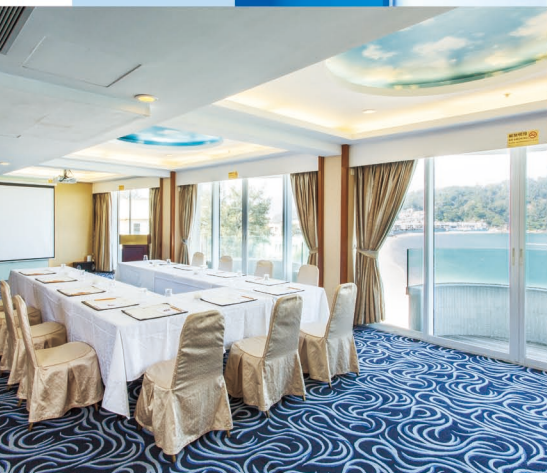




Far East Hotels and Entertainment Limited

Stock Code : 37

INTERIM REPORT 2015



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	11-22
Additional Information Required By Listing Rules	23-28

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

CORPORATE INFORMATION

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Derek Chiu, B.A.

(Managing Director and Chief Executive)

Margaret Chiu, LL.B.

Alex Chiu, B.Sc.

(appointed on 1 September 2015)

Amanda Chiu, B.A.

(appointed on 1 September 2015)

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

Independent 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 and 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/web/service/00037

MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

OVERALL RESULTS

For the six months ended 30 September 2015, Far East Hotels and Entertainment Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded an unaudited consolidated net loss attributable to shareholders of HK\$9,835,872 (2014: net loss of HK\$156,915).

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 2015 (2014: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

For the six months ended 30 September 2015, the Group recorded total revenue of approximately HK\$25.7 million (2014: HK\$28.1 million) and a gross profit of approximately HK\$5.6 million (2014: HK\$9 million), representing decreases of approximately 8.3% and 37.7 % respectively.

For the period under review, the Cheung Chau Warwick Hotel recorded a total revenue of approximately HK\$10.8 million (2014: HK\$12.9 million) contributing a profit of approximately HK\$2.4 million (2014: HK\$4.1 million). The guest rooms department and the food and beverage department recorded decreases in revenue of approximately 19% and 11% respectively. The decrease in room revenue was mainly due to the recent slowdown in the tourism market in Hong Kong. In addition, the strong Hong Kong dollars against other foreign currencies further weakened the spending power of the visiting tourists.

The serviced property in Beijing recorded a revenue of approximately HK\$14.4 million (2014: HK\$15.2 million) and a profit of approximately HK\$3.1 million (2014: HK\$5.4 million), representing decreases of approximately 5.4% and 41.2% respectively. Despite the economic slowdown in the mainland China, the rental revenue of the serviced property remained stable.

For securities investment and trading, the Group recorded a loss of approximately HK\$2.7 million (2014: HK\$0.7 million), which included a decrease of approximately HK\$3 million (2014: HK\$1.3 million) in fair value of held-for-trading investments.

MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

The Company disposed of the entire available-for-sale investments during the period for a consideration of HK\$140,000,000 which was satisfied by the purchaser (i) by HK\$78 million in cash; (ii) through the issuance of the promissory notes of HK\$21.25 million; (iii) by the assignment of the benefit of the purchaser's loan and the transfer of the entire issued share capital of Rise Vision Limited to the Company. Rise Vision Limited owns Silver Autumn Beach Villa Limited which in turn holds properties in Fiji. The properties are classified as investment properties. Details of this transaction are disclosed in the Company's announcement and circular dated 30 June 2015 and 22 July 2015 respectively.

The market conditions are expected to be challenging in the near future. The management will closely monitor and actively react to any changes as they arise. The Group will also from time to time seek business opportunities that can provide investment potential and broaden the income base of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 September 2015, The Group had bank balances and cash of HK\$80,279,200 (31/03/2015: HK\$1,211,943) and pledged bank deposits of HK\$2,118,000 (31/03/2015: HK\$2,118,000).

At 30 September 2015, there were outstanding bank loans and utilised overdraft facilities of HK\$36,084,447 (31/03/2015: HK\$38,716,654) and unutilised overdraft facilities of HK\$6,000,000 (31/03/2015: HK\$4,511,000) available to the Group.

At 30 September 2015, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 30 September 2015 amounted to approximately HK\$279 million (31/03/2015: approximately HK\$288 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) at 30 September 2015 is 13% (31/03/2015: 13%).

CHARGES OVER ASSETS OF THE GROUP

At 30 September 2015, certain property, plant and machinery and bank deposit with an aggregate carrying value of approximately HK\$35.2 million (31/03/2015: approximately 35 million) are secured for the Group's bank borrowings and overdrafts.

MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

CONTINGENT LIABILITIES

At 30 September 2015, the Company has issued financial guarantees of HK\$18,000,000 (31/03/2015: HK\$18,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$15,436,800 (31/03/2015: HK\$15,436,800) has been utilised by its subsidiaries.

CAPITAL COMMITMENTS

At 30 September 2015, the Group had no significant capital commitments (31/03/2015: HK\$551,800).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 14 August 2015, the Group acquired the entire issued share capital of Rise Vision Limited at a consideration of HK\$40,750,000 as part of the consideration of the disposal of available-for-sale investments. Rise Vision Limited owns Silver Autumn Beach Villa Limited which in turn holds properties in Fiji. The properties are classified as investment properties. Details of this transaction are disclosed in the Company's announcement and circular dated 30 June 2015 and 22 July 2015 respectively.

EMPLOYEES AND REMUNERATION POLICIES

At 30 September 2015, the Group had approximately 70 employees (31/03/2015: 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 2015

		Six months ended 30 September	
		2015	2014
		(unaudited)	(unaudited)
		HK\$	HK\$
	Notes		
Revenue	3	25,730,981	28,073,292
Cost of sales		(20,126,854)	(19,081,237)
Gross profit		5,604,127	8,992,055
Other gains and losses	5	(2,465,941)	(761,168)
Decrease in fair value of investment properties		(828,417)	–
Administrative expenses		(11,833,205)	(8,063,865)
Finance costs	6	(513,098)	(549,079)
Share of results of associates		204,340	227,820
Share of results of a joint venture		(3,678)	(2,678)
Loss before taxation		(9,835,872)	(156,915)
Taxation	7	–	–
Loss for the period attributable to owners of the Company		(9,835,872)	(156,915)
Other comprehensive expenses			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,427,235)	(6,890)
Total comprehensive expenses for the period attributable to owners of the Company		(11,263,107)	(163,805)
		HK Cents	HK Cents
Loss per share	8		
– Basic		(1.63)	(0.03)
– Diluted		(1.63)	(0.03)

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		77,644,984	75,280,739
Deposits for acquisition of property, plant and machinery		–	624,800
Investment properties		113,751,392	74,084,976
Interests in associates		523,215	318,875
Interest in a joint venture		14,443,941	14,447,619
Loan to a joint venture	9	8,179,480	8,178,303
Promissory notes receivable		21,250,000	–
Available-for-sale investments		–	140,000,000
Paintings		3,921,217	3,921,217
		239,714,229	316,856,529
CURRENT ASSETS			
Held-for-trading investments		12,832,810	19,026,811
Inventories		522,858	494,955
Trade receivables	10	599,718	4,728,804
Other receivables, deposits and prepayments		1,427,578	1,415,025
Pledged bank deposits		2,118,000	2,118,000
Bank balances and cash		80,279,200	1,211,943
		97,780,164	28,995,538

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2015

	Notes	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
CURRENT LIABILITIES			
Trade and other payables and accruals	11	4,585,006	8,031,468
Receipts in advance		12,092,328	–
Deposits received		583,087	354,313
Amounts due to directors		201,640	–
Amounts due to associates		275,381	105,381
Amounts due to related companies		722,576	737,441
Amount due to a non-controlling shareholder		1,279,240	6,880,444
Bank borrowings – due within one year	12	2,984,476	17,745,838
Bank overdrafts		–	1,488,572
Obligations under a finance lease		129,757	125,945
		22,853,491	35,469,402
NET CURRENT ASSETS (LIABILITIES)			
		74,926,673	(6,473,864)
		314,640,902	310,382,665
CAPITAL AND RESERVES			
Share capital	13	310,764,913	308,795,513
Reserves		(31,586,134)	(20,323,027)
		279,178,779	288,472,486
NON-CURRENT LIABILITIES			
Provision for long service payments		2,053,401	2,053,401
Obligations under a finance lease		308,751	374,534
Bank borrowings – due after one year	12	33,099,971	19,482,244
		35,462,123	21,910,179
		314,640,902	310,382,665

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital HK\$	Share option reserve HK\$	Translation reserve HK\$	Special reserve HK\$	Retained earnings HK\$	Total HK\$
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)
Eliminate the Company's prior year loss against 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
At 1 April 2015 (Audited)	308,795,513	3,512,531	(2,633,252)	6,247,608	(27,449,914)	288,472,486
Loss for the period	-	-	-	-	(9,835,872)	(9,835,872)
Exchange differences arising on translation of foreign operations	-	-	(1,427,235)	-	-	(1,427,235)
Total comprehensive expenses for the period	-	-	(1,427,235)	-	(9,835,872)	(11,263,107)
Shares issued upon exercise of share options	1,969,400	-	-	-	-	1,969,400
Eliminate the Company's prior year loss against special reserve	-	-	-	(6,247,608)	6,247,608	-
At 30 September 2015 (Unaudited)	310,764,913	3,512,531	(4,060,487)	-	(31,038,178)	279,178,779

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (unaudited) HK\$	2014 (unaudited) HK\$
Net cash from operating activities	12,402,461	7,679,889
Net cash from (used in) investing activities	68,229,512	(16,563,150)
Net cash from (used in) financing activities	405,830	(1,029,485)
Net increase (decrease) in cash and cash equivalents	81,037,803	(9,912,746)
Cash and cash equivalents at beginning of the period	(276,629)	20,155,720
Effect of foreign exchange rate changes	(481,974)	(28,322)
Cash and cash equivalents at end of the period	80,279,200	10,214,652

INTERIM FINANCIAL INFORMATION

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 2015 annual financial statements.

The financial information relating to the year ended 31 March 2015 that is included in the Half-year Interim Report 2015 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor has reported on those financial statements. The independent auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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 2015, 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 HKFRSs that have been issued but are not yet effective.

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

In July 2014, HKFRS 15 *Revenue from Contracts with Customers* was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the accounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practical to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Group's financial performance and the Group's financial position for the future and/or on the disclosures set out in the financial statements of the Group.

3. SEGMENT INFORMATION

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

1. Hotel operation in Hong Kong
2. 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

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

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\$	Served property letting in the PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
Six months ended					
30 September 2015 (unaudited)					
Revenue	10,772,748	14,398,993	559,240	–	25,730,981
Segment profit (loss)	2,438,238	3,123,599	(789,805)	(2,703,411)	2,068,621
Unallocated gains and losses					237,470
Unallocated expenses					(11,833,205)
Unallocated finance costs					(513,098)
Share of results of associates					204,340
Loss before taxation					(9,835,872)
Taxation					–
Loss for the period					(9,835,872)

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Hotel operation in Hong Kong HK\$	Serviced property letting in the PRC HK\$	Property investment in Hong Kong HK\$	Securities investment and trading HK\$	Total HK\$
Six months ended					
30 September 2014 (unaudited)					
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)

Revenue from external customers by geographical location is analysed below:

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$	HK\$
Hong Kong	11,331,988	12,854,051
PRC	14,398,993	15,219,241
	25,730,981	28,073,292

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$	HK\$
Loss before taxation has been arrived at after charging:		
Depreciation	6,148,073	3,682,500
Auditor's remuneration	405,000	405,000
Directors' remuneration and other staff costs		
Salaries, bonus and allowances	6,394,799	6,540,165
Retirement benefits cost	301,613	723,614
	6,696,412	7,263,779
Operating lease rentals in respect of rental premises	3,104,480	3,601,303
Share of taxation of associates (included in share of results of associates)	40,375	33,024
Cost of inventories recognised as an expense	1,951,238	2,336,881
and after crediting:		
Net rental income from properties	12,736,980	12,937,447

INTERIM FINANCIAL INFORMATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$	HK\$
Dividend income from listed securities	262,690	603,525
Decrease in fair value of held-for-trading investments	(2,966,101)	(1,337,869)
Loss on disposal of property, plant and equipment	(7,002)	(29,942)
Bank interest income	2,729	2,974
Other interest income	41,752	144
Sundry income	199,991	–
	(2,465,941)	(761,168)

6. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
	HK\$	HK\$
Interest on bank borrowings:		
Wholly repayable within five years	205,475	211,306
Not wholly repayable within five years	293,759	324,898
Interest on finance leases	13,864	12,875
	513,098	549,079

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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\$9,835,872 (2014: loss of HK\$156,915) and the number of shares as calculated below:

	Six months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	602,110,675	591,410,675

The computation of the diluted loss per share for both periods does not assume the exercise of the Company's share options because this would result in a decrease in the loss per share.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

Included in trade receivables are trade debtors of HK\$599,718 (31/03/2015: HK\$4,728,804), 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:

	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
0-30 days	443,073	2,492,981
31-60 days	16,700	2,099,172
Over 60 days	139,945	136,651
	599,718	4,728,804

11. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade creditors of HK\$1,110,564 (31/03/2015: HK\$1,348,198).

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

	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
0-30 days	383,090	675,052
31-60 days	294,849	237,554
Over 60 days	432,625	435,592
	1,110,564	1,348,198

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

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. BANK BORROWINGS

	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
Bank borrowings are secured and repayable as follows:		
Within one year	2,984,476	2,951,039
More than one year, but not exceeding five years	24,822,173	9,890,707
More than five years	8,277,798	9,591,537
	36,084,447	22,433,283
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)		
– repayable after more than one year but not exceeding two years	–	14,749,799
	36,084,447	37,183,082
Less: Amount due within one year shown under current liabilities	(2,984,476)	(17,745,838)
Amount due after one year	33,099,971	19,437,244

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

	Number of Shares	HK\$
Issued and fully paid:		
At 1 April 2014	591,410,675	308,099,513
Exercise of share options	3,000,000	696,000
	<hr/>	<hr/>
At 31 March 2015	594,410,675	308,795,513
Exercise of share options	7,700,000	1,969,400
	<hr/>	<hr/>
At 30 September 2015	602,110,675	310,764,913
	<hr/> <hr/>	<hr/> <hr/>

14. OPERATING LEASE

The Group as lessee:

At 30 September 2015 the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
Within one year	6,328,959	6,090,959
In the second to fifth year inclusive	21,909,836	21,386,189
Over five years	20,467,836	23,860,624
	<hr/>	<hr/>
	48,706,631	51,337,772
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. OPERATING LEASE (Continued)

The Group as lessor:

At 30 September 2015, the Group had contracted with tenants for the following future minimum lease payments:

	30/09/2015 (unaudited) HK\$	31/03/2015 (audited) HK\$
Within one year	29,861,362	30,462,568
In the second to fifth year inclusive	26,378,709	21,162,711
	56,240,071	51,625,279

The properties have committed tenants for a term of three to five years (31/03/2015: three to five years).

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 14 August 2015, the Group acquired the entire issued share capital of Rise Vision Limited for a consideration of HK\$40,750,000 as part of the consideration of the disposal of available-for-sale investments. Rise Vision Limited owns Silver Autumn Beach Villa Limited which in turn holds properties in Fiji. The properties are classified as investment properties.

The net assets acquired in the transaction were as follows:

	HK\$
Investment properties	40,502,434
Inventories	60,633
Trade and other receivables	317,920
Bank balances and cash	47,110
Trade and other payables	(178,097)
	<hr/> <u>40,750,000</u>
Satisfied by:	
Part of consideration of disposal of available-for-sale investments	<hr/> <u>40,750,000</u>
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	<hr/> <u>47,110</u>

ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

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

At 30 September 2015, the interests and short positions of the directors and chief executive of the Company 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 (the "Shares")

Name of directors/ chief executive	Number of Shares held		Number of underlying Shares held <i>(Note 4)</i>	Total	Approximate percentage of issued Shares
	Personal interests	Corporate interests			
Mr. Derek Chiu	30,894,000	78,430,299 <i>(Note 1)</i>	5,600,000	114,924,299	19.09%
Madam Chiu Ju Ching Lan	188,000	–	2,000,000	2,188,000	0.36%
Mr. Dick Tat Sang Chiu	2,172,800	22,277,033 <i>(Note 2)</i>	–	24,449,833	4.06%
Ms. Margaret Chiu	676,240	5,000,000 <i>(Note 3)</i>	2,000,000	7,676,240	1.27%
Mr. Choy Wai Shek Raymond	–	–	3,000,000	3,000,000	0.49%
Mr. Ip Shing Hing	–	–	3,000,000	3,000,000	0.49%
Mr. Ng Wing Hang Patrick	–	–	3,000,000	3,000,000	0.49%

Notes:

- (1) The 78,430,299 Shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu.
- (2) The 22,277,033 Shares were held by various private companies wholly owned by Mr. Dick Tat Sang Chiu.
- (3) The 5,000,000 Shares were held by a private company wholly owned by Ms. Margaret Chiu.
- (4) The underlying Shares were comprised in the share options granted to the directors. Please refer to section (c) "Share Options of the Company" below for further details.

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 of the Company. Movements of share options held by the directors of the Company and employees of the Group were as follows:

ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Category of grantee	Number of underlying shares comprised in share options					Exercise price per share HK\$	Grant date	Exercisable period	
	Held at 1 April 2015	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Held at 30 September 2015			From	To
Executive directors									
Mr. Derek Chiu	4,500,000	-	-	-	4,500,000	0.2498	15/04/2011	15/04/2011	14/04/2021
	4,800,000	-	(3,700,000)	-	1,100,000	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
Former director									
Mr. Deacon									
Te Ken Chiu (deceased)	4,800,000	-	-	-	4,800,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Employees (in aggregate)									
	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
	<u>31,100,000</u>	<u>-</u>	<u>(7,700,000)</u>	<u>-</u>	<u>23,400,000</u>				

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

The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$0.687.

Save as disclosed above, as at 30 September 2015, none of the directors or 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 2015, 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 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 Shares

Name of shareholders	Capacity	Number of issued Shares held	Approximate percentage of shareholding in the issued Shares
Mr. Deacon Te Ken Chiu (deceased) (Note 1)	Beneficial owner and interest in controlled corporation	113,726,476	18.89%
Achiemax Limited (Note 1)	Beneficial owner	72,182,400	11.99%
Energy Overseas Ltd. (Note 2)	Beneficial owner	78,430,299	13.03%
Mr. Chan Tai Keung David	Beneficial owner	92,572,000	15.37%

Notes:

- (1) The late Mr. Deacon Te Ken Chiu beneficially owned 12,491,424 Shares. Of the remaining 101,235,052 Shares, (i) 100,939,842 shares were held by various private companies wholly owned by the late Mr. Deacon Te Ken Chiu of which 72,182,400 Shares were held by Achiemax Limited; and (ii) 295,210 Shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited. The late Mr. Deacon Te Ken Chiu was a controlling shareholder of these companies and a director of Achiemax Limited. Further, he was granted certain share options which comprise 4,800,000 underlying Shares.
- (2) Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu who is also its director.

ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Save as disclosed above, as at 30 September 2015, the Company has not been notified by 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 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.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 September 2015 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 2015, 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 2015, 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.

ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

- (b) Code provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting. The Company has had no chairman of the Board since 17 March 2015. However, one of the directors of the Company present at the annual general meeting held on 31 August 2015 was elected chairman thereof to ensure an effective communication with the shareholders thereat.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors, namely Mr. Ng Wing Hang Patrick (Chairman), 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 2015.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code governing the securities transactions by the directors of the Company. 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 2015.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of Directors' biographical details since the date of the last report of the Company are set out below.

- (1) Mr. Alex Chiu has been appointed as an executive Director of the Company with effect from 1 September 2015; and
- (2) Ms. Amanda Chiu has been appointed as an executive Director of the Company with effect from 1 September 2015.

On behalf of the Board

Derek Chiu

Managing Director and Chief Executive

Hong Kong, 26 November 2015