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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: 00037)

**PROPOSALS FOR
GENERAL MANDATES
TO ISSUE SHARES AND TO BUY BACK SHARES;
RE-ELECTION OF RETIRING DIRECTORS; AND
REFRESHMENT OF SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in the lower portion of this cover page and the first page of this circular shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the 2020 AGM of Far East Hotels and Entertainment Limited to be held at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Wednesday, 9 September 2020 at 3:00 p.m. is set out on pages 16 to 21 of this circular. If you are not able to attend the 2020 AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s registered office at Suite 1902, 19th Floor, The Sun’s Group Centre, 200 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the 2020 AGM or its adjournment thereof (as the case may be) (excluding any public holiday in Hong Kong). Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2020 AGM or its adjournment should you wish and in such event, the form of proxy should be deemed to be revoked.

In view of the ongoing Novel Coronavirus (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the 2020 AGM as their proxy to vote on the relevant resolutions at the 2020 AGM as an alternative to attending the 2020 AGM in person.

Hong Kong, 31 July 2020

DEFINITIONS

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

“2020 AGM”	the annual general meeting of the Company to be held at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Wednesday, 9 September 2020 at 3:00 p.m., notice of which is set out in notice of 2020 AGM of this circular
“Articles of Association”	articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Buy-back Mandate”	the general mandate to be unconditionally given to the Directors to buy back Shares up to 10% of the aggregate number of Shares in issue, the particulars of which are set out in resolution no. 6 of the notice of the 2020 AGM
“Buy-back Proposal”	the proposal as described in the Buy-back Resolution whereby a general mandate is to be unconditionally given to the Directors to exercise the powers of the Company to buy back Shares up to 10% of the aggregate number of Shares in issue as at the date of passing the Buy-back Resolution
“Buy-back Resolution”	the proposed ordinary resolution as set out in resolution no. 6 of the notice of the 2020 AGM
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“Company”	Far East Hotels and Entertainment Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 00037)
“controlling shareholders”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Eligible Participant(s)”	(a) a director (whether executive, non-executive, independent non-executive or alternate), an officer or employee (whether part-time, full-time, seconded or otherwise) of the Company or any affiliate; (b) a representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any affiliate to provide service or goods to the Company or any affiliate; (c) a customer, promoter, business ally, joint venture partner or shareholder of the Company or any affiliate; (d) a trustee of any trust established for the benefit of employees of the Company or any affiliate; or (e) any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Company or any affiliate or as having spent any material time in or about the promotion of the business of the Company or any affiliate
“Group”	the Company and its subsidiaries from time to time
“Issue Mandate”	the general mandate to be unconditionally given to the Directors to issue and deal with additional Shares not exceeding 20% of the aggregate number of Shares in issue, the particulars of which are set out in resolution no. 5 of the notice of the 2020 AGM
“Latest Practicable Date”	27 July 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“New Scheme” or “Share Option Scheme”	the share option scheme of the Company adopted by the Company on 2 September 2016, a summary of the principal terms of which is set out in the appendix III of the circular dated 29 July 2016
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

“Old Scheme”	the share option scheme of the Company adopted by the Company on 1 June 2007 and was terminated on 2 September 2016
“Options”	the option(s) to subscribe for Shares granted and to be granted pursuant to the Old Scheme and/or the New Scheme
“Remuneration Committee”	the remuneration committee of the Board
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options to be granted under the Share Option Scheme and which shall not in aggregate exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme and thereafter, if refreshed, shall not in aggregate exceed 10% of the Shares in issue as at the date of the approval of the refreshment thereof
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Shares Buy-backs as amended, supplemented or otherwise modified from time to time and administered by the Securities and Futures Commission of Hong Kong
“\$” and “cents”	Hong Kong dollars and cents, respectively
“%”	per cent



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: 00037)

Executive Directors:

Derek Chiu, B.Sc.

(Managing Director and Chief Executive)

Amanda Chiu, B.A.

Registered and Principal Office:

Suite 1902, 19th Floor

The Sun's Group Centre

200 Gloucester Road

Wanchai, Hong Kong

Non-executive Directors:

Chiu Ju Ching Lan, J.P.

Alex Chiu, B.Sc.

Independent Non-executive Directors:

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

31 July 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES
TO ISSUE SHARES AND TO BUY BACK SHARES;
RE-ELECTION OF RETIRING DIRECTORS; AND
REFRESHMENT OF SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice convening the 2020 AGM and information regarding the resolutions to be proposed at the forthcoming 2020 AGM. These include the ordinary resolutions (i) granting the Directors general mandates to issue Shares and buy back Shares and to extend the Issue Mandate to include Shares bought back under the Buy-back Mandate, (ii) relating to the re-election of Directors, and (iii) relating the refreshment of Scheme Mandate Limit under the Share Option Scheme.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

GENERAL MANDATE TO ISSUE SHARES

The Company's existing mandate to issue Shares was approved by its then Shareholders at the annual general meeting of the Company held on 9 September 2019. Unless otherwise renewed, the existing mandate to issue Shares will lapse at the conclusion of the 2020 AGM.

An ordinary resolution will be proposed at the 2020 AGM that the Directors be granted a new general and unconditional mandate to allot, issue, and deal with Shares not exceeding 20% of the aggregate number of Shares in issue as at the date of the resolution.

As at the Latest Practicable Date, there was a total of 610,710,675 Shares in issue. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further Shares are issued or bought back and cancelled before the 2020 AGM date, the Company will be allowed to issue a maximum of 122,142,135 Shares under the Issue Mandate.

GENERAL MANDATE TO BUY BACK SHARES

At the annual general meeting of the Company held on 9 September 2019, a general mandate was given to the Directors to exercise the power of the Company to buy back the Shares. Such mandate will lapse at the conclusion of the 2020 AGM. Therefore, at the 2020 AGM, an ordinary resolution will be proposed that the Directors be granted a new general and unconditional mandate to exercise all powers of the Company to buy back the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, up to 10% of the aggregate number of Shares in issue as at the date of the resolution approving the Buy-back Mandate.

As at the Latest Practicable Date, there was a total of 610,710,675 Shares in issue. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back and cancelled before the 2020 AGM date, the Company will be allowed to buy back a maximum of 61,071,067 Shares. An explanatory statement, as required by the relevant provisions set out in the Listing Rules, to provide requisite information to you for consideration of the Buy-back Proposal is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the 2020 AGM. The Directors propose to seek your approval of the Buy-back Resolution to be proposed at the 2020 AGM.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

Subject to the passing of the ordinary resolutions to grant the Issue Mandate and the Buy-back Mandate, an ordinary resolution will be proposed at the 2020 AGM adding any Shares bought back under the Buy-back Mandate to the Issue Mandate. The Buy-back Mandate and the Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until revoked or varied by ordinary resolution of the Shareholders in a general meeting held prior to the next annual general meeting of the Company.

RE-ELECTION OF RETIRING DIRECTORS

The Board comprises seven Directors, of which two are executive Directors, namely Mr. Derek Chiu and Ms. Amanda Chiu; two are non-executive Directors, namely Madam Chiu Ju Ching Lan and Mr. Alex Chiu; and three are independent non-executive Directors, namely Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick (“Mr. Ng”), and Mr. Choy Wai Shek Raymond (“Mr. Choy”).

In accordance with Articles 78 and 79 of the Articles of Association, Mr. Ng and Mr. Choy will retire by rotation at the 2020 AGM and being eligible, have offered themselves for re-election at the 2020 AGM.

Pursuant to code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Ng and Mr. Choy have served as independent non-executive Directors for more than nine years and re-election of each of them will be subject to a separate resolution to be approved by the Shareholders. Mr. Ng and Mr. Choy have never held any executive or management position in the Group nor have they throughout such period been under the employment of any member of the Group. The Directors noted the positive contributions of Mr. Ng and Mr. Choy to the development of the Company’s strategy and policies through independent, constructive and informed contributions supported by their skills, expertise and qualifications and from their active participation at meetings. Mr. Ng and Mr. Choy have given the annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules to the Company and the Nomination Committee has assessed and is satisfied with the independence of Mr. Ng and Mr. Choy. Hence, the Board considers that the long service of Mr. Ng and Mr. Choy would not affect their exercise of independent judgments.

Further, the Nomination Committee has also evaluated the performance of each of the retiring Directors during the year ended 31 March 2020 based on the nomination policy of the Company which was disclosed in the annual report of the Company and found their performance satisfactory. The Nomination Committee also considered that the experience of Mr. Ng and Mr. Choy, as well as their skills and other perspectives as set out in Appendix II to this circular can bring further contributions to the Board and its diversity. Therefore, upon the nomination by the Nomination Committee, the Board has proposed the re-election of the retiring Directors. Such proposal will be put forward at the 2020 AGM for Shareholders’ consideration and approval by way of ordinary resolutions. Each of Mr. Ng and Mr. Choy abstained from voting at the relevant

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

Board meeting on the respective propositions of their recommendations for re-election by the Shareholders. The Board also believes that the continuous appointment of the retiring Directors contributes to the stability and diversity of the Board.

Details of the above retiring Directors that are required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

The Company has adopted:

- (a) the Old Scheme on 1 June 2007 and was terminated on 2 September 2016. The Company refreshed the Old Scheme once on 3 September 2010 since the Old Scheme was adopted on 1 June 2007. The refreshed scheme mandate limit comprised 48,884,267 Shares, representing 10% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on 3 September 2010. Since then, the Company has not refreshed the scheme mandate limit.
- (b) the New Scheme on 2 September 2016 (the “Adoption Date”) for a period of 10 years commencing on the Adoption Date. Since the Adoption Date and up to the Latest Practicable Date, there has been no refreshment of the Scheme Mandate Limit. The Scheme Mandate Limit under the New Scheme, being 10% of the total number of Shares in issue on the Adoption Date, enables the Directors to grant Options to Eligible Participants to subscribe for up to 60,211,067 Shares.

The purpose of the New Scheme is to motivate the Eligible Participants (i.e. a director (whether executive, non-executive, independent non-executive or alternate), an officer or employee (whether part-time, full-time, seconded or otherwise) of the Company or any affiliate or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Company or any affiliate or as having spent any material time in or about the promotion of the business of the Company or any affiliate) to utilise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain an ongoing relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

The Board will assess the eligibility of the Eligible Participants based on their individual performance, time commitment, responsibilities and employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the profits of the Group during the financial year.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

The Company may refresh the Scheme Mandate Limit by an ordinary resolution of the Shareholders at general meeting provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the Shareholders' approval of the refreshment of the Scheme Mandate Limit;
- (b) options previously granted under the Old Scheme and the New Scheme (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Old Scheme and the New Scheme) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and
- (c) notwithstanding the foregoing, the maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the Old Scheme and the New Scheme must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

As at the Latest Practicable Date, the Company had granted Options to subscribe for a total of 54,000,000 Shares under the Old Scheme (i.e. 40,900,000 Options granted to certain current Directors, namely Mr. Derek Chiu, Madam Chiu Ju Ching Lan, Mr. Ip Shing Hing, Mr. Ng and Mr. Choy and former Directors, namely the late Mr. Deacon Te Ken Chiu and Ms. Margaret Chiu and 13,100,000 Options granted to employees), of which Options comprising (i) 24,100,000 underlying Shares were exercised; (ii) 14,100,000 underlying Shares lapsed; (iii) no underlying Shares were cancelled; and (iv) 15,800,000 underlying Shares were outstanding and unexercised, representing 2.59% of the total number of Shares in issue. Upon termination of the Old Scheme, no further Options shall be offered thereunder but the provisions of the Old Scheme in all other respects shall remain in force and effect. The Options granted prior to and remaining outstanding at termination, if any, shall continue to be valid and exercisable in accordance with the terms of the Old Scheme.

As at the Latest Practicable Date, the Company had granted Options to subscribe for a total of 48,570,000 Shares under the New Scheme to certain current Directors, namely Mr. Derek Chiu, Ms. Amanda Chiu, Mr. Alex Chiu, Mr. Ip Shing Hing, Mr. Ng and Mr. Choy which remained outstanding and unexercised, representing 7.95% of the total number of Shares in issue. Unless the Scheme Mandate Limit was "refreshed", only 11,641,067 (representing approximately 1.91% of the Scheme Mandate Limit) Shares might be issued pursuant to the grant of further Options under the New Scheme.

The Board believes that the refreshment of the Scheme Mandate Limit will give more flexibility for the Company to grant Options to the Eligible Participants to reward and motivate them to strive for the future developments and success of the Group, which shall be in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

Assuming that no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the 2020 AGM, the Company will have 610,710,675 Shares in issue as at the date of the 2020 AGM. The refreshed Scheme Mandate Limit, if approved by the Shareholders at the 2020 AGM, will allow the Company to issue, upon exercise of Options under the Share Option Scheme, a maximum of 61,071,067 Shares, representing 10% of the total number of Share in issue as at the date of approval of the refreshed Scheme Mandate Limit, which together with the number of Shares which may fall to be allotted and issued upon exercise in full of the total of 64,370,000 Options granted under the Old Scheme and the New Scheme, are within the overall limit of 30% prescribed under the Listing Rules.

The refreshed Scheme Mandate Limit is conditional upon the approval of such resolution at the 2020 AGM and upon granting by the Stock Exchange of the listing of and permission to deal in the Shares to be issued upon the exercise of the Options be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in any Shares, representing 10% of the total number of Shares in issue as at the date of the 2020 AGM which may fall to be issued upon the exercise of any Options that may be granted under the refreshed Scheme Mandate Limit.

NOTICE OF 2020 AGM

A notice convening the 2020 AGM is set out on pages 16 to 21 of this circular. A form of proxy for use in connection with the 2020 AGM appointing proxy is despatched with this circular and published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.tricor.com.hk/webservice/00037). If you do not intend to attend the 2020 AGM in person but wish to exercise your right as a Shareholder, you are requested to complete the form of proxy and return it to the Company's registered office at Suite 1902, 19th Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for the holding of the 2020 AGM or its adjourned meeting (as the case may be) (excluding any public holiday in Hong Kong). Completion and return of a form of proxy will not preclude you from attending and voting at the 2020 AGM and its adjournment if you so wish and in such event, the form of proxy should be deemed to be revoked.

In view of the ongoing Novel Coronavirus (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the 2020 AGM as their proxy to vote on the relevant resolutions at the 2020 AGM as an alternative to attending the 2020 AGM in person.

LETTER FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions to be proposed at the 2020 AGM and contained in the notice of the 2020 AGM will be voted by way of a poll by the Shareholders. The Company will appoint the scrutineer to handle vote-taking procedures at the 2020 AGM. The results of the poll will be published on the respective websites of the Stock Exchange and the Company as soon as possible in accordance with Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein in this circular misleading.

RECOMMENDATION

The Directors consider that the ordinary resolutions in relation to the Issue Mandate, the Buy-back Mandate, the extension of the Issue Mandate, the re-election of retiring Directors and the refreshment of Scheme Mandate Limit under the Share Option Scheme as set out in the notice of 2020 AGM are in the best interests of the Company and the Shareholders as a whole. The Directors, therefore, recommend the Shareholders to vote in favour of each of the above ordinary resolutions as set out in the notice of the 2020 AGM.

Yours faithfully,

For and on behalf of the Board

Far East Hotels and Entertainment Limited

DEREK CHIU

Executive Director, Managing Director and Chief Executive

This appendix serves as an explanatory statement, as required pursuant to Rule 10.06(1)(b) of the Listing Rules, to provide certain information to you for your consideration of the Buy-back Mandate, and also constitutes the memorandum as required under Section 239(2) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the total issued Shares were 610,710,675 Shares.

Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back and cancelled before the 2020 AGM, the Company will be allowed to buy back up to 61,071,067 Shares, representing approximately 10% of the aggregate number of Shares in issue at the date of passing of the relevant resolution.

2. REASONS FOR BUY-BACK

The Directors believe that the Buy-back Proposal is in the best interests of the Company and the Shareholders. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share of the Company and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

Any buy-back made pursuant to the Buy-back Mandate will be funded out of funds legally available for such purpose in accordance with the Articles of Association and the Companies Ordinance. Such funds include distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purposes of the buy-back.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2020) in the event that the Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors will not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels of the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Share Prices	
	Per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2019		
July	0.255	0.230
August	0.233	0.210
September	0.223	0.200
October	0.219	0.195
November	0.214	0.181
December	0.208	0.192
2020		
January	0.210	0.166
February	0.200	0.180
March	0.185	0.130
April	0.145	0.118
May	0.142	0.110
June	0.130	0.100
July (up to and including the Latest Practicable Date)	0.144	0.105

5. UNDERTAKING AND DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company, if the Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong.

None of the core connected persons has notified the Company that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Buy-back Mandate is approved by the Shareholders.

6. TAKEOVERS CODE

If, as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Takeovers Code further provides that where any person who together with persons acting in concert, holds not less than 30% but not more than 50% of the voting rights, acquires in any period of twelve months additional shares carrying more than 2% of the voting rights, such a person should make a general/mandatory offer to the other shareholders of the same class to acquire as soon as practicable thereafter the remaining shares of the same class.

As at the Latest Practicable Date, Mr. Derek Chiu, Madam Chiu Ju Ching Lan and Mr. Choy Wai Shek Raymond, being Directors together with their respective close associates were beneficially interested in an aggregate of 270,387,384 Shares, representing approximately 44.27% of the issued Share. Based on such shareholdings and in the event that the Directors exercised in full the power to buy back Shares under the Buy-back Proposal, if so approved at the 2020 AGM, and assuming no further Shares are issued or bought back and cancelled prior to the date of the 2020 AGM, the shareholdings of Mr. Derek Chiu, Madam Chiu Ju Ching Lan and Mr. Choy Wai Shek Raymond together with their respective close associates would be increased to approximately 49.19% of the issued Share.

Based on the information that is publicly available to the Company and within the knowledge of the Directors throughout the year ended 31 March 2020 and up to the Latest Practicable Date, the Company has maintained the prescribed public float under the Listing Rules (i.e. at least 25% of its issued Shares in public hands) as the number of Shares held by the public representing 55.73% of the total number of Shares in issue.

Therefore, the Directors would not implement the Buy-back Mandate to the extent that such a general/mandatory offer may arise under the Takeovers Code as a result of any buy-back made under the Buy-back Proposal. In the event that the Buy-back Proposal is exercised in full, the number of Shares held by the public representing 50.81% of the total number of Shares in issue which would not fall below the minimum prescribed percentage of 25% as required by the Listing Rules.

7. SHARE BUY-BACK MADE BY THE COMPANY

The Company had not bought back any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

The following are the particulars of the Directors proposed to be re-elected at the 2020 AGM.

Mr. Ng Wing Hang Patrick

Aged 67. Mr. Ng was appointed as an independent non-executive Director on 28 September 2004. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. He is a practising certified public accountant in Hong Kong and is the managing director of Pan-China (H.K.) CPA Limited, a certified public accountants firm in Hong Kong. Mr. Ng also serves as an independent non-executive director of Shenwan Hongyuan (H.K.) Limited, formerly known as Shenyin Wanguo (H.K.) Limited (stock code: 00218), which is listed on the Stock Exchange.

He does not have any relationship with any directors, senior management, substantial shareholder or controlling shareholder of the Company. Save as disclosed above, he has not held in the last three years other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Ng was interested in share options to subscribe for an aggregate of 5,000,000 Shares. Save as disclosed above, he does not have any interests in the Shares within the meaning of Part XV of the SFO.

No service contract has been entered into between Mr. Ng and the Company. He receives no emolument from the Company except a director's fee of HK\$180,000 per annum (by reference to the market conditions and as approved by the Shareholders at the latest annual general meeting). The term of office of Mr. Ng is subject to retirement by rotation and re-election at the 2020 AGM in accordance with the Articles of Association.

Save as disclosed above, there are no other matters concerning Mr. Ng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Choy Wai Shek Raymond, MH, J.P.

Aged 71. Mr. Choy was appointed as an independent non-executive Director on 28 September 2004. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Choy is an independent non-executive director of New Concepts Holdings Limited (stock code: 02221), a company listed on the Main Board of the Stock Exchange. He has been appointed as an independent non-executive director of each of AB Builders Group Limited (stock code: 1615), a company listed on the Main Board of the Stock Exchange, on 17 August 2018 and WAC Holdings Limited (stock code: 8619), a company listed on GEM of the Stock Exchange, on 27 August 2018. He was the Chairman of Sham Shui Po District Board, Hong Kong from 1991 to 1994, a Hong Kong Affairs Adviser from 1994 to 1997, and a member of Hong Kong Broadcasting Authority from 1995 to 1998. He was formerly a Vice-chairman of Occupational Safety And Health Council, a member of Energy Advisory Committee, a member of Consumer Council, a member of the Guangzhou Committee of the Chinese People's Political Consultative Conference (Term 9–12), a director of Chinese General Chamber Of Commerce, the Honor President of GMC Hong Kong Member Association and the Honor President of Hong Kong Conghua General Association.

He does not have any relationship with any directors, senior management, substantial shareholder or controlling shareholder of the Company. Save as disclosed above, he has not held in the last three years other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Choy beneficially owns 3,000,000 Shares, representing 0.49% of the entire issued Shares and was interested in share options to subscribe for an aggregate of 3,000,000 Shares. Save as disclosed above, he does not have any interests in the Shares within the meaning of Part XV of the SFO.

No service contract has been entered into between Mr. Choy and the Company. He receives no emolument from the Company except a director's fee of HK\$180,000 per annum (by reference to the market conditions and as approved by the Shareholders at the latest annual general meeting). The term of office of Mr. Choy is subject to retirement by rotation and re-election at the 2020 AGM in accordance with the Articles of Association.

Save as disclosed above, there are no other matters concerning Mr. Choy that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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: 00037)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Far East Hotels and Entertainment Limited (the “Company” and the “AGM”, respectively) will be held at the Conference Room, 2/F, Cheung Chau Warwick Hotel, East Bay, Cheung Chau, Hong Kong on Wednesday, 9 September 2020 at 3:00 p.m. for the following purposes:

As ordinary business:

1. To consider and adopt the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) and the reports of the directors and independent auditor of the Company for the year ended 31 March 2020.
2. To re-elect the retiring directors of the Company (the “Directors”).
3. To authorise the board of Directors (the “Board”) to fix the remuneration of the Directors for the year ending 31 March 2021 (the “Year 2021”).
4. To re-appoint Deloitte Touche Tohmatsu as the independent auditor of the Company in respect of the consolidated financial statements of the Group for Year 2021 and to authorise the Board to fix the remuneration of the independent auditor.

As special business:

To consider and, if thought fit, pass the following resolutions, with or without amendments, as Ordinary Resolutions:

5. **“THAT**
 - (a) subject to paragraph (c) of this resolution and pursuant to sections 140 and 141 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue

NOTICE OF ANNUAL GENERAL MEETING

and deal with additional shares of the Company (the “Shares”) and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into or exchangeable for Shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into or exchangeable for Shares) which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of additional Shares which may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) any Share Option Scheme (as hereinafter defined) of the Company; (iii) the exercise of rights of conversion under the terms of any securities which are convertible into shares or warrants to subscribe for Shares; or (iv) any scrip dividend or other similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company (the “Articles of Association”), shall not exceed 20% of the aggregate number of issued Shares as at the date of passing of this resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - i. the conclusion of the next annual general meeting of the Company (the “AGM”);
 - ii. the expiration of the period within which the next AGM is required by the Articles of Association or any applicable laws to be held; and
 - iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange applicable to the Company); and

NOTICE OF ANNUAL GENERAL MEETING

“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue of shares or rights to acquire shares.”

6. **“THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (the “Securities and Futures Commission”) and the Stock Exchange under the Code on Share Buy-backs issued by the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of other stock exchange as amended, supplemented or otherwise modified from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company (the “Shares”) to be bought back by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate number of the issued Share as at the date of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - i. the conclusion of the next annual general meeting of the Company (the “AGM”);
 - ii. the expiration of the period within which the next AGM is required by the articles of association of the Company or any applicable laws to be held; and
 - iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional upon the passing of Ordinary Resolutions No. 5 and 6 as set out in the notice convening this annual general meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares of the Company (the “Shares”) pursuant to the said Ordinary Resolution No. 5 be and is hereby extended by the addition thereto the aggregate number of Shares bought back by the Company under the authority granted pursuant to the said Ordinary Resolution 6 provided that such amount shall not exceed 10% of the aggregate number of the issued Share as at the date of passing of this resolution.”

8. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the approval for the listing of and permission to deal in the shares of the Company (the “Shares”) to be allotted and issued upon the exercise of options granted under the Scheme Mandate Limited (as defined below) under the share option scheme adopted by the Company on 2 September 2016 (the “Share Option Scheme”), the existing limit in respect of the granting of options to subscribe for Shares under the Share Option Scheme be and is hereby refreshed and renewed provided that (i) the total number of Shares which may be allotted and issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the share option schemes) shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution (the “Scheme Mandate Limit”); and (ii) the overall limit on the number of Shares which may be issued upon exercise of all options to be granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the number of Shares in issue from time to time and that the directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on the Stock Exchange, to grant options under the Share Option Scheme up to the Scheme Mandate Limit and to exercise all powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

By order of the Board

FAR EAST HOTELS AND ENTERTAINMENT LIMITED
DEREK CHIU

Executive Director, Managing Director and Chief Executive

Hong Kong, 31 July 2020

Registered and Principal Office:

Suite 1902, 19th Floor
The Sun’s Group Centre
200 Gloucester Road
Wanchai, Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. For determining the entitlement of the members of the Company (the “Members”) to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 4 September 2020 to Wednesday, 9 September 2020 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the AGM, the non-registered shareholders of the Company must lodge all transfer documents accompanied by the relevant share certificates with Tricor Standard Limited, the Share Registrar of the Company, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 3 September 2020.
2. A Member entitled to attend and vote at the AGM is entitled to appoint one (or, if he holds two or more Shares, more than one) proxy to attend and vote on his behalf. A proxy need not be a Member.
3. Where there are joint registered holders of any Share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders is present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such Share, be entitled alone to vote in respect thereof.
4. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed must be lodged with the Company’s registered office at Suite 1902, 19th Floor, The Sun’s Group Centre, 200 Gloucester Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for the holding of the AGM (or the adjourned meeting) as the case may be, excluding any public holiday in Hong Kong.
5. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the AGM or its adjourned meeting, if he/she/it so wish. If such Member attends the AGM, his/her/its form of proxy will be deemed to have been revoked.

In view of the ongoing Novel Coronavirus (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

6. Concerning Ordinary Resolution No. 2 above, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond shall retire by rotation and, being eligible, have offered themselves for re-election at the AGM. Details of the above Directors are set out in Appendix II to the circular dated 31 July 2020.
7.
 - a. Subject to paragraph (b) below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 11:00 a.m. and 6:00 p.m. on the date of the AGM, the AGM will be postponed and Shareholders will be informed of the date, time and venue of the postponed AGM by a supplemental notice posted on the respective websites of the Company and Hong Kong Exchange and Clearing Limited.
 - b. If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 11:00 a.m. on the date of the AGM and where conditions permit, the AGM will be held as scheduled.
 - c. The AGM will be held as scheduled when a tropical cyclone warning signed No. 3 or below or an amber or red rainstorm warning signal is in force.
 - d. After considering their own situations, Members should decide on their own whether or not they would attend the AGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
8. The translation into Chinese language of this notice convening the AGM is for reference only. In case of any inconsistency, the English version shall prevail.

NOTICE OF ANNUAL GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE AGM

The Company will implement the following measures at the AGM, including:

- compulsory body temperature checks
- refusal of entry of those with a high temperature
- wearing of face masks throughout the meeting
- no distribution of corporate gifts and refreshments

Any person who does not comply with the precautionary measures will be denied entry into the AGM venue.

As at the date of this notice, the executive Directors are Mr. Derek Chiu (Managing Director and Chief Executive) and Ms. Amanda Chiu; the non-executive Directors are Madam Chiu Ju Ching Lan and Mr. Alex Chiu; and the independent non-executive Directors are Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond.