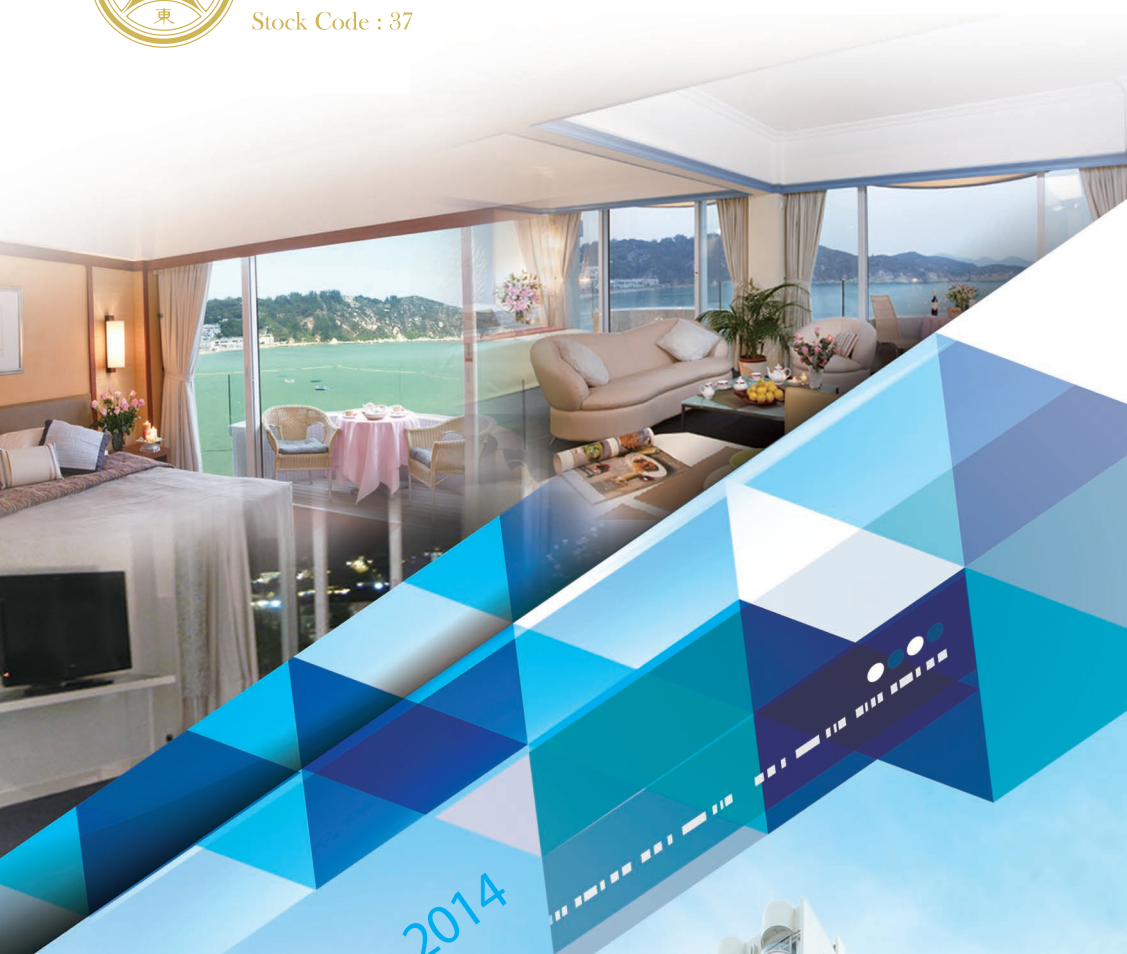




*Far East Hotels and Entertainment Limited*

Stock Code : 37



INTERIM REPORT 2014



# CONTENTS

	<i>Page(s)</i>
Corporate Information	2
Managing Director and Chief Executive's Statement	3-5
Interim Financial Information	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7-8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11-20
Additional Information Required By Listing Rules	21-26

In the event of any error or omission in translation of this Interim Report, the English text shall prevail.

# CORPORATE INFORMATION

## **Place of Incorporation**

Hong Kong

## **Board of Directors**

### *Executive Directors*

Deacon Te Ken Chiu, J.P. (*Chairman*)

Derek Chiu, B.A.

(*Managing Director and Chief Executive*)

Margaret Chiu, LL.B.

### *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.

## **Company Secretary**

Kwok Siu Man

## **Solicitors**

Woo Kwan Lee & Lo

## **Auditor**

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

## **Authorised Representatives**

Derek Chiu, B.A.

Kwok Siu Man

## **Audit Committee**

Ng Wing Hang Patrick (*Chairman*)

Ip Shing Hing, J.P.

Choy Wai Shek Raymond, MH, J.P.

## **Remuneration Committee**

Choy Wai Shek Raymond, MH, J.P. (*Chairman*)

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Derek Chiu, B.A.

## **Nomination Committee**

Ip Shing Hing, J.P. (*Chairman*)

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

Derek Chiu, B.A.

## **Principal Bankers**

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Public Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited

## **Registered & Principal Office**

Suite 1902, 19th Floor,

The Sun's Group Centre,

200 Gloucester Road,

Wanchai, Hong Kong

## **Share Registrar**

Tricor Standard Limited

Level 22, Hopewell Centre,

183 Queen's Road East, Hong Kong

## **Place of Listing**

The Shares of the Company are listed on

The Stock Exchange of Hong Kong Limited

## **Stock Code**

0037

## **Website**

[www.tricor.com.hk/webservice/00037](http://www.tricor.com.hk/webservice/00037)

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## OVERALL RESULTS

For the six months ended 30 September 2014, Far East Hotels and Entertainment Limited (the "Company") and its subsidiaries (the "Group") recorded an unaudited consolidated net loss attributable to shareholders of HK\$156,915 (30/09/2013: net loss of HK\$8,058,588).

## INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved not to declare any interim dividend in respect of the six months ended 30 September 2014.

## REVIEW OF OPERATIONS AND PROSPECTS

The overall turnover of the Group has increased by approximately 66% compared with the last corresponding period. Of which, the turnover of the Cheung Chau Warwick Hotel has increased by approximately 6.7% compared with the last corresponding period and contributed a segment profit of approximately HK\$4.1 million while the turnover of the Beijing Warwick has increased by approximately HK\$10 million compared with the last corresponding period and contributed a segment profit of approximately HK\$5.3 million.

The Cheung Chau Warwick Hotel has recorded an increase in the room revenue and the food and beverage revenue by approximately 5.1% and 9.8% respectively. The conversion of the Beijing Warwick into office premises has been completed during the period and the high occupancy of which has contributed a significant increase in revenue.

Due to the recent unforeseen circumstances such as the "Occupy Central" movement in Hong Kong and the uncertain economic environment in mainland China, it is currently not clear whether the overall business of the Group will be affected in the near future. The management will closely monitor and react to the market changes.

In securities investment and trading, the Group has recorded a loss of approximately HK\$734,000.

The Group will from time to time seek the business opportunities that can provide investment potential and broaden the income base of the Group.

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## LIQUIDITY AND FINANCIAL RESOURCES

At 30 September 2014, The Group had bank balances and cash of HK\$10,214,652 (31/03/2014: HK\$20,495,374) and pledged bank deposits of HK\$2,118,000 (31/03/2014: HK\$2,118,000).

At 30 September 2014, there were outstanding bank loans and utilised overdraft facilities of HK\$39,004,164 (31/03/2014: HK\$40,456,149) and unutilised overdraft facilities of HK\$6,000,000 (31/03/2014: HK\$5,660,346) available to the Group.

At 30 September 2014, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 30 September 2014 amounted to approximately HK\$356 million (31/03/2014: approximately HK\$356 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 30 September 2014 is 11% (31/03/2014: 11%).

## CHARGES OVER ASSETS OF THE GROUP

At 30 September 2014, certain property, plant and machinery and bank deposit with an aggregate carrying value of approximately HK\$36.3 million (31/03/2014: approximately 37.6 million) are secured for the Group's bank borrowings and overdrafts.

## CONTINGENT LIABILITIES

At 30 September 2014, the Company has issued financial guarantees of HK\$18,000,000 (31/03/2014: HK\$18,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$16,080,000 (31/03/2014: HK\$16,080,000) has been utilised by its subsidiaries.

## CAPTIAL COMMITMENTS

At 30 September 2014, the Group had capital commitments amounting to approximately HK\$2,760,000 (31/03/2014: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## **EMPLOYEES AND REMUNERATION POLICIES**

At 30 September 2014, the Group had approximately 70 employees. 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.

The Company is operating a share option scheme and options to subscribe for the shares of the Company have been granted to certain directors and eligible participants as an added incentive to make contribution to the Group.

## INTERIM FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 (unaudited) HK\$	2013 (unaudited) HK\$
Revenue		28,073,292	16,844,913
Cost of sales		(19,081,237)	(15,445,961)
Gross profit		8,992,055	1,398,952
Other gains and losses	5	(761,168)	3,904,538
Administrative expenses		(8,063,865)	(7,971,507)
Finance costs	6	(549,079)	(482,226)
Impairment loss on investment properties		–	(5,100,000)
Share of results of associates		227,820	194,433
Share of results of a joint venture		(2,678)	(2,778)
Loss before taxation		(156,915)	(8,058,588)
Taxation	7	–	–
Loss for the period attributable to owners of the Company		(156,915)	(8,058,588)
Other comprehensive (expenses) income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(6,890)	126,644
Total comprehensive expenses for the period attributable to owners of the Company		(163,805)	(7,931,944)
		<b>HK Cents</b>	<b>HK Cents</b>
Loss per share – Basic	8	(0.03)	(1.65)
Loss per share – Diluted		(0.03)	(1.65)

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30/09/2014 (unaudited) HK\$	31/03/2014 (audited) HK\$
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		84,686,828	80,419,123
Investment properties		114,854,041	106,428,000
Interests in associates		1,247,864	1,020,044
Interest in a joint venture		12,695,980	12,698,658
Loan to a joint venture	9	8,719,144	8,718,966
Available-for-sale investments		159,188,314	159,188,314
Paintings		3,921,217	3,921,217
		<b>385,313,388</b>	<b>372,394,322</b>
<b>CURRENT ASSETS</b>			
Held-for-trading investments		22,176,440	23,449,125
Inventories		511,578	534,488
Trade receivables	10	445,088	473,318
Other receivables, deposits and prepayment		3,639,224	1,939,283
Pledged bank deposits		2,118,000	2,118,000
Bank balances and cash		10,214,652	20,495,374
		<b>39,104,982</b>	<b>49,009,588</b>



# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2014

	Notes	30/09/2014 (unaudited) HK\$	31/03/2014 (audited) HK\$
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	8,171,420	8,372,194
Receipt in advance		9,755,732	3,525,494
Deposits received		332,558	2,509,253
Obligations under finance leases		122,378	–
Amounts due to directors		210,000	–
Amounts due to associates		1,215,381	568,381
Amounts due to related companies		732,781	747,856
Amount due to a non-controlling shareholder		6,750,789	7,376,119
Bank borrowings – due within one year	12	2,920,667	2,888,548
Bank overdrafts		–	339,654
		<b>30,211,706</b>	<b>26,327,499</b>
<b>NET CURRENT ASSETS</b>			
		<b>8,893,276</b>	<b>22,682,089</b>
		<b>394,206,664</b>	<b>395,076,411</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	308,099,513	308,099,513
Reserves		47,531,745	47,695,550
		<b>355,631,258</b>	<b>355,795,063</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for long service payments		2,053,401	2,053,401
Bank borrowings – due after one year	12	36,083,497	37,227,947
Obligations under finance leases		438,508	–
		<b>38,575,406</b>	<b>39,281,348</b>
		<b>394,206,664</b>	<b>395,076,411</b>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2014*

	Share capital HK\$	Share premium HK\$	Share option reserve HK\$	Capital redemption reserve HK\$	Translation reserve HK\$	Special reserve HK\$	Retained earnings HK\$	Total HK\$
At 1 April 2013 (Audited)	48,884,268	210,865,965	2,508,119	28,990,000	(2,822,309)	22,454,740	28,044,638	338,925,421
Loss for the period	-	-	-	-	-	-	(8,058,588)	(8,058,588)
Exchange differences arising on translation of foreign operations	-	-	-	-	126,644	-	-	126,644
Total comprehensive expenses for the period	-	-	-	-	126,644	-	(8,058,588)	(7,931,944)
Transfer prior year loss to special reserve	-	-	-	-	-	(5,892,657)	5,892,657	-
At 30 September 2013 (Unaudited)	48,884,268	210,865,965	2,508,119	28,990,000	(2,695,665)	16,562,083	25,878,707	330,993,477
At 1 April 2014 (Audited)	308,099,513	-	4,176,677	-	(2,631,862)	16,562,083	29,588,652	355,795,063
Loss for the period	-	-	-	-	-	-	(156,915)	(156,915)
Exchange differences arising on translation of foreign operations	-	-	-	-	(6,890)	-	-	(6,890)
Total comprehensive expenses for the period	-	-	-	-	(6,890)	-	(156,915)	(163,805)
Transfer prior year loss to special reserve	-	-	-	-	-	(10,314,475)	10,314,475	-
At 30 September 2014 (Unaudited)	308,099,513	-	4,176,677	-	(2,638,752)	6,247,608	39,746,212	355,631,258

## INTERIM FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$	HK\$
Net cash from operating activities	7,679,889	699,375
Net cash used in investing activities	(16,563,150)	(135,439)
Net cash used in financing activities	(1,029,485)	(2,285,558)
Net decrease in cash and cash equivalents	(9,912,746)	(1,721,622)
Cash and cash equivalents at beginning of the period	20,155,720	7,568,603
Effect of foreign exchange rate changes	(28,322)	(209,158)
Cash and cash equivalents at end of the period	10,214,652	5,637,823

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and should be read in conjunction with the 2014 annual financial statements.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014, except for those due to the application of the new and revised Standards, Amendments and Interpretations (collectively the “new and revised HKFRSs”) issued by the HKICPA. The adoption of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the condensed consolidated financial statements of the Group, except HKFRS 9 “Financial Instruments”.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on measurement and classification of the Group’s available-for-sale investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

# INTERIM FINANCIAL INFORMATION

## 3. SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

1. Hotel operation in Hong Kong
2. Hotel operation and serviced property letting in the People's Republic of China, excluding Hong Kong ("PRC")
3. Property investment in Hong Kong
4. Securities investment and trading

### Segment revenues and results

The following is an analysis of the Group's revenue and profit (loss) by operating segments:

	Hotel operation in Hong Kong HK\$	Hotel operation and serviced property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
<b>Six months ended 30 September 2014 (unaudited)</b>					
Revenue	12,854,051	15,219,241	–	–	28,073,292
Segment profit (loss)	4,129,589	5,397,254	(537,466)	(734,344)	8,255,033
Unallocated gains and losses					(26,824)
Unallocated expenses					(8,063,865)
Unallocated finance costs					(549,079)
Share of results of associates					227,820
Loss before taxation					(156,915)
Taxation					–
Loss for the period					(156,915)

## INTERIM FINANCIAL INFORMATION

### 3. SEGMENT INFORMATION (Continued)

	Hotel operation in Hong Kong HK\$	Hotel and serviced operation property letting in PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
Six months ended 30 September 2013 (unaudited)					
Revenue	12,038,299	4,806,614	–	–	16,844,913
Segment profit (loss)	3,417,517	(1,955,445)	(64,398)	3,900,297	5,297,971
Unallocated gains and losses					2,741
Unallocated expenses					(7,971,507)
Unallocated finance costs					(482,226)
Impairment loss on investment properties					(5,100,000)
Share of results of associates					194,433
Loss before taxation					(8,058,588)
Taxation					–
Loss for the period					(8,058,588)

Revenue from external customers by geographical location is analysed below:

	<b>Six months ended 30 September</b>	
	<b>2014 (unaudited) HK\$</b>	2013 (unaudited) HK\$
Hong Kong	<b>12,854,051</b>	12,038,299
PRC	<b>15,219,241</b>	4,806,614
	<b>28,073,292</b>	16,844,913

## INTERIM FINANCIAL INFORMATION

### 4. LOSS BEFORE TAXATION

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	HK\$
Loss before taxation has been arrived at after charging:		
Depreciation	<b>3,682,500</b>	3,807,012
Auditor's remuneration	<b>405,000</b>	433,451
Directors' remuneration and other staff costs		
Salaries, bonus and allowances	<b>6,540,165</b>	5,960,101
Retirement benefits cost	<b>723,614</b>	408,781
	<b>7,263,779</b>	6,368,882
Operating lease rentals in respect of rental premises	<b>3,601,303</b>	3,565,821
Share of taxation of associates (included in share of results of associates)	<b>33,024</b>	26,425
Cost of inventories recognised as an expense	<b>2,336,881</b>	1,783,782
and after crediting:		
Net rental income from properties	<b>12,937,447</b>	914,815

## INTERIM FINANCIAL INFORMATION

### 5. OTHER GAINS AND LOSSES

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	HK\$
Dividend income from listed securities	<b>603,525</b>	453,706
(Decrease) increase in fair value of held-for-trading investments	<b>(1,337,869)</b>	3,446,591
Loss on disposal of property, plant and equipment	<b>(29,942)</b>	–
Bank interest income	<b>2,974</b>	2,534
Other interest income	<b>144</b>	207
Sundry income	<b>–</b>	1,500
	<b>(761,168)</b>	3,904,538

### 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	HK\$
Interest on bank borrowings:		
Wholly repayable within five years	<b>211,306</b>	237,502
Not wholly repayable within five years	<b>324,898</b>	244,724
Interest on finance leases	<b>12,875</b>	–
	<b>549,079</b>	482,226



# INTERIM FINANCIAL INFORMATION

## 7. TAXATION

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or have tax losses to offset the assessable profits for both periods.

No provision for PRC Enterprise Income Tax is required as the subsidiary operating in the PRC has no assessable profits for both periods.

## 8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss for the period of HK\$156,915 (30/09/2013: loss of HK\$8,058,588) and the number of shares as calculated below:

	Six months ended 30 September	
	2014 (unaudited)	2013 (unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	591,410,675	488,842,675
Effect of dilutive potential ordinary shares from share options	168,282	791,400
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>591,578,957</u>	<u>489,634,075</u>

## 9. LOAN TO A JOINT VENTURE

The loan to the joint venture is unsecured, interest-free and has no fixed repayment terms.

The loan is not expected to be repaid within twelve months from the end of the reporting period.

## INTERIM FINANCIAL INFORMATION

### 10. TRADE RECEIVABLES

Included in trade receivables are trade debtors of HK\$445,088 (31/03/2014: HK\$473,318), net of allowance for doubtful debts.

Trade debtors mainly comprise receivables from renting of properties and hotel operation. No credit is allowed to tenants for the use of the Group's properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. 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 the trade debtors based on the invoice date:

	<b>30/09/2014</b> <b>(unaudited)</b> <b>HK\$</b>	31/03/2014 <b>(audited)</b> <b>HK\$</b>
0 - 30 days	<b>221,881</b>	44,239
31 - 60 days	<b>79,048</b>	1,021
Over 60 days	<b>144,159</b>	428,058
	<b>445,088</b>	473,318

### 11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors of HK\$1,501,991 (31/03/2014: HK\$1,484,885).

The following is an aged analysis of the trade creditors based on the invoice date:

	<b>30/09/2014</b> <b>(unaudited)</b> <b>HK\$</b>	31/03/2014 <b>(audited)</b> <b>HK\$</b>
0 - 30 days	<b>388,786</b>	614,023
31 - 60 days	<b>375,888</b>	347,304
Over 60 days	<b>737,317</b>	523,558
	<b>1,501,991</b>	1,484,885

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

## INTERIM FINANCIAL INFORMATION

### 12. BANK BORROWINGS

	<b>30/09/2014</b> <b>(unaudited)</b> <b>HK\$</b>	31/03/2014 (audited) HK\$
Bank borrowings are secured and repayable as follows:		
Within one year	2,920,667	2,888,548
More than one year, but not exceeding five years	25,194,449	25,060,629
More than five years	10,889,048	12,167,318
	<b>39,004,164</b>	40,116,495
Less: Amount due within one year shown under current liabilities	<b>(2,920,667)</b>	(2,888,548)
Amount due after one year	<b>36,083,497</b>	37,227,947

### 13. SHARE CAPITAL

	<b>Number of</b> <b>Shares</b>	<b>HK\$</b>
Issued and fully paid:		
At 31 March 2014 and 30 September 2014		
– ordinary shares with no par value	591,410,675	308,099,513

## INTERIM FINANCIAL INFORMATION

### 14. OPERATING LEASE

The Group as lessee:

At 30 September 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	<b>30/09/2014</b> <b>(unaudited)</b> <b>HK\$</b>	31/03/2014 (audited) HK\$
Within one year	<b>6,391,685</b>	6,497,513
In the second to fifth year inclusive	<b>21,380,738</b>	22,168,675
Over five years	<b>26,498,423</b>	29,126,214
	<b>54,270,846</b>	57,792,402

A subsidiary entered into an agreement with its non-controlling shareholder for the lease of its properties for a period of twenty-eight years at a fixed rent of RMB4,200,000 per year. The lease will expire on 30 September 2024.

The remaining lease is negotiated for a term of two years with fixed rental over the lease term.

## INTERIM FINANCIAL INFORMATION

### 14. OPERATING LEASE (Continued)

The Group as lessor:

At 30 September 2014, the Group had contracted with tenants for the following future minimum lease payments:

	<b>30/09/2014 (unaudited) HK\$</b>	31/03/2014 (audited) HK\$
Within one year	<b>28,638,570</b>	26,357,836
In the second to fifth year inclusive	<b>27,106,435</b>	39,587,126
	<b>55,745,005</b>	65,944,962

The properties have committed tenants for a term of three to five years (31/03/2014: three to five years).

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2014, the interests and short positions of the directors and the Company's chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (a) Long position in the ordinary shares of the Company

Name of director	Number of issued ordinary shares held					Approximate percentage of shareholding in the issued share capital
	Personal interests	Family interests	Corporate interests	Total		
Mr. Deacon Te Ken Chiu	12,491,424	–	108,901,052	121,392,476	(Note 1)	20.53%
Mr. Derek Chiu	17,194,000	–	78,430,299	95,624,299	(Note 2)	16.17%
Madam Chiu Ju Ching Lan	188,000	–	–	188,000		0.03%
Mr. Dick Tat Sang Chiu	12,172,800	–	22,277,033	34,449,833	(Note 3)	5.83%
Ms. Margaret Chiu	676,240	–	5,000,000	5,676,240	(Note 4)	0.96%

#### Notes:

- (1) Of the 108,901,052 shares, (i) 100,939,842 shares were held by various private companies wholly owned by Mr. Deacon Te Ken Chiu of which 72,182,400 shares were held by Achimax Limited; (ii) 295,210 shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited; and (iii) 7,666,000 shares were held by Brentford Investments Inc., a wholly-owned subsidiary of Far East Holdings International Limited. Mr. Deacon Te Ken Chiu is a controlling shareholder of these companies.
- (2) The 78,430,299 shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu.
- (3) The 22,277,033 shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu.
- (4) The 5,000,000 shares were held by a private company wholly owned by Ms. Margaret Chiu.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### (b) Long position in the ordinary shares of associated corporation

Name of director	Nature of interests	Name of associated corporation	Number of issued ordinary shares held	Percentage of issued share capital of associated corporation
Mr. Derek Chiu	Personal Interest	Sino Noble Development Limited	50	50%

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

### (c) Share options of the Company

At an extraordinary general meeting of the Company held on 1 June 2007, an ordinary resolution to approve the adoption of a new share option scheme that complies with the Listing Rules was duly passed by shareholders. Movements of share options held by directors and employees were as follows:

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Category of grantee	Number of share options				Held at 30 September 2014	Exercise price per share HK\$	Grant date	Exercisable period	
	Held at 1 April 2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period				From	To
Executive directors									
Mr. Deacon									
Te Ken Chiu	4,800,000	-	-	-	4,800,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Derek Chiu	4,500,000	-	-	-	4,500,000	0.2498	15/04/2011	15/04/2011	14/04/2021
	4,800,000	-	-	-	4,800,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Ms. Margaret Chiu	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Non-executive directors									
Madam Chiu									
Ju Ching Lan	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Independent non-executive directors									
Mr. Ip Shing Hing	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Ng Wing Hang Patrick	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Choy Wai Shek Raymond	1,000,000	-	-	-	1,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Aggregate for employees	3,000,000	-	-	-	3,000,000	0.2820	30/12/2009	30/12/2009	29/12/2019
	1,000,000	-	-	-	1,000,000	0.2650	24/02/2010	24/02/2010	23/02/2020
	3,000,000	-	-	-	3,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
	<u>34,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,100,000</u>				

No vesting period was required for the above share options granted.

Save as disclosed above, as at 30 September 2014, none of the directors nor the Company's chief executive nor their respective associates had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.



## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as the interests of certain directors disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES", according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the directors of the Company are aware, as at 30 September 2014, the following persons or corporations (other than a director or chief executive of the Company) had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:

#### Long position in the ordinary shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of shareholding in the issued share capital
Achiemax Limited ( <i>Note 1</i> )	Beneficial owner	72,182,400	12.21%
Energy Overseas Ltd. ( <i>Note 2</i> )	Beneficial owner	78,430,299	13.26%
Mr. Chan Tai Keung David	Beneficial owner	77,768,000	13.15%

*Notes:*

- (1) Mr. Deacon Te Ken Chiu is 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, as at 30 September 2014, the Company had not been notified of any persons (other than a director or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the six months ended 30 September 2014, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

### CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2014, except for the following:

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

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

- (b) Code provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting.

The chairman of the Board was unable to attend the Company's annual general meeting held on 2 September 2014 due to other business engagement. However, an executive director who is also the managing director and chief executive of the Company present at the said meeting was elected chairman thereof to ensure an effective communication with the shareholders thereat.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

During the period, the updated information on directors discloseable under Rule 13.51B(1) of the Listing Rules was as follows:

Mr. Choy Wai Shek Raymond, an independent non-executive director, was appointed as independent non-executive director of New Concepts Holdings Limited (stock code: 2221) on 26 August 2014.

Save as disclosed above, none of the directors have any changes in the information required to be disclosed under Rule 13.51B(1) of the Listing Rules during the period.

### AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors, namely Mr. Ng Wing Hang Patrick, Mr. Ip Shing Hing and Mr. Choy Wai Shek Raymond.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed the financial reporting matters, including a review of the unaudited interim financial statements and the interim report for the six months ended 30 September 2014.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Upon a specific enquiry made on them by the Company, all directors of the Company have confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 September 2014.

On behalf of the Board

**Derek Chiu**

*Managing Director and Chief Executive*

Hong Kong, 26 November 2014