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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: 0037)

MAJOR DISPOSAL AND CONNECTED TRANSACTION;

DISCLOSEABLE ACQUISITION AND CONNECTED TRANSACTION; AND

**FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION IN
RELATION TO THE LICENCE AGREEMENT**

THE SPA

After the trading hours on 30 June 2015, the Company and the Purchaser entered into the SPA, pursuant to which, amongst other things, the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Sale Shares for the consideration of HK\$140 million.

The consideration of the Proposed Disposal of HK\$140 million is equivalent to the carrying value of the Sale Shares on the audited financial statements of the Company as at 31 March 2015, which was determined after arm's length negotiation between the parties and with reference to, among others, the carrying value of the Sale Shares on the audited financial statements of the Company as at 31 March 2015, the liquidity of the Sale Shares and the historical dividend payout of Warwick.

The consideration of the Proposed Acquisition and the benefit of the Purchaser's Loan was determined after arm's length negotiation between the parties and with reference to, among others, (i) the audited net liabilities of SABVL as at 31 December 2014 of approximately FJD547,000 (equivalent to approximately HK\$2,035,000); (ii) preliminary valuation of approximately HK\$40.75 million as at 9 May 2015, which represent an increase of approximately HK\$34.24 million when compared to the carrying value of the Properties of FJD1.75 million (equivalent to approximately HK\$6.51 million) as at 31 December 2014; and (iii) the estimated value of the Purchaser's Loan as at the date of this announcement approximately of FJD2,803,000 (equivalent to approximately HK\$10,427,000).

As the Purchaser is controlled by Mr. Dick Chiu, the Purchaser is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the SPA, the Proposed Disposal and the Proposed Acquisition constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, the Licence Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Disposal under the Listing Rules exceed(s) 25% but is less than 75%, the Proposed Disposal constitutes both a non-exempt connected transaction and a major transaction, which shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Acquisition under the Listing Rules exceed(s) 5% but is less than 25%, the Proposed Acquisition constitutes both a non-exempt connected transaction and a discloseable transaction, which shall be subject to the announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser and except for Mr. Dick Chiu) consider that the terms of the SPA, the Proposed Disposal, the Proposed Acquisition have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION IN RELATION TO THE LICENCE AGREEMENT

On 25 June 2015, SABVL entered into the Licence Agreement with the Licensee, pursuant to which SABVL grants a licence to the Licensee to exclusively operate the Resort. Upon Completion, the Licence Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The Licence Agreement is valid for 3 years commencing from 1 September 2015 or from such date when Completion has taken place and all necessary consents described immediately above have been obtained whichever is later.

In consideration for the grant of the licence, the Licensee agrees to pay SABVL a sum of US\$200,000 (equivalent to approximately HK\$1,550,000) exclusive of value added tax per year payable on a quarterly basis under the Licence Agreement in FJD equivalent calculated with reference to the ANZ US dollar/Fiji dollar mid-rate for note exchanges applying on the date of payment and free of any withholding taxes. Should the Licence Agreement not be extended for whatever reason, SABVL agrees to compensate the Licensee the amount of US\$100,000 (equivalent to approximately HK\$775,000).

As all of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the proposed annual caps for the transactions contemplated under the Licence Agreement on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the licence constitutes a de minimis continuing connected transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, annual review requirements and Independent Shareholders' approval required under Chapter 14A of the Listing Rules.

GENERAL

Mr. Dick Chiu has a material interest in the SPA, the Licence Agreement, the Proposed Disposal, the Proposed Acquisition and relevant transactions contemplated therein. As such, Mr. Dick Chiu abstained from voting at the meeting of the Board approving the said transactions accordingly. Save as disclosed, apart from Mr. Dick Chiu and his associates, no other Shareholder will be required to abstain from voting at the EGM on resolutions in relation to the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein.

The Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond) has been established to consider, and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein. An independent financial adviser has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

A circular containing, among others, further details of the SPA, the Licence Agreement, the Proposed Disposal, the Proposed Acquisition, the valuation report of the Properties and the relevant transactions contemplated therein, a letter from the Independent Board Committee and a letter from the independent financial adviser to advise the Independent Board Committee and the independent Shareholders on the terms of the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein, and a notice of the EGM is expected to be despatched to the Shareholders on or before 22 July 2015, as the Company will require more time to prepare the information required for inclusion in the circular.

The SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein are subject to the fulfillment of a number of Conditions Precedent and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

After the trading hours on 30 June 2015, the Company and the Purchaser entered into the SPA, pursuant to which, amongst other things, the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Sale Shares for the consideration of HK\$140 million. Details of the SPA are set out below.

1. THE SPA

Date: 30 June 2015

Parties to the SPA

(1) the Company

(2) Up Mark Limited, as purchaser, is a company incorporated in Hong Kong with limited liability

The Purchaser is principally engaged in investment holding and is wholly and beneficially owned by Mr. Dick Chiu, a non-executive Director. Accordingly, the Purchaser is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Asset to be disposed of

Pursuant to the SPA, the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, free from all encumbrances together with all the accrued benefits and rights attached thereto now or hereafter and including but not limited to all rights to any dividends paid, declared or made after Completion. The Sale Shares represent approximately 16.1% of the entire issued share capital of Warwick as at the date of the SPA.

Further details of Warwick are set out in the paragraph headed “Information on Warwick” below.

Asset to be acquired

Pursuant to the SPA, the Purchaser has conditionally agreed to transfer as part of the consideration of the Proposed Disposal, and the Company has conditionally agreed to acquire, (i) the Rise Vision Shares, free from all encumbrances together with all accrued benefits and rights attached thereto now or hereafter and including but not limited to all rights to any dividends paid, declared or made after the date of the Completion in respect of the Rise Vision Shares; and (ii) the Purchaser’s Loan.

Further details of the consideration and Rise Vision are set out in the paragraph headed “Consideration and payment terms” and “Information on the Rise Vision Group” below.

Consideration and payment terms

The consideration for the Proposed Disposal is HK\$140 million, which shall be satisfied as follows:–

- (i) as to HK\$78 million to be paid by the Purchaser to the Company in cash at Completion;
- (ii) as to HK\$21.25 million to be paid by the issue of the Promissory Notes by the Purchaser to the Company at Completion; and

- (iii) the balance shall be settled by (i) the assignment (at an amount equivalent to its face value) of the benefit of the Purchaser's Loan; and (ii) transfer of the Rise Vision Shares to the Company at Completion.

Conditions Precedent

Completion shall be conditional upon satisfaction or waiver as applicable of each of the following Conditions Precedent:

- (i) the passing of the required resolution(s) by the Independent Shareholders pursuant to the requirements of the Listing Rules approving the SPA, the Licence Agreement, and the transactions contemplated thereunder;
- (ii) all the representations and warranties given by the Company in the SPA remaining true and accurate and not misleading in all material respects and remaining so from the date of the SPA up to Completion;
- (iii) the Company having obtained a legal opinion issued by a firm of lawyers qualified to practise laws in Fiji in such form and substance to the satisfaction of the Company covering such matters in relation to the transactions contemplated under the SPA and the Licence Agreement, including but not limited to whether Rise Vision's title in the equity interest of SABVL, direct or indirect, in the Leasehold Land together with the structure and buildings erected thereon currently operating as the Resort is valid and legally enforceable, and the enforceability of the Licence Agreement;
- (iv) save and except for the Consent from iTaukei Land Trust Board required under the SPA and the Approvals, all necessary Consents in relation to the transactions contemplated under the SPA and the Licence Agreement having been obtained by the Company, including but not limited to such Consents (if appropriate or required) of the Stock Exchange and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the SPA having been made and/or obtained;
- (v) no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Shares, the Rise Vision Shares and the assignment of the Purchaser's Loan;
- (vi) all the representations and warranties given by the Purchaser in the SPA being true and accurate in all material respects and remaining so from the date of the SPA up to Completion;
- (vii) all necessary Consents in relation to the transactions contemplated under the SPA having been obtained by the Purchaser and the Rise Vision Group, including but not limited to and any irrevocable waiver of pre-emptive rights and any other restrictions on the transfer of the Sale Shares, the Rise Vision Shares and the assignment of the Purchaser's Loan and such and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, Fiji or elsewhere which are required or appropriate for the entering into and the implementation of the SPA or the Licence Agreement having been made and/or obtained; and

(viii) the Purchaser having executed the Deed of Assignment (in the form and substance satisfactory to the Company) in relation to the assignment of loan due and owing from SABVL to Coral Surf Resort Limited.

The Company shall (insofar as it is within its power to do so) use its best endeavors to procure the fulfilment of conditions (i) to (iv) set out above as soon as practicable after the signing of the SPA and in any event before the Long Stop Date. The Purchaser may waive in writing condition (ii) set out above at its own discretion.

The Purchaser shall (insofar as it is within its power to do so) use its best endeavors to procure the fulfilment of conditions (v) to (viii) set out above as soon as practicable after the signing of the SPA and in any event before the Long Stop Date. The Company may waive in writing condition (vi) set out above at its own discretion.

Each of the Company and the Purchaser undertakes to inform the other party as soon as possible on the fulfilment of the any of the Conditions Precedent and on its part to be fulfilled; and further undertakes to disclose in writing to the other of them anything which will or may prevent the any of the Conditions Precedent from being fulfilled at or prior to Completion, as applicable, upon it becoming aware of such a situation.

If any of the Conditions Precedent shall not have been fulfilled or waived (as the case may be) in accordance with the SPA on or before the Long Stop Date, the SPA shall cease and determine (save and except for clauses relating to, among others, confidentiality, notice and governing laws which shall continue to have full force and effect). Neither party to the SPA shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date which shall fall on the fifth (5th) Business Day after the fulfilment or waiver (as the case may be) of last of the Conditions Precedent or such other date as the Company and the Purchaser may agree in writing.

Indemnity

The Purchaser shall indemnify the Company and (subject to Completion having occurred) the Rise Vision Group against any loss, damage, reasonable cost or expense suffered or properly incurred by the Company and (subject to Completion having occurred) the Rise Vision Group arising directly or indirectly from the breach of any representations and warranties of the Purchaser or any other terms of the SPA. The maximum aggregate amount of liability of the Purchaser in respect of the aggregate of all claims under the SPA shall not exceed HK\$40.75 million, and such claims by the Company shall have been made within 24 months after the Completion Date.

Undertaking

The Purchaser undertakes, among others,

- (i) as soon as practicable and in any event within 60 days after the Completion Date that the Purchaser will deliver to the Company a copy of the Completion Accounts certified by a director of the Purchaser as true and complete, and further undertakes to assist the Company and the Rise Vision Group in the carrying out of the following acts of the Rise Vision Group:
 - (a) to terminate, novate or assign all employment contracts entered into by the Rise Vision Group;
 - (b) to terminate, novate or assign all other contracts entered into by the Rise Vision Group save for the Licence Agreement or agreement relating to any administrative arrangements;
 - (c) to transfer to the nominee of the Licensee the hotel licence of the Resort;
 - (d) to transfer to the nominee of the Licensee the liquor licence of the Resort in the event that the currently named licence holder is no longer employed at the Resort following Completion; and
 - (e) to do all such acts, sign all such documents and take all such necessary steps,such that the Rise Vision Group shall no longer operate the management of the Resort nor own any hotel business, and the principal activities of Rise Vision shall be investment holding and those of SABVL shall be property holding only;
- (ii) during the term of the Licence Agreement, procure the Licensee to pay to the third party authorities all costs and expenses incurred by SABVL in connection with its capacity as owner of the leasehold right of the Leasehold Land and improvements of the Resort, including but not limited to all payments payable under the Land Lease, building insurance, real estate taxes and all other similar expenses relating to ownership of the leasehold right of the Leasehold Land and improvements of the Resort. In the event of default by the Licensee, the Purchaser agrees to make such payment to the Company. Such payment shall be payable by the Purchaser upon written demand from the Company; and
- (iii) within 60 days after Completion, procure the transfer of the 1 share in SABVL held by Ms. Chiu to the entity nominated by the Company, and shall procure approval from the Reserve Bank of Fiji, capital gains tax certificate from the Fiji tax authority and all other necessary Consents be obtained prior to the expiry of 60 days after Completion.

Promissory Notes

Subject to the fulfillment or waiver (as the case may be) of all the Conditions Precedent, the Purchaser will settle part of the consideration of the Proposed Disposal by the issuance of the Promissory Notes. The principal terms of which are summarised as follows:

Issuer:	The Purchaser
Aggregate principal amount:	HK\$21.25 million
Issue date:	Completion Date
Maturity Dates of the tranches:	The Purchaser shall pay the Company in four promissory notes with outstanding principal amounts of HK\$6 million, HK\$6 million, HK\$6 million and HK\$3.25 million by no later than 31 December 2016, 31 December 2017, 31 December 2018 and 30 June 2019 (the “ Maturity Dates ”), respectively
Interest:	1.5% per annum, accrued from a day to day on a 360 days/year basis with interest payable on the outstanding principal in respect of each interest period of 6 months commencing from Completion
Transferability:	The holder of the Promissory Notes may assign or transfer in whole or in part of its outstanding principal amount at any time before the Maturity Dates
Events of default:	<p>If any of the events specified below occurs, the Promissory Notes shall, at the option of the holder of the Promissory Notes, become immediately due and payable in full by the Purchaser. The relevant events of default are:</p> <ul style="list-style-type: none">(a) the Purchaser defaults in the performance, observance or compliance with any of its material obligations set out in the Promissory Notes (including, without limitation, default in the payment of the principal on or before the Maturity Dates) which default is incapable of being remedied or, if capable of being remedied, is not remedied within 14 Business Days after notice of such default is given by the holder of the Promissory Notes to the Purchaser;(b) an encumbrancer takes possession or a receiver, a manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Purchaser;(c) the Purchaser becomes bankrupt;

- (d) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the bankruptcy of the Purchaser; or
- (e) a moratorium is agreed or declared in respect of any indebtedness of the Purchaser or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Purchaser.

INFORMATION ON WARWICK

Warwick is principally engaged in investment holding, hotel investment and operation mainly in Europe and the United States, and the target of the Proposed Disposal.

The carrying value of the Sale Shares on the audited financial statement of the Group as at 31 March 2015 is HK\$140 million.

INFORMATION ON THE RISE VISION GROUP

Rise Vision is an investment holding company incorporated in Hong Kong with limited liability.

As at the date of this announcement, Rise Vision and Ms. Chiu respectively owns as to 99.9996% and 0.0004% of SABVL which in turn holds the Properties. The Properties comprise (i) the Leasehold Land; and (ii) together with the structure and buildings erected thereon currently operating as the Resort. Based on the preliminary valuation prepared by an independent valuer using the direct comparison approach, the Properties are valued at approximately HK\$40.75 million as at 9 May 2015.

As at the date of this announcement, the Leasehold Land comprises all that piece or parcel of land described as Nasausau & Raramakawa Lot 1 & 2 on N1825 of Tikina Korolevuiwai in Province Nadroga/Navosa, Fiji with an area of approximately 71,202 sq.m. on which the Resort accommodating 25 beachfront and garden villas, and a manager's residence is erected.

Key specifications of the Resort are as follows:

Name of the Resort	:	Tambua Sands Beach Resort
Number of villas	:	25 beachfront and garden villas, and a manager residence
Facilities	:	A Fijian restaurant and bar, a freshwater swimming pool, kayaking & snorkelling facilities and equipment, a meeting room and 10 car parks

Rise Vision was incorporated on 7 November 2014. Rise Vision acquired 99.9996% interest in SABVL on 16 June 2015. No consolidated financial statements have been prepared for Rise Vision since its incorporation. Please find below the unaudited financial results of Rise Vision for the period from 7 November 2014 to 31 March 2015 as follows:

**For the period from
7 November 2014 to
31 March 2015
(unaudited)
HK\$**

Net profit before tax	–
Net profit after tax	–

The unaudited net assets of Rise Vision as at 31 March 2015 were approximately HK\$975,000. As SABVL will remain as a subsidiary of Rise Vision and will become an indirect subsidiary of the Company upon Completion, below are the audited financial results of SABVL for the latest two financial years:

**For the year ended
31 December**

	2014	2013
	(audited)	(audited)
	<i>FJD</i>	<i>FJD</i>

Net loss before tax	(230,358)	(94,460)
Net loss after tax	(230,358)	(94,460)

The audited net liabilities of SABVL as at 31 December 2014 were approximately FJD547,000 (equivalent to approximately HK\$2,035,000). The estimated value of the Purchaser's Loan is approximately FJD2,803,000 (equivalent to approximately HK\$10,427,000) as at the date of this announcement. The Company has engaged an independent valuer to conduct valuation on the Properties with preliminary valuation of approximately HK\$40.75 million as at 9 May 2015.

As advised by the Purchaser, the paid-in capital of the total issued share capital of Rise Vision was HK\$975,000.

Consideration

The consideration of the Proposed Disposal of HK\$140 million was determined after arm's length negotiation between the parties and with reference to, among others, the carrying value of the Sale Shares on the audited financial statements of the Company as at 31 March 2015, the liquidity of the Sale Shares and the historical dividend payout of Warwick. The consideration of the Proposed Disposal is equivalent to the carrying value of the Sale Shares on the audited financial statements of the Company as at 31 March 2015.

The consideration of the Proposed Acquisition and the benefit of the Purchaser's Loan was determined after arm's length negotiation between the parties and with reference to, among others, (i) the audited net liabilities of SABVL as at 31 December 2014 of approximately FJD547,000 (equivalent to approximately HK\$2,035,000); (ii) preliminary valuation of approximately HK\$40.75 million as at 9 May 2015, which represent an increase of approximately HK\$34.24 million when compared to the carrying value of the Properties of FJD1.75 million (equivalent to approximately HK\$6.51 million) as at 31 December 2014; and (iii) the estimated value of the Purchaser's Loan as at the date of this announcement approximately of FJD2,803,000 (equivalent to approximately HK\$10,427,000).

Financial impact on the Group and use of proceeds

The Group expects there will be no material gain or loss arising from the Proposed Disposal, being the difference between (i) the consideration of the Proposed Disposal; and (ii) the audited carrying value of the Sale Shares of HK\$140 million as at 31 March 2015.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the Sale Shares upon Completion and the actual costs and expenses associated with the Proposed Disposal.

The estimated net proceeds of approximately HK\$74 million from the Proposed Disposal, after deducting the relevant transaction costs and expenses, will be used by the Group in the following manner:

- (i) as to HK\$48 million will be used for developing the existing businesses of the Group, including but not limited to property investment; and enhancing its brand through renovation of hotels and office premises held by the Group and media promotion. The Group also continues to seek for business opportunities to broaden its income stream;
- (ii) as to HK\$16 million will be used for repayment of the bank borrowings of the Group; and
- (iii) as to HK\$10 million will be used for general working capital of the Group.

2. FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION IN RELATION TO THE LICENCE AGREEMENT

On 25 June 2015, SABVL entered into the Licence Agreement with the Licensee, pursuant to which SABVL grants a licence to the Licensee to exclusively operate the Resort. Upon Completion, the Licence Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Licence Agreement is subject to Completion and obtaining all necessary consents necessary for the Licensee to operate the Resort including but not limited to:

- (i) the prior written consent of the relevant authorities including the iTaukei Land Trust Board, if necessary, for the Licence Agreement,
- (ii) the consent to the transfer of relevant licences/permits necessary to ensure the continuation of the Resort operations by the Licensee (not limited to the hotel licence or the liquor licence, if necessary),
- (iii) the consent of SABVL's employees to any transfer of employment, and
- (iv) the consent of entities currently contracted to the SABVL to provide services, materials or supplies to the Resort,

on conditions acceptable to both parties.

The Licence Agreement is valid for 3 years commencing from 1 September 2015 or from such date when Completion has taken place and all necessary consents described immediately above have been obtained whichever is later. The Licensee has the right to renew the Licence Agreement for another consecutive 3 years at not less than 4 months' notice provided that the entire term of the Licence Agreement as renewed shall not be more than 25 years, unless it is terminated earlier or extended by mutual agreement, and provided that such renewal is in compliance with the Listing Rules. Any proposed renewal of the Licence Agreement is accordingly subject to the relevant requirements under the Listing Rules including the Shareholders' approval (when required).

In consideration for the grant of the licence, the Licensee agrees to pay SABVL a sum of US\$200,000 (equivalent to approximately HK\$1,550,000) exclusive of value added tax per year payable on a quarterly basis under the Licence Agreement in FJD equivalent calculated with reference to the ANZ US dollar/Fiji dollar mid-rate for note exchanges applying on the date of payment and free of any withholding taxes. Should the Licence Agreement not be extended for whatever reason, SABVL agrees to compensate the Licensee the amount of US\$100,000 (equivalent to approximately HK\$775,000).

The Licensee shall receive all monies and income of any kind derived directly or indirectly from the Resort or from the use thereof including the proceeds of any use and occupancy insurance or business interruption insurance.

The Licensee has irrevocably and unconditionally undertaken to, during the term of the Licence Agreement, pay to relevant third party authorities all costs and expenses incurred by SABVL in connection with its capacity as owner of the leasehold right of the land and improvements of the Resort, including but not limited to all payments payable under the land lease, building insurance, real estate taxes and all other similar expenses relating to ownership of the leasehold right and improvements of the Resort.

As all of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the proposed annual caps for the transactions contemplated under the Licence Agreement on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the licence constitutes a de minimis continuing connected transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, annual review requirements and Independent Shareholders' approval required under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As the Purchaser is controlled by Mr. Dick Chiu, the Purchaser is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Therefore, the SPA, the Proposed Disposal and the Proposed Acquisition constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, the Licence Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Disposal under the Listing Rules exceed(s) 25% but is less than 75%, the Proposed Disposal constitutes both a non-exempt connected transaction and a major transaction, which shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Acquisition under the Listing Rules exceed(s) 5% but is less than 25%, the Proposed Acquisition constitutes both a non-exempt connected transaction and a discloseable transaction, which shall be subject to the announcement and Independent Shareholders' approval requirements under the Listing Rules.

As all of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the proposed annual caps for the transactions contemplated under the Licence Agreement on an annual basis is less than 5% and the total consideration is less than HK\$3,000,000, the licence constitutes a de minimis continuing connected transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, annual review requirements and Independent Shareholders' approval required under Chapter 14A of the Listing Rules.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser and except for Mr. Dick Chiu) consider that the terms of the SPA, the Proposed Disposal, the Proposed Acquisition have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA AND THE LICENCE AGREEMENT

The Group is principally engaged in hotel operation, property rental, securities trading and investment holding. As disclosed in the result announcement of the Company for the year ended 31 March 2015, the Group has from time to time seek for further business opportunities that can provide investment potential and broaden the income base of the Group. As at the date of this announcement, the Company holds approximately 16.1% of the issued shares of Warwick as an unlisted equity investment and has no involvement over its business and operations. The Company did not receive dividends from Warwick for at least the past 26 years. The Board considers that the Proposed Disposal will allow the Group to realize the Sale Shares and allocate proceeds from the Proposed Disposal to other investment opportunities and improve the financial position of the Group.

Based on the statistics as released by Fiji Bureau of Statistics in June 2014, the annual turnover generated by the hotel business in Fiji has been on an increasing trend since 2002 to 2013, with annual turnover of approximately FJD847.14 million (equivalent to approximately HK\$3,151.36 million) in 2013, representing an increase of approximately 6.9% as compared to the same period in 2012. Taking into account of the prospect of the Fijian hotel industry, the Board considers that the Proposed Acquisition will enhance the international competitiveness of the Group through seizing the real estate and leisure opportunities in Fiji provided by SABVL's ownership of the Leasehold Land and the Resort, and the Licence Agreement will provide the Group with fixed income return to diversify and broaden the income source of the Group.

Accordingly, the Proposed Disposal and the Proposed Acquisition allow the Group to capture investment opportunities while at the same time provides the Group with additional working capital.

GENERAL

Mr. Dick Chiu has a material interest in the SPA, the Licence Agreement, the Proposed Disposal, the Proposed Acquisition and relevant transactions contemplated therein. As such, Mr. Dick Chiu abstained from voting at the meeting of the Board approving the said transactions accordingly. Save as disclosed, apart from Mr. Dick Chiu and his associates, no other Shareholder will be required to abstain from voting at the EGM on resolutions in relation to the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein.

The Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond) has been established to consider, and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein. An independent financial adviser has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

A circular containing, among others, further details of the SPA, the Licence Agreement, the Proposed Disposal, the Proposed Acquisition, the valuation report of the Properties and the relevant transactions contemplated therein, a letter from the Independent Board Committee and a letter from the independent financial adviser to advise the Independent Board Committee and the independent Shareholders on the terms of the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein, and a notice of the EGM is expected to be despatched to the Shareholders on or before 22 July 2015.

The SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein are subject to the fulfillment of a number of Conditions Precedent and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Approvals”	the consents and approvals held by the Rise Vision Group in relation to operation of the Resort
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business during their normal business hours
“Company”	Far East Hotels and Entertainment Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares under the SPA in accordance with the terms and conditions set out therein
“Completion Accounts”	the unaudited consolidated balance sheet of Rise Vision as at the Completion Date and the unaudited consolidated statement of comprehensive income for the period commencing from 1 January 2015 and ending on the Completion Date
“Completion Date”	the date on which Completion takes place

“Conditions Precedent”	the respective conditions precedent to Completion as set out in the SPA
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consent”	includes any consent, licence, approval, authorisation, permission, filing, registration, certificate, waiver, order or exemption; and in relation to the Rise Vision Group, includes without limitation the Approvals
“Deed of Assignment”	the deed of assignment in respect of the Purchaser’s Loan to be made between the Purchaser and the Company in such form and substance to be agreed
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, among others, the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein
“FJD”	Fijian dollars, the lawful currency of Fiji
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond) established for the purpose of considering and advising the Independent Shareholders in connection with the SPA, the Proposed Disposal, the Proposed Acquisition and the relevant transactions contemplated therein
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Land Lease”	a lease in respect of Leasehold Land dated 3 July 2012 and registered on 11 September 2012 entered between iTaukei Land Trust Board and SABVL
“Leasehold Land”	the land use right of approximately 71,202 sq.m. at Nasausau & Raramakawa Lot 1 & 2 on N1825 of Tikina Korolevuiwai in Province Nadroga/Navosa, Fiji

“Licensee”	Silver Autumn Tokatoka Hotel Limited, a company incorporated in Fiji with limited liability controlled by Mr. Dick Chiu and the licensee in the Licence Agreement
“Licence Agreement”	a licence to operate agreement dated 25 June 2015 entered into by SABVL as leaseholder and the Licensee for the licence of the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2015 or such later date as maybe agreed between the Company and the Purchaser
“Maturity Dates”	has the meaning as set out on page 8 of this announcement
“Mr. Dick Chiu”	Mr. Dick Tat Sang Chiu is a non-executive Director and a connected person of the Company. Mr. Dick Tat Sang Chiu is also interested in 24,449,833 Shares (in which 22,277,033 Shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu), representing approximately 4.09% of the issued share capital of the Company as at the date of this announcement
“Ms. Chiu”	Ms. Clare Annabelle Chiu, the daughter of Mr. Dick Chiu
“PRC”	the People’s Republic of China, which for the purpose of this announcement (unless otherwise indicated) excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Properties”	being the Leasehold Land and together with the structure and buildings erected thereon currently operating as the Resort
“Purchaser”	Up Mark Limited, a company incorporated in Hong Kong with limited liability and wholly controlled by Mr. Dick Chiu
“Purchaser’s Loan”	the amount due and owing by SABVL and/or Rise Vision to the Purchaser immediately prior to Completion
“Promissory Notes”	the four transferrable promissory notes of an aggregate principal amount of HK\$21.25 million to be issued by the Purchaser as part payment of the consideration of the Proposed Disposal to the Company with an interest rate of 1.5% per annum which shall be due as to HK\$6 million on or before 31 December 2016, as to HK\$6 million on or before 31 December 2017, as to HK\$6 million on or before 31 December 2018 and the remaining HK\$3.25 million on or before 30 June 2019

“Proposed Acquisition”	the proposed acquisition of the Rise Vision Shares and the Purchaser’s Loan by the Company from the Purchaser as contemplated under the SPA
“Proposed Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser as contemplated under the SPA
“Resort”	the hotel named Tambua Sands Beach Resort and situated at Queen’s Road, P.O. Box 100, Korolevu, Coral Coast, Viti Levu, Fiji
“Rise Vision”	Rise Vision Limited, a company incorporated in Hong Kong with limited liability and the target of the Proposed Acquisition
“Rise Vision Group”	Rise Vision and SABVL
“Rise Vision Shares”	100,000 shares representing the entire issued share capital of Rise Vision as at the date of the SPA and at Completion
“SABVL”	Silver Autumn Beach Villa Limited, a company incorporated in Fiji with limited liability and is held as to 99.9996% by Rise Vision and as to 0.0004% by Ms. Chiu as at the date of this announcement, and leaseholder under the Licence Agreement
“Sale Shares”	1,380,299 ordinary shares with par value of US\$1 each of Warwick are held by the Company, representing approximately 16.1% of the total issued share capital of Warwick, which have been fully paid or credited as fully paid
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the sale and purchase agreement dated 30 June 2015 entered into between the Company and the Purchaser in respect of the Proposed Disposal and the Proposed Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US\$”	United States dollars, the lawful currency of the United States
“Warwick”	Warwick Holdings S.A., a company incorporated in Luxembourg and the target of the Proposed Disposal

“%” per cent.

“sq.m.” square metre

For the purpose of this announcement, the exchange rates of FJD1.00 = HK\$3.72 and US\$1.00 = HK\$7.75 have been used for currency translation, where applicable. Such exchange rates are for illustrative purposes and do not constitute representations that any amount in HK\$ or FJD or US\$ has been, could have been or may be converted at such a rate.

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

Hong Kong, 30 June 2015

As at the date of this announcement, the executive Directors are Mr. Deacon Te Ken Chiu (deceased), Mr. Derek Chiu and Ms. Margaret Chiu; the non-executive Directors are Ms. Chiu Ju Ching Lan and Mr. Dick Chiu; the independent non-executive Directors are Mr. Ip Shing Sing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond.