Ms. Margaret Chiu.

- (4) The 108,430,299 shares were held by Energy Overseas Ltd, a company controlled by Mr. Derek Chiu.

(2) SHARE OPTIONS

At 30 September 2003, the directors had personal interests in share options to subscribe for shares in the Company as follows:

Name of director	Date of grant	Subscription price per share (subject to adjustment) <i>HK\$</i>	Number of share options			
			Outstanding at 1/04/2003	Granted during the period	Exercised during the period	Outstanding at 30/09/2003
Mr. Derek Chiu	16/10/1995	1.44	590,000	–	–	590,000
	09/09/1997	3.01	1,000,000	–	–	1,000,000
Mr. Deacon Te-ken Chiu	15/11/1995	1.42	5,000,000	–	–	5,000,000
Madam Chiu Ju Ching-lan	11/04/1996	1.60	4,000,000	–	–	4,000,000
Mr. Sung-ki Tang	11/04/1996	1.60	150,000	–	–	150,000
	29/01/2000	1.00	6,000,000	–	–	6,000,000
Ms. Margaret Chiu	19/11/1997	1.74	7,000,000	–	–	7,000,000

Options granted under this Share Option Scheme are exercisable within 10 years from the respective date of grant.

Save as disclosed above, none of the Directors of the Company and their associates had any interests or short positions in the shares or debentures or underlying shares of the Company or of any of its associated corporations as at 30 September 2003 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (including interests or short positions which they were taken to have under Section 344 of the SFO) or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above, the Directors of the Company are not aware of any person (other than the Directors of the Company) who was, directly or indirectly, interested in at least 5% of the total issued share capital of the Company or had, directly or indirectly, any notifiable short position in the total issued share capital of the Company and those interests or short positions were required to be recorded in the register kept under Section 336 of the SFO as at 30 September 2003.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial results for the six months ended 30 September 2003 with directors.

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

During the six months ended 30 September 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

		Six months ended	
		30 September	
		2003	2002
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$	<i>HK\$</i>
Turnover	3	25,931,261	32,420,855
Cost of sales		(14,531,647)	(12,467,316)
Gross profit		11,399,614	19,953,539
Administrative expenses		(6,844,158)	(9,855,367)
Other operating expenses		(791,486)	(34,825,389)
Profit (Loss) from operations		3,763,970	(24,727,217)
Finance costs	5	(2,505,764)	(2,783,474)
Share of results of associates		(3,030,591)	110,679,379
(Loss) Profit before taxation		(1,772,385)	83,168,688
Taxation	6	35,619	21,430,500
(Loss) Profit before minority interests		(1,808,004)	61,738,188
Minority interests		–	682,766
Net (loss) profit for the period		(1,808,004)	62,420,954
		<i>Cent</i>	<i>Cents</i>
(Loss) Earnings per share			
– basic and diluted	7	(0.37)	12.77

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2003

		30/09/2003	31/03/2003
		(unaudited)	(audited)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current Assets			
Investment properties		25,670,000	26,580,000
Property, plant and equipment		157,625,718	159,603,905
Intangible asset		9,369,700	10,312,400
Interests in associates	8	271,173,257	283,195,284
Investments in securities		186,523,522	184,091,045
		<u>650,362,197</u>	<u>663,782,634</u>
Current Assets			
Inventories		458,089	467,438
Debtors, deposits and prepayments	9	4,453,615	3,827,346
Amount due from related companies		992,697	1,020,912
Investments in securities		2,468,891	11,673,992
Pledged bank deposits		2,171,447	2,161,807
Bank balances and cash		1,803,161	26,604,431
		<u>12,347,900</u>	<u>45,755,926</u>
Current Liabilities			
Creditors, accruals and other payables	10	21,026,315	10,747,848
Deposits received		1,187,206	781,800
Amount due to an associate		244,926	–
Amounts due to directors		61,882	91,882
Amount due to a related company		14,540	28,770
Amount due to a minority shareholder		1,858,077	688,030
Secured bank loans		28,633,762	76,188,884
Obligation under finance leases		301,573	252,891
Bank overdrafts – secured		974,106	–
		<u>54,302,387</u>	<u>88,780,105</u>
Net Current Liabilities		<u>(41,954,487)</u>	<u>(43,024,179)</u>
		<u>608,407,710</u>	<u>620,758,455</u>

		30/09/2003 (unaudited) <i>HK\$</i>	31/03/2003 (audited) <i>HK\$</i>
	<i>Notes</i>		
Capital and Reserves			
Share capital	11	488,842,675	488,842,675
Reserves		53,345,373	55,270,377
		<hr/> 542,188,048	<hr/> 544,113,052
Non-current Liabilities			
Secured bank loans		65,704,402	76,267,430
Obligation under finance leases		515,260	377,973
		<hr/> 66,219,662	<hr/> 76,645,403
		<hr/> 608,407,710	<hr/> 620,758,455

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended	
	30 September	
	2003	2002
	(unaudited)	(unaudited)
	HK\$	HK\$
Net cash generated from operating activities	20,401,020	857,325
Net cash from (used in) investing activities	2,608,320	(10,677,584)
Net cash used in financing activities	(48,784,716)	(110,847,832)
Net decrease in cash and cash equivalents	(25,775,376)	(120,668,091)
Cash and cash equivalents at beginning of the period	26,604,431	121,524,344
Cash and cash equivalents at end of the period	829,055	856,253
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	1,803,161	1,595,752
Bank overdrafts	(974,106)	(739,499)
	829,055	856,253

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Revaluation reserve	Exchange reserve	Special reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2002									
(Audited)	488,842,675	92,805,386	21,223,231	28,990,000	39,780,000	7,329,701	-	(95,417,629)	583,553,364
Share of exchange adjustments of an associate	-	-	-	-	-	(1,868,794)	-	-	(1,868,794)
Share of revaluation reserve of an associate	-	-	-	-	(38,610,000)	-	-	-	(38,610,000)
Additional interest in a subsidiary	-	-	-	-	-	-	(37,225,662)	-	(37,225,662)
Net profit for the year	-	-	-	-	-	-	-	38,264,144	38,264,144
At 31 March 2003 (Audited)	<u>488,842,675</u>	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>1,170,000</u>	<u>5,460,907</u>	<u>(37,225,662)</u>	<u>(57,153,485)</u>	<u>544,113,052</u>
Share of exchange adjustments of an associate	-	-	-	-	-	(117,000)	-	-	(117,000)
Loss for the period	-	-	-	-	-	-	-	(1,808,004)	(1,808,004)
At 30 September 2003									
(Unaudited)	<u>488,842,675</u>	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>1,170,000</u>	<u>5,343,907</u>	<u>(37,225,662)</u>	<u>(58,961,489)</u>	<u>542,188,048</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and should be read in conjunction with the 2003 annual financial statements.

2. ACCOUNTING POLICY

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2003, except that the Group has adopted the revised Statement of Standard Accounting Practice (“SSAP”) 12 “Income Taxes” issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2003. The adoption of the revised SSAP 12 has no material effect on the Group’s results.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

	Six months ended 30 September (unaudited)					Others HK\$	Consolidated HK\$
	Hotel operation HK\$	Property rental HK\$	Securities trading HK\$	Loan financing HK\$	Investment holding HK\$		
2003							
Turnover	<u>6,077,496</u>	<u>4,351,566</u>	<u>11,435,245</u>	<u>3,425,126</u>	<u>641,828</u>	–	<u>25,931,261</u>
Segment result	<u>198,406</u>	<u>(2,528,577)</u>	<u>8,871,344</u>	<u>3,425,126</u>	<u>(5,645,895)</u>	<u>(556,434)</u>	<u>3,763,970</u>
Finance costs							<u>(2,505,764)</u>
Share of results of associates	–	–	–	<u>(2,706,200)</u>	<u>(324,391)</u>	–	<u>(3,030,591)</u>
Loss before taxation							<u>(1,772,385)</u>
Taxation	–	–	–	–	<u>(35,619)</u>	–	<u>(35,619)</u>
Loss before minority interests							<u>(1,808,004)</u>
Minority interests							–
Loss for the period							<u>(1,808,004)</u>
2002							
Turnover	<u>5,615,277</u>	<u>3,019,903</u>	<u>182,924</u>	<u>23,054,635</u>	<u>548,116</u>	–	<u>32,420,855</u>
Segment result	<u>289,333</u>	<u>(37,056,082)</u>	<u>(1,707,851)</u>	<u>21,571,304</u>	<u>(5,894,602)</u>	<u>(1,929,319)</u>	<u>(24,727,217)</u>
Finance costs							<u>(2,783,474)</u>
Share of results of associates	–	–	–	<u>135,790,674</u>	<u>(25,111,295)</u>	–	<u>110,679,379</u>
Profit before taxation							<u>83,168,688</u>
Taxation	–	–	–	<u>(21,430,500)</u>	–	–	<u>(21,430,500)</u>
Profit before minority interests							<u>61,738,188</u>
Minority interests							<u>682,766</u>
Profit for the period							<u>62,420,954</u>

Geographical segments

	Sales revenue by geographical market		Contribution to profit (loss) from operation	
	2003 (unaudited) HK\$	2002 (unaudited) HK\$	2003 (unaudited) HK\$	2002 (unaudited) HK\$
Hong Kong	<u>23,652,927</u>	29,513,452	<u>6,897,367</u>	12,130,829
Other regions in the People's Republic of China	<u>2,278,334</u>	<u>2,907,403</u>	<u>(3,133,397)</u>	<u>(36,858,046)</u>
	<u>25,931,261</u>	<u>32,420,855</u>	<u>3,763,970</u>	<u>(24,727,217)</u>

4. DEPRECIATION AND AMORTISATION

During the period, depreciation of HK\$2,426,555 (2002: HK\$1,798,572) was charged in respect of the Group's property, plant and equipment.

During the period, amortisation of HK\$942,700 (2002: HK\$ Nil) was charged in respect of the Group's intangible assets.

5. FINANCE COSTS

	Six months ended	
	30 September	
	2003	2002
	(unaudited)	(unaudited)
	HK\$	HK\$
Interest on borrowings wholly repayable within 5 years:		
Bank loans & overdraft	2,158,956	2,640,311
Obligation under finance leases	31,656	14,788
Interest on mortgage loans wholly repayable after 5 years	315,152	128,375
	<u>2,505,764</u>	<u>2,783,474</u>

6. TAXATION

The charge in both the current and the prior interim reporting period represent 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 in both the current and the prior interim reporting period.

7. (LOSS) EARNINGS PER SHARE

a) Basic (loss) earnings per share

The calculation of basic (loss) earnings per share is based on the Group's loss for the period of HK\$1,808,004 (2002: profit of HK\$62,420,954) and on the 488,842,675 (2002: 488,842,675) shares in issue during the period.

b) Diluted (loss) earnings per share

The computation of diluted (loss) earnings 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 current and the prior interim reporting period.

8. INTERESTS IN ASSOCIATES

The following financial information is extracted from the unaudited financial statements of the Group's principal associates.

	Bolan Holdings N.V. 30 June 2003 (unaudited) HK\$	Central More Limited 30 June 2003 (unaudited) HK\$
Operating results for the six months ended 30 June 2003:		
Turnover	3,628,178	78,241,000
Depreciation	113,373	–
Loss before taxation	<u>(1,173,175)</u>	<u>(5,202,400)</u>
Loss before taxation attributable to the Group	<u>(527,929)</u>	<u>(2,601,200)</u>
Financial position at 30 June 2003:		
Non-current assets	413,728,318	266,161,402
Current assets	1,108,458	225,820,294
Current liabilities	(5,309,873)	(312,269,234)
Non-current liabilities	<u>(60,926,986)</u>	<u>(82,804,297)</u>
Net assets	<u>348,599,917</u>	<u>96,908,165</u>
Net assets attributable to the Group	<u>156,869,963</u>	<u>48,454,083</u>

During the period under review, Old Sydney Town Theme Park, which owns and operates by the associate Bolan Holdings N.V., ceased its operation on 27 January 2003.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group generally allows an average credit period of not more than 30 days to its customers.

The following is an aged analysis of trade debtors at the reporting date:

	30/9/2003 (unaudited) <i>HK\$</i>	31/3/2003 (audited) <i>HK\$</i>
0 – 30 days	198,098	154,677
31 – 60 days	85,013	124,378
Over 60 days	226,265	61,856
	509,376	340,911
Other deposits and prepayments	3,944,239	3,486,435
	4,453,615	3,827,346

10. CREDITORS, ACCRUALS AND OTHER PAYABLES

The following is an aged analysis of trade creditors at the reporting date:

	30/9/2003 (unaudited) <i>HK\$</i>	31/3/2003 (audited) <i>HK\$</i>
0 – 30 days	580,322	287,435
31 – 60 days	507,043	373,756
Over 60 days	1,098,570	1,208,175
	2,185,935	1,869,366
Accruals and other payables	18,840,380	8,878,482
	21,026,315	10,747,848

11. SHARE CAPITAL

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

12. COMMITMENTS

The Group had contracted with an independent consultancy company for the acquisition of exchange and/or joint venture development of Kau Wah Keng Old Village, Lai Chi Kok, Kowloon and the outstanding commitment at 30/09/2003 on procurement fee amounted to HK\$28,000,000 (31/03/2003: HK\$28,000,000).