



**DORSETT**

HOSPITALITY INTERNATIONAL

帝盛酒店集團

Dorsett Hospitality International Limited

帝盛酒店集團有限公司

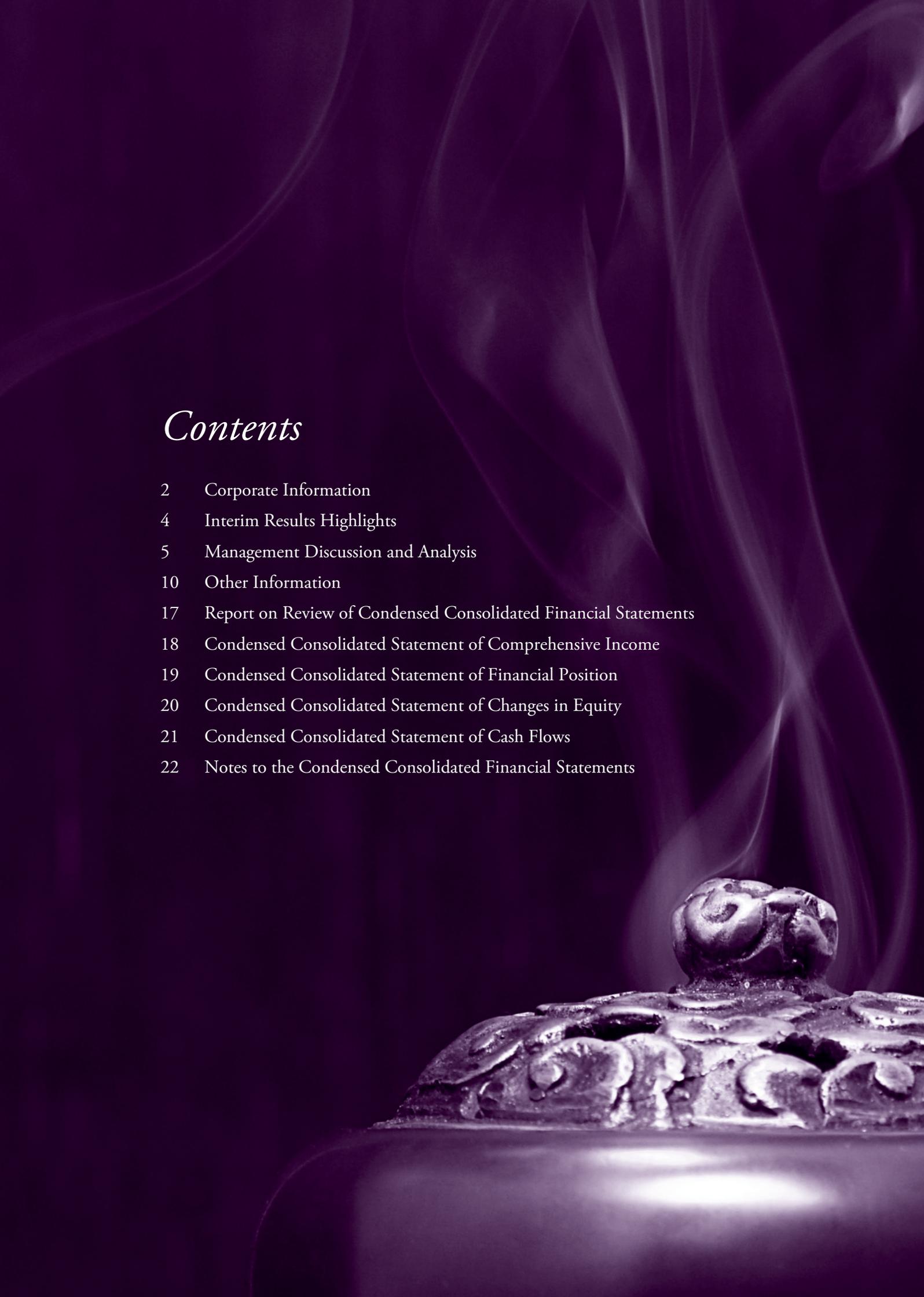
Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

Stock Code 股票代號: 2266

Interim 報中 Report  
2012-2013





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# Corporate Information

## EXECUTIVE DIRECTORS

Ms. CHIU, Wing Kwan Winnie (*President*)  
Mr. LAI, Wai Keung

## NON-EXECUTIVE DIRECTORS

Tan Sri Dato' CHIU, David (*Chairman*)  
Mr. HOONG, Cheong Thard  
Mr. CHAN, Chi Hing

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHEK, Lai Him Abraham  
Mr. TO, Peter  
Dr. LIU, Ngai Wing  
Mr. ANGELINI, Giovanni

## AUDIT COMMITTEE

Dr. LIU, Ngai Wing (*Chairman*)  
Mr. SHEK, Lai Him Abraham  
Mr. TO, Peter

## CORPORATE GOVERNANCE COMMITTEE

Ms. CHIU, Wing Kwan Winnie (*Chairman*)  
Mr. LAI, Wai Keung  
Mr. HOONG, Cheong Thard  
Mr. CHAN, Chi Hing

## REMUNERATION COMMITTEE

Mr. TO, Peter (*Chairman*)  
Mr. SHEK, Lai Him Abraham  
Dr. LIU, Ngai Wing  
Mr. ANGELINI, Giovanni  
Tan Sri Dato' CHIU, David  
Ms. CHIU, Wing Kwan Winnie

## NOMINATION COMMITTEE

Tan Sri Dato' CHIU, David (*Chairman*)  
Mr. CHAN, Chi Hing  
Mr. SHEK, Lai Him Abraham  
Mr. TO, Peter  
Dr. LIU, Ngai Wing

## COMPANY SECRETARY

Ms. MUI, Ngar May Joel

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, Unicorn Trade Centre  
127-131 Des Voeux Road Central  
Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wan Chai  
Hong Kong

*Corporate Information***AUDITOR**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

**SOLICITORS**

**Hong Kong**  
Woo, Kwan, Lee & Lo  
Reed Smith Richards Butler

**Cayman Islands**

Maples and Calder

**Malaysia**

Syed Alwi, Ng & Co.

**PRINCIPAL BANKERS****Hong Kong**

Cathay United Bank Company, Limited  
Citic Ka Wah Bank Limited  
Dah Sing Bank, Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Nanyang Commercial Bank Limited  
Public Bank (Hong Kong) Limited  
The Hongkong and Shanghai  
Banking Corporation Limited  
Wing Hang Bank Limited

**Malaysia**

Affin Islamic Bank Berhad  
Affin Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad

**Singapore**

The Hongkong and Shanghai  
Banking Corporation Limited

**China**

Agricultural Bank of China Limited  
DBS Bank (China) Limited  
HSBC Bank (China) Company Limited

**United Kingdom**

Oversea-Chinese Banking Corporation Limited

**LISTING INFORMATION**

Ordinary Shares (Code: 2266)  
The Stock Exchange of Hong Kong  
Limited

**WEBSITE**

<http://www.dorsett.com>

*Note: This interim report was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the two texts, the English text of this interim report shall prevail over the Chinese text.*

# *Interim Results Highlights*

## **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Dorsett Hospitality International Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 as follows:

## **FINANCIAL HIGHLIGHTS**

- Revenue reached HK\$554.4 million for the first six months, up 11.1% as compared to the same period of the last financial year.
- Overall revenue per available room (“RevPAR”) of the Group’s owned hotels rose 4.9% to HK\$621 while the overall average room rate (“ARR”) increased 5.8% to HK\$768.
- Gross profit was reported at HK\$316.9 million, up 9.5% as compared with the same period of the last financial year.
- During the period, the Group recorded a gain of HK\$445.1 million on disposal of a property holding subsidiary.
- Profit for the first six months increased by 479.8% to HK\$545.9 million from HK\$94.2 million. Excluding the gain on disposal of a subsidiary, profit for the period was HK\$100.8 million, up 7.1% as compared with the same period of the last financial year.
- Earnings per share was HK27.29 cents, 479.8% higher than that of the same period of the last financial year.
- Net operating profit for the period reached HK\$246.5 million, showing a 10.9% year-on-year improvement. Net operating margin was 44.5% as compared to 44.6% for the same period of the last financial year.
- The Board has declared an interim dividend of HK4 cents per share for the six months ended 30 September 2012, up 100.0% as compared to HK2 cents per share for the six months ended 30 September 2011.

# Management Discussion and Analysis

## BUSINESS AND OPERATIONAL REVIEW

The period under review saw a slow pace of recovery in the global economy especially in Europe and the United States of America. Nevertheless, the Group recorded a steady growth in financial performance for the first half of the financial year ending 31 March 2013 (“FY2013”) primarily driven by a steady rate increase in Hong Kong and encouraging growth in contribution from the Mainland China.

### Acquisitions and Disposal

During the first half of FY2013, the Group has completed the following significant transactions:

In April 2012, the Group completed the acquisition of the Big Orange industrial building located in Kwai Chung, Hong Kong from an independent third party at a consideration of HK\$210.0 million. The property is conveniently located at the densely populated Kwai Chung district and well served by public transportation. The Group intends to convert the property into a 420-guestroom hotel, which will be branded as an additional member to the Group’s three-star Silka series of hotels, namely “Silka Tsuen Wan, Hong Kong”.

As part of the Group’s capital redeployment strategy, in September 2012, the Group completed the disposal of Hong Kong (SAR) Hotel Limited (“HKSAR Hotel”) holding Dorsett Regency Hotel, Hong Kong (“Dorsett Regency HK”) which is located in Kennedy Town, Hong Kong for an aggregate consideration of HK\$800.0 million, out of which, a sum of HK\$15.0 million has been retained in escrow pending the obtaining of certain approval for internal alteration to the Dorsett Regency HK, which may be recognized as a gain if such approval is obtained or forfeited by the purchaser if such approval is not obtained before 28 March 2013. The disposal resulted in a gain of approximately HK\$445.1 million for the period. The Dorsett Regency HK is currently being managed by the Group under a management contract for a term of about six months from the date of completion of the disposal.

Asians, in particular the Chinese are making more outbound trips and to farther destinations. Aligning with the Group’s “Chinese Wallet” strategy, the Group continued to expand its hotel portfolio in selected strategic regions in the UK with the acquisition of a property which is currently an office building situated adjacent to Aldgate underground station on London underground’s Circle Line and Metropolitan Line for a consideration of approximately £14.1 million (equivalent to approximately HK\$178.4 million) in October 2012. The Group intends to redevelop the property into a hotel which to be named as “The Matrix”.

### Business and Project Development

On the existing portfolio, in August 2012, the Group commenced operations of Dorsett Kwun Tong (361 rooms) and put Dorsett Grand Chengdu (556 rooms) on trial.

The seven owned hotels that are under development are largely progressing as planned as follows:

Company Owned Hotels For/Under Development <sup>(1)</sup>	Location	Target market segment <sup>(1)</sup>	Total rooms <sup>(1)</sup>	Commencement <sup>(1)</sup>
Dorsett Singapore <sup>(5)</sup>	Singapore	mid-scale	285	4th quarter of FY2013
Dorsett Tsuen Wan, Hong Kong <sup>(6)</sup>	Hong Kong	mid-scale	548	4th quarter of FY2013
Dorsett Grand Zhuji <sup>(2), (7)</sup>	PRC	up-scale	200	3rd quarter of FY2014
Dorsett London <sup>(8)</sup>	UK	mid-scale	322	3rd quarter of FY2014
Silka Tsuen Wan, Hong Kong <sup>(9)</sup>	Hong Kong	value	420	1st quarter of FY2015
Dorsett Zhongshan <sup>(3), (10)</sup>	PRC	mid-scale	416	1st quarter of FY2015
The Matrix	UK	mid-scale	260 <sup>(4)</sup>	2nd quarter of FY2016

<sup>(1)</sup> The hotel names, target market segments, total rooms and commencement may change.

<sup>(2)</sup> The Group owns 25% interest of the hotel.

<sup>(3)</sup> The Group is in the process of obtaining the title certificates for Dorsett Zhongshan.

<sup>(4)</sup> Total rooms of approximately 260 are subject to planning approval and finalization of conversion plan.

<sup>(5)</sup> Previously known as Dorsett Regency Singapore.

<sup>(6)</sup> Previously known as Dorsett Regency Tsuen Wan.

<sup>(7)</sup> Previously known as Grand Dorsett Zhuji.

<sup>(8)</sup> Previously known as Dorsett Regency London.

<sup>(9)</sup> Previously known as Silka Tsuen Wan.

<sup>(10)</sup> Previously known as Dorsett Regency Zhongshan.

## Management Discussion and Analysis

### FINANCIAL REVIEW

Overall revenue of the Group grew by 11.1% to HK\$554.4 million for the first half of FY2013. Hong Kong and China regions remained the key drivers of the Group's performance amongst the regions.

The key revenue indicators for the period are as follows:

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
<b>Hong Kong</b>		
Occupancy rate*	<b>93%</b>	95%
Average room rate (HK\$)*	<b>941</b>	857
RevPAR (HK\$)*	<b>876</b>	813
Revenue (HK\$m)	<b>349</b>	309
<b>Malaysia</b>		
Occupancy rate	<b>66%</b>	73%
Average room rate (HK\$)	<b>507</b>	505
RevPAR (HK\$)	<b>337</b>	371
Revenue (HK\$m)	<b>140</b>	143
<b>China</b>		
Occupancy rate	<b>72%</b>	50%
Average room rate (HK\$)	<b>547</b>	587
RevPAR (HK\$)	<b>393</b>	294
Revenue (HK\$m)	<b>65</b>	47
<b>Group Total</b>		
Occupancy rate	<b>81%</b>	82%
Average room rate (HK\$)	<b>768</b>	726
RevPAR (HK\$)	<b>621</b>	592
Revenue (HK\$m)	<b>554</b>	499

\* Included only hotels owned by the Group

The Group's total RevPAR of owned hotels achieved 4.9% year-on-year growth which resulted from the increase of 5.8% in the overall ARR and the decrease of 1.2% in occupancy ("OCC") as compared to the same period of the last financial year.

The owned hotels in Hong Kong continued to benefit from the high demand in room nights resulting in 9.8% growth in the ARR over the same period of last financial year reaching HK\$940.6. Hong Kong region recorded 7.7% year-on-year growth in RevPAR, accounting for 51.3% of the Group's total owned room inventory for the period under review. The Group is strategically driving the room rates up in different market segments for enhancing the RevPAR which is critical to the Group's profitability. The decrease of 2.1% in the OCC was mainly due to the ramp up of Dorsett Kwun Tong which opened in August 2012.

During the period under review, momentum of revenue growth in the China region continued from the last financial year. Dorsett Regency Wuhan achieved a significant increase in RevPAR of 59.9% over the corresponding period of the last financial year. Dorsett Shanghai also posted 36.8% year-on-year growth in RevPAR for the period under review in response to continued marketing efforts in promoting brand awareness and growing business in more diversified segments. With the increase in room inventory from Dorsett Grand Chengdu which was put on trial in August 2012, the overall ARR for China region during the period under review decreased by 6.8%. ARR of Dorsett Grand Chengdu during the trial period was comparably lower than the average ARR for the same period of the last financial year. Notwithstanding that, the overall RevPAR for the China region achieved a remarkable increase of 33.7% over the same period of the last financial year.

In Malaysia, as a result of fewer international events held as opposed to last year, and a reduction in service of national carriers and budgeted airlines, there was a decrease in leisure travelers. This affected the performance of the Malaysian hotels. Although our five hotels were able to maintain the overall ARR compared to the same period of the last financial year, OCC exhibited a year-on-year decrease of 9.6% resulting in overall decrease of 9.2% in RevPAR for the period under review.

*Management Discussion and Analysis*

The key financial performance indicators for the period are as follows:

	<b>Six months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>554,397</b>	498,990
Gross profit	<b>316,912</b>	289,413
Profit before tax	<b>569,342</b>	118,356
Profit for the period	<b>545,883</b>	94,158
Earnings per share		
– Basic (HK cents)	<b>27.29</b>	4.71
EBITDA	<b>685,143</b>	220,069
Net operating profit <sup>(1)</sup>	<b>246,538</b>	222,303
Net operating margin <sup>(2)</sup>	<b>44.5%</b>	44.6%

Notes:

<sup>(1)</sup> Net operating profit = profit before tax, interest income, finance costs, depreciation and amortisation, pre-opening expenses, change in fair value of investment properties, change in fair value of derivative financial instruments, change in fair value of financial assets at fair value through profit or loss and other non-recurring items

<sup>(2)</sup> Net operating margin = Net operating profit/revenue

Gross profit for the first six months was up 9.5% to HK\$316.9 million, primarily due to the improvements in the performance of Hong Kong and China regions despite the moderate decrease in contribution from the Malaysian region.

Profit for the period under review was reported at HK\$545.9 million, a significant increase of 479.8% compared to HK\$94.2 million for the same period of the last financial year. The increase was mainly caused by the gain of approximately HK\$445.1 million in relation to the disposal of HKSAR Hotel holding Dorsett Regency HK which is located in Kennedy Town, Hong Kong. Excluding the gain from the disposal of HKSAR Hotel, profit for the period under review was HK\$100.8 million, up 7.1% as compared to the same period of the last financial year.

EBITDA rose to HK\$685.1 million from HK\$220.1 million, while net operating profit grew to HK\$246.5 million from HK\$222.3 million. Net operating margin was 44.5% as compared to 44.6% for the corresponding period of the last financial year.

## Management Discussion and Analysis

### Financial Resources and Liquidity

Analysis of the Group's borrowings and liquidity is as follows:

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
Bank balances and cash	1,374,466	533,647
Pledged deposits	201,224	340,917
	<b>1,575,690</b>	874,564
Bank loans	3,920,740	3,646,443
Less: front-end fee	(14,241)	(19,062)
	<b>3,906,499</b>	3,627,381
Analysis for reporting purpose as		
Current liabilities	2,735,602	858,877
Non-current liabilities	1,170,897	2,768,504
	<b>3,906,499</b>	3,627,381
Net debt	<b>2,330,809</b>	2,752,817
Total equity	3,752,340	3,419,797
Revaluation surplus of hotel properties **	7,235,823	7,749,919
Total equity after revaluation surplus	<b>10,988,163</b>	11,169,716
Net debt to equity (after revaluation surplus)	<b>21.2%</b>	24.6%

\*\* as at 31 March 2012 excluded the revaluation surplus for Dorsett Regency HK which was disposed on 28 September 2012. No revaluation on hotel properties was performed for the interim period of FY2013.

Current portion of bank borrowings included an amount of HK\$689.6 million which is not repayable within one year but is shown under current liabilities in accordance with Hong Kong Financial Reporting Standards as the counterparties have a discretionary right to demand immediate repayment. Balance of the current portion of bank borrowings primarily reflected a syndicated loan for the amount of HK\$1,705.5 million which is repayable in full on maturity in September 2013. The principal amounts outstanding under the syndicated loan bear interest at HIBOR plus a margin of 1.5% per annum.

Management considers the interest rate for the syndicated loan is comparably favorable and it is in the best interest for the Group to renew the syndicated loan nearer the time of its maturity. After reviewing the Group's cash flow forecast as part of the normal course of business, Management is comfortable with the Group's liquidity position and is confident that the refinancing of syndicated loan will be secured on or prior to the maturity.

### Capital Expenditure

The Group's capital expenditure in relation to our hotel portfolio is expected to be approximately HK\$682.4 million for the second half of FY2013. The capital expenditure shall be financed with our existing financial resources, banking facilities and fund generated from our operating activities.

### Capital Commitments

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted but not provided in the financial statements	741,325	585,760
– authorised but not contracted for	24,463	319,593

### Contingent Liabilities

During the financial year ended 31 March 2010, HKSAR Hotel initiated a lawsuit against the contractor for unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposed of during the current period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 and further adjourned to August 2013. In the opinion of the Directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

## Management Discussion and Analysis

### Human Resources

As at 30 September 2012, the Group had 2,400 employees. Total employee cost for the period was HK\$139.0 million (six months ended 30 September 2011: HK\$116.0 million). In order to attract and retain talents to ensure smooth operations and to cater for the Group's expected growth, the Group offers competitive employee remuneration packages with reference to market conditions and individual qualifications, experience and job scope. Such remuneration packages consist of basic salary plus discretionary, performance related annual bonus.

Some of the Board members and full-time employees were granted share options under the Company's share option scheme. The employee share option scheme has been put in place to incentivise employees and to encourage them to work towards enhancing shareholders' value and promoting the long-term growth of the Group. The Group recognises a fair value of HK\$18.0 million on these options, of which HK\$1.6 million is charged as share option expense for the period.

### Other Financial and Operational Information

- The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK\$7,235.8 million based on valuation on 31 March 2012. The Group did not revalue our hotel portfolio for the interim reporting period of FY2013. The revaluation surplus has not been accounted for in the financial statements. Net assets value per share after adjusting revaluation surplus as at 30 September 2012 was HK\$5.49.
- In order to further strengthen the Group's brand awareness and reinforce competitive advantage, several high level changes to the overall brand architecture were made. The English name of the Company has been changed from "Kosmopolito Hotels International Limited" to "Dorsett Hospitality International Limited" and the Chinese name of the Company has been changed from "麗悅酒店集團有限公司" to "帝盛酒店集團有限公司" with effect from 31 August 2012. The change of name is an important part of the brand alignment exercise which will strengthen the brand awareness for marketing efficiency and will be essential to the Group's further expansion through development, acquisition and management contracts. Furthermore, individual hotels are also under a tentative timetable to change their names.
- To enhance our brand architecture, the Group has consolidated the hotel portfolio and divided it into three brands that cover different market segments – boutique range "d. Collection", a series of upscale, charismatic hotels in prime locations carefully chosen for their proximity to the pulse of each city; "Dorsett Hotels & Resorts", comprising the upscale Dorsett Grand hotels which offer tasteful and rich hospitality experience, midscale Dorsett Hotels which are contemporary urban hotels in central locations; and the value-led "Silka Hotels" famed for convenience, speedy service and attractive room rates.

### OUTLOOK

According to World Travel & Tourism Council's revised forecasts for 2012, although most economies are still growing, economic conditions and economic growth are weak as the Eurozone break-up remains a major risk in the short to medium term. Travel tourism growth is likely to closely track wider economy growth for 2012. The growth of travel tourism industry is projected to increase by 2.7% in 2012 which is being driven by emerging economies, particularly those in Asia. China's travel tourism is projected to grow 7.2%, despite slight downward revisions that were made. The revision in China's travel tourism growth by 1.2 percentage points is largely linked to a weaker export performance elsewhere in its economy as the struggling Eurozone is the destination for around 15% of China's exports.

Whilst global economic environment is expected to remain challenging during the rest of FY2013, the Group will strive to counteract the negative impacts by implementing the rebranding strategies. The change of the Company's name to "Dorsett Hospitality International Limited" is an important milestone to strengthen our position in the hospitality industry and leverage on the already established Dorsett brand name. The new three brands of our hotel portfolio, namely "d. Collection", "Dorsett Hotels & Resorts" and "Silka Hotels" enable the Group to cater for different market segments, accord it with greater business leverage and the ability to grow further organically.

To better position the Group for long-term growth, the Group has actively expanded its portfolio of operating hotels. During the first half of FY2013, in August 2012, Dorsett Kwun Tong (361 rooms) opened while Dorsett Grand Chengdu (556 rooms) was put on trial. Adjusting for the disposal of Dorsett Regency HK (209 rooms) in September 2012, the Group recorded a net increase in room inventory of 708 rooms. The Group is scheduled to further grow its hotel room numbers to exceed 7,000 in the upcoming years. These new hotels are expected to generate significantly larger cash flow stream for the Group. However, as these new hotels take times to ramp up and stabilize in term of operations, the overall group wide average per room benchmarks, including ARR, OCC and RevPAR, may be adversely impacted in the short term.

The Group's recent acquisition of The Matrix in Aldgate, London will allow the Group to have greater economies of scale in terms of its operation in London. Together with Dorsett London, in Shepherd's Bush, the Group will have two hotels in London and can benefit more fully from the growing demand of hotels arising from increasing international trade volume and, hence, business travelers. The Group will continue to capture the continually growing Asia travel market by pursuing its "Chinese Wallet" strategy.

# Other Information

## INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30 September 2012 (the “Interim Dividend”) of HK4 cents per share, showing a 100.0% growth as compared to HK2 cents per share for the six months ended 30 September 2011.

## CLOSURE OF REGISTER OF MEMBERS

The Interim Dividend will be distributed on or about 28 December 2012 to the shareholders whose names appear on the Register of Members of the Company on 14 December 2012.

For the purpose of determining the entitlement of the shareholders to the Interim Dividend, the Register of Members of the Company will be closed from 13 December 2012 to 14 December 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 12 December 2012.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code throughout the six months ended 30 September 2012.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2012.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2012 has not been audited but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants by Deloitte Touche Tohmatsu, whose report on review is contained in this interim report. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2012 has also been reviewed by the audit committee of the Company.

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

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company’s 2011–2012 Annual Report are set out below:

- 1. Mr. HOONG, Cheong Thard**  
Mr. Hoong has been appointed as an executive director of the board of Far East Consortium International Limited (“FECIL”), a public listed company in Hong Kong, with effect from 31 August 2012.
- 2. Mr. CHAN, Chi Hing**  
Mr. CHAN has been appointed as an executive director of the board of FECIL with effect from 31 August 2012.

*Other Information***DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 30 September 2012, the interests and short positions of the Directors and/or chief executive of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the Laws of Hong Kong) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

**Directors' interest in shares (the "Shares") and underlying shares of the Company**

Name of Directors	Shares in the Company <sup>(i)</sup>				Options granted by the Company <sup>(iv)</sup>		Approximate % of Issued Share Capital of the Company
	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	
Tan Sri Dato' CHIU, David	-	1,472,773,254 <sup>(ii)</sup>	8,355	-	-	1,472,781,609	73.64%
CHAN, Chi Hing	3,000	-	-	-	3,545,454	3,548,454	0.18%
HOONG, Cheong Thard	-	-	-	4,000 <sup>(iii)</sup>	2,836,363	2,840,363	0.14%
CHIU, Wing Kwan Winnie	-	-	-	-	2,272,727	2,272,727	0.11%
LAI, Wai Keung	-	-	-	-	1,590,909	1,590,909	0.08%

Notes:

- (i) All interests of the Directors in the Shares or underlying shares of the Company were long positions.
- (ii) 7,773,254 Shares were directly held by Sumptuous Assets Limited ("Sumptuous"), a company fully controlled by Tan Sri Dato' CHIU, David, and 1,465,000,000 Shares were directly held by Ample Bonus Limited ("Ample Bonus"), a wholly-owned subsidiary of FECIL. As at 30 September 2012, by virtue of the shares in FECIL owned by Sumptuous represents approximately 39.65% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus. Sumptuous is fully controlled by Tan Sri Dato' CHIU, David and therefore Tan Sri Dato' CHIU, David is deemed to be interested in the Shares directly owned by Ample Bonus and Sumptuous.
- (iii) 4,000 Shares were jointly held by HOONG, Cheong Thard and TENG, Pei Chun.
- (iv) Further information on the options granted by the Company to the Directors is set out in the below section headed "Share Option Scheme of the Company".

**Directors' interest in shares and underlying shares of FECIL, an associated corporation (within the meaning of Part XV of the SFO) of the Company**

Name of Directors	Shares in FECIL <sup>(i)</sup>				Options granted by FECIL <sup>(iv)</sup>		Approximate % of Issued Share Capital of FECIL
	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	
Tan Sri Dato' CHIU, David	13,607,249	685,862,201 <sup>(ii)</sup>	557,000	-	-	700,026,450	40.47%
CHAN, Chi Hing	208,586	-	-	-	4,300,000	4,508,586	0.26%
HOONG, Cheong Thard	261	-	-	369,756 <sup>(iii)</sup>	7,400,000	7,770,017	0.45%
LAI, Wai Keung	-	-	-	-	1,300,000	1,300,000	0.08%
LIU, Ngai Wing	4,490	-	-	-	-	4,490	0.00%

## Other Information

### Notes:

- (i) All interests of the Directors in the shares or underlying shares of FECIL were long positions.
- (ii) 685,849,880 shares in FECIL were held by Sumptuous and 12,321 shares in FECIL were held by Modest Secretarial Services Limited ("Modest"). Sumptuous and Modest are fully controlled by Tan Sri Dato' CHIU, David, accordingly Tan Sri Dato' CHIU, David is deemed to be interested in the shares in FECIL held by Sumptuous and Modest.
- (iii) 369,756 shares in FECIL were jointly held by HOONG, Cheong Thard and TENG, Pei Chun.
- (iv) Further information on the options granted by FECIL to the Directors is set out in the below section headed "Share Option Scheme of FECIL".

Save as disclosed above, none of the Directors or chief executive of the Company was interested or had any short position in any Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2012.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2012, the interests or short positions of every person in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholders	Capacity	Position <sup>(i)</sup>	Shares in the Company	Approximate % of Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	Interests in controlled corporations <sup>(ii)</sup>	Long	1,472,773,254	
	Family Interests	Long	8,355	
			1,472,781,609	73.64%
Nancy Ng	Personal Interests	Long	8,355	
	Family Interests <sup>(iii)</sup>	Long	1,472,773,254	
			1,472,781,609	73.64%
Sumptuous	Beneficial Owner <sup>(iii)</sup>	Long	7,773,254	
	Interests in controlled corporation <sup>(ii)</sup>	Long	1,465,000,000	
			1,472,773,254	73.64%
FECIL	Interests in controlled corporation <sup>(ii)</sup>	Long	1,465,000,000	73.25%
Ample Bonus	Beneficial Owner <sup>(iii)</sup>	Long	1,465,000,000	73.25%
Credit Suisse AG	Interests in controlled corporation <sup>(iv)</sup>	Long	162,000,000	8.10%
		Short	81,000,000	4.05%
Credit Suisse (Hong Kong) Limited ("Credit Suisse HK")	Interests held jointly with another entity <sup>(v)</sup>	Long	162,000,000	8.10%
		Short	81,000,000	4.05%
Penta Investment Advisers Limited ("Penta")	Investment manager <sup>(vi)</sup>	Long	119,226,439	5.96%

## Other Information

### Notes:

- (i) “Long” refers to the long position in the Shares or underlying shares of the Company held by such person/entity, while “short” refers to the short position in the Shares or underlying shares of the Company held by such person/entity.
- (ii) Ample Bonus directly owned 1,465,000,000 Shares. Ample Bonus is a wholly-owned subsidiary of FECIL and accordingly FECIL is deemed to be interested in the Shares held by Ample Bonus.  
  
Sumptuous directly owned 7,773,254 Shares. By virtue of the shares in FECIL owned by Sumptuous represents approximately 39.65% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus. Sumptuous is fully controlled by Tan Sri Dato’ CHIU, David and therefore Tan Sri Dato’ CHIU, David is deemed to be interested in the Shares directly owned by Ample Bonus and Sumptuous. The interests of Ample Bonus, FECIL and Sumptuous are disclosed in Tan Sri Dato’ CHIU, David’s notice of disclosure of interests.
- (iii) Nancy Ng is the spouse of Tan Sri Dato’ CHIU, David and is deemed to be interested in the Shares in which Tan Sri Dato’ CHIU, David is interested.
- (iv) Credit Suisse HK is fully controlled by Credit Suisse AG and accordingly pursuant to the SFO, Credit Suisse AG is deemed to be interested in the Shares of which Credit Suisse HK is interested.
- (v) 81,000,000 Shares were jointly held by Credit Suisse HK and Morgan Stanley Asia Limited, and 81,000,000 Shares were jointly held by Credit Suisse HK and The Royal Bank of Scotland N.V., Hong Kong Branch. The long position of Credit Suisse HK in 81,000,000 Shares was in respect of unlisted physically settled derivatives.
- (vi) The long position of Penta in 43,114,910 Shares was in respect of unlisted cash settled derivatives.

Save as disclosed above, no other interest or short position in the Shares or underlying shares of the Company was recorded in the register required to be kept under Section 336 of the SFO as at 30 September 2012.

### SHARE OPTION SCHEME OF THE COMPANY

The Company operates a share option scheme (the “Share Option Scheme”), which was adopted on 10 September 2010 (the “Adoption Date”), for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date.

Eligible participants of the Share Option Scheme include Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of FECIL and its subsidiaries (the “FECIL Group”) and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

## Other Information

Details of the movements of share options under the Share Option Scheme during the six months ended 30 September 2012 (the "Period") were as follows:

Option type <sup>(ii)</sup>	Number of share options <sup>(i)</sup>					
	Outstanding at 1.4.2012	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding at 30.9.2012	
<b>Directors</b>						
CHIU, Wing Kwan Winnie	Tranche 1	454,545	–	–	–	454,545
	Tranche 2	454,545	–	–	–	454,545
	Tranche 3	454,545	–	–	–	454,545
	Tranche 4	454,545	–	–	–	454,545
	Tranche 5	454,547	–	–	–	454,547
		2,272,727	–	–	–	2,272,727
LAI, Wai Keung	Tranche 1	318,181	–	–	–	318,181
	Tranche 2	318,181	–	–	–	318,181
	Tranche 3	318,181	–	–	–	318,181
	Tranche 4	318,181	–	–	–	318,181
	Tranche 5	318,185	–	–	–	318,185
		1,590,909	–	–	–	1,590,909
HOONG, Cheong Thard	Tranche 1	567,272	–	–	–	567,272
	Tranche 2	567,272	–	–	–	567,272
	Tranche 3	567,272	–	–	–	567,272
	Tranche 4	567,272	–	–	–	567,272
	Tranche 5	567,275	–	–	–	567,275
		2,836,363	–	–	–	2,836,363
CHAN, Chi Hing	Tranche 1	709,090	–	–	–	709,090
	Tranche 2	709,090	–	–	–	709,090
	Tranche 3	709,090	–	–	–	709,090
	Tranche 4	709,090	–	–	–	709,090
	Tranche 5	709,094	–	–	–	709,094
		3,545,454	–	–	–	3,545,454
MOK, Kwai Pui Bill <sup>(iii)</sup>	Tranche 1	709,090	–	–	(709,090)	–
	Tranche 2	709,090	–	–	(709,090)	–
	Tranche 3	709,090	–	–	(709,090)	–
	Tranche 4	709,090	–	–	(709,090)	–
	Tranche 5	709,094	–	–	(709,094)	–
		3,545,454	–	–	(3,545,454)	–
<b>Employees (in aggregate)</b>	Tranche 1	1,772,721	–	–	–	1,772,721
	Tranche 2	1,772,721	–	–	–	1,772,721
	Tranche 3	1,772,721	–	–	–	1,772,721
	Tranche 4	1,772,721	–	–	–	1,772,721
	Tranche 5	1,772,745	–	–	–	1,772,745
		8,863,629	–	–	–	8,863,629
<b>Total</b>		<b>22,654,536</b>	<b>–</b>	<b>–</b>	<b>(3,545,454)</b>	<b>19,109,082</b>

No share options were cancelled during the Period.

## Other Information

Notes:

- (i) The share options were granted on 11 October 2010 at an initial exercise price of HK\$2.20 per share. The vesting periods of the share options are between the date of grant and the dates before the commencement of exercise periods.
- (ii) The vesting and exercise periods of the share options are as follows:

Option type	Vesting period	Exercise period
Tranche 1	11.10.2010 to 10.10.2011	11.10.2011 to 10.10.2014
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018

- (iii) MOK, Kwai Pui Bill ceased to be a Director upon his retirement at the conclusion of the Company's annual general meeting held on 31 August 2012.

### SHARE OPTION SCHEME OF FECIL

FECIL's share option scheme was adopted pursuant to a resolution passed on 28 August 2002 (the "FECIL Scheme") for the purpose of providing incentives and rewards to employees or executives or officers (including executive and non-executive directors) of FECIL or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to FECIL or any of its subsidiaries. Under FECIL Scheme, the board of directors of FECIL may grant options to eligible employees, including directors of FECIL and its subsidiaries, to subscribe for shares in FECIL.

The movements of the Directors' and the Group's employees' entitlements under the FECIL Scheme during the Period are as follows:

Grantee	Date of grant	Option type <sup>(ii)</sup>	Number of share options <sup>(i)</sup>				At 30.9.2012
			At 1.4.2012	Granted during the Period	Exercise during the Period	Lapsed during the Period	
MOK, Kwai Pui Bill <sup>(iii)</sup>	21.10.2004	Tranche 3	1,200,000	–	–	–	1,200,000
		Tranche 4	1,800,000	–	–	–	1,800,000
		Tranche 5	2,000,000	–	–	–	2,000,000
			5,000,000	–	–	–	5,000,000
LAI, Wai Keung	21.10.2004	Tranche 3	300,000	–	–	–	300,000
		Tranche 4	475,000	–	–	–	475,000
		Tranche 5	525,000	–	–	–	525,000
			1,300,000	–	–	–	1,300,000
HOONG, Cheong Thard	8.5.2009	Tranche 1	1,850,000	–	–	–	1,850,000
		Tranche 2	1,850,000	–	–	–	1,850,000
		Tranche 3	1,850,000	–	–	–	1,850,000
		Tranche 4	1,850,000	–	–	–	1,850,000
			7,400,000	–	–	–	7,400,000
CHAN, Chi Hing	21.10.2004	Tranche 3	500,000	–	–	–	500,000
		Tranche 4	1,800,000	–	–	–	1,800,000
		Tranche 5	2,000,000	–	–	–	2,000,000
			4,300,000	–	–	–	4,300,000
Other employees in aggregate	21.10.2004	Tranche 4	200,000	–	–	–	200,000
		Tranche 5	400,000	–	–	–	400,000
			600,000	–	–	–	600,000
			<b>18,600,000</b>	–	–	–	<b>18,600,000</b>

## Other Information

### Notes:

(i) The share options were granted on 21 October 2004 and 8 May 2009 at an initial exercise price of HK\$2.075 per share and HK\$1.500 per share respectively. The vesting periods of the share options are between the dates of grant and the dates before the commencement of exercise periods.

(ii) The vesting and exercise periods of the share options are as follows:

#### Options granted on 21 October 2004

Option type	Vesting period	Exercise period
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 20.10.2014
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 20.10.2014
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 20.10.2014

#### Options granted on 8 May 2009

Option type	Vesting period	Exercise period
Tranche 1	08.05.2009 to 15.09.2009	16.09.2009 to 15.09.2019
Tranche 2	08.05.2009 to 15.09.2010	16.09.2010 to 15.09.2019
Tranche 3	08.05.2009 to 15.09.2011	16.09.2011 to 15.09.2019
Tranche 4	08.05.2009 to 15.09.2012	16.09.2012 to 15.09.2019

(iii) MOK, Kwai Pui Bill ceased to be a Director upon his retirement at the conclusion of the Company's annual general meeting held on 31 August 2012.

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

德勤

TO THE BOARD OF DIRECTORS OF  
DORSETT HOSPITALITY INTERNATIONAL LIMITED

帝盛酒店集團有限公司

(FORMERLY KNOWN AS KOSMOPOLITO HOTELS INTERNATIONAL LIMITED

麗悅酒店集團有限公司)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Dorsett Hospitality International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 18 to 30, which comprise the condensed consolidated statement of financial position as of 30 September 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 November 2012

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	NOTES	Six months ended	
		30.9.2012	30.9.2011
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	554,397	498,990
Operating costs		(174,566)	(153,444)
Depreciation and amortisation		(62,919)	(56,133)
Gross profit		316,912	289,413
Other income		3,214	2,689
Gain on disposal of a subsidiary	17	445,086	–
Administrative expenses		(135,181)	(123,187)
Pre-opening expenses		(8,484)	(2,507)
Other gains and losses	5	1,973	(1,405)
Finance costs	6	(54,178)	(46,647)
Profit before tax		569,342	118,356
Income tax expense	7	(23,459)	(24,198)
<b>Profit for the period</b>	8	<b>545,883</b>	<b>94,158</b>
<b>Other comprehensive (expense) income for the period</b>			
Exchange differences on translation of foreign operations		(14,897)	4,407
<b>Total comprehensive income for the period</b>		<b>530,986</b>	<b>98,565</b>
Earnings per share	10		
– Basic (HK cents)		27.29	4.71
– Diluted (HK cents)		27.29	4.71

# Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	NOTES	30.9.2012 HK\$'000 (unaudited)	31.3.2012 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	5,230,151	5,074,698
Prepaid lease payments	11	587,401	591,333
Investment properties	11	402,600	405,900
Deposits for acquisition of property, plant and equipment		141,814	149,315
Interest in an associate		76,533	76,533
Utility and other deposits paid		11,320	7,990
Pledged deposits		7,963	5,252
Financial assets at fair value through profit or loss		8,752	–
		<b>6,466,534</b>	<b>6,311,021</b>
<b>Current assets</b>			
Properties for sale – for/under development		320,493	255,677
Other inventories		13,446	8,129
Debtors, deposits and prepayments	12	115,779	105,561
Available-for-sale investments		3,949	–
Financial assets at fair value through profit or loss		18,308	–
Prepaid lease payments	11	14,605	14,629
Tax recoverable		49	37
Pledged deposits		193,261	335,665
Bank balances and cash		1,374,466	533,647
		<b>2,054,356</b>	<b>1,253,345</b>
<b>Current liabilities</b>			
Creditors and accruals	13	279,621	231,720
Secured bank borrowings	14	2,735,602	858,877
Dividends payable		200,000	–
Sales deposits received		226,988	148,578
Derivative financial instruments	15	931	1,198
Tax payable		53,762	34,277
		<b>3,496,904</b>	<b>1,274,650</b>
Net current liabilities		<b>(1,442,548)</b>	<b>(21,305)</b>
Total assets less current liabilities		<b>5,023,986</b>	<b>6,289,716</b>
<b>Non-current liabilities</b>			
Secured bank borrowings	14	1,170,897	2,768,504
Rental deposits received		9,183	6,851
Deferred tax liabilities	16	91,566	94,564
		<b>1,271,646</b>	<b>2,869,919</b>
<b>NET ASSETS</b>		<b>3,752,340</b>	<b>3,419,797</b>
<b>Capital and reserves</b>			
Share capital		200,000	200,000
Share premium		2,237,153	2,237,153
Reserves		1,315,187	982,644
<b>TOTAL EQUITY</b>		<b>3,752,340</b>	<b>3,419,797</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Share capital	Share premium	Exchange reserve	Property revaluation reserve	Merger reserve	Share options reserve	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000
As at 1 April 2011 (audited)	200,000	2,237,153	113,186	9,014	(201,048)	3,299	207,440	327,690	2,896,734
Profit for the period	-	-	-	-	-	-	-	94,158	94,158
Other comprehensive income for the period	-	-	4,407	-	-	-	-	-	4,407
Total comprehensive income for the period	-	-	4,407	-	-	-	-	94,158	98,565
Dividends (note 9)	-	-	-	-	-	-	-	(80,000)	(80,000)
Recognition of equity-settled share based payments	-	-	-	-	-	2,162	-	-	2,162
As at 30 September 2011 (unaudited)	200,000	2,237,153	117,593	9,014	(201,048)	5,461	207,440	341,848	2,917,461
Profit for the period	-	-	-	-	-	-	-	510,934	510,934
Other comprehensive income for the period	-	-	28,666	-	-	-	-	-	28,666
Total comprehensive income for the period	-	-	28,666	-	-	-	-	510,934	539,600
Dividends (note 9)	-	-	-	-	-	-	-	(40,000)	(40,000)
Recognition of equity-settled share based payments	-	-	-	-	-	2,736	-	-	2,736
Lapse of share options transferred to retained profits	-	-	-	-	-	(1,024)	-	1,024	-
As at 31 March 2012 (audited)	200,000	2,237,153	146,259	9,014	(201,048)	7,173	207,440	813,806	3,419,797
Profit for the period	-	-	-	-	-	-	-	545,883	545,883
Other comprehensive income for the period	-	-	(14,897)	-	-	-	-	-	(14,897)
Total comprehensive income for the period	-	-	(14,897)	-	-	-	-	545,883	530,986
Dividends (note 9)	-	-	-	-	-	-	-	(200,000)	(200,000)
Recognition of equity-settled share based payments	-	-	-	-	-	1,557	-	-	1,557
Lapse of share options transferred to retained profits	-	-	-	-	-	(1,161)	-	1,161	-
As at 30 September 2012 (unaudited)	200,000	2,237,153	131,362	9,014	(201,048)	7,569	207,440	1,160,850	3,752,340

## Notes:

- (a) Merger reserve represents the difference between the aggregated fair values and the carrying amounts of certain hotels acquired from Parent Entities (see note 1).
- (b) Other reserve represents fair value adjustment of business acquired from Parent Entities and gain on disposal of a subsidiary to the Parent Entities deemed to be capital contributed by the Parent Entities.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	NOTE	Six months ended	
		30.9.2012	30.9.2011
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Net cash from operating activities</b>		<b>224,558</b>	142,684
<b>Investing activities</b>			
Acquisition of properties for hotel development		(206,844)	(210,460)
Development expenditure on hotel properties		(262,902)	(173,600)
Acquisition of other property, plant and equipment		(23,908)	(32,759)
Net cash inflow from disposal of a subsidiary	17	765,691	–
Placement of pledged bank deposits		(66,889)	(108,858)
Release of pledged bank deposits		206,125	–
Other investing activities		(2,584)	1,067
<b>Net cash from (used in) investing activities</b>		<b>408,689</b>	(524,610)
<b>Financing activities</b>			
New bank borrowings raised		715,202	133,732
Repayments of bank borrowings		(436,693)	(54,430)
Interest paid		(68,663)	(53,034)
<b>Net cash from financing activities</b>		<b>209,846</b>	26,268
<b>Increase (decrease) in cash and cash equivalents</b>		<b>843,093</b>	(355,658)
<b>Cash and cash equivalents at beginning of the period</b>		<b>533,647</b>	720,506
Effect of foreign exchange rate changes		(2,274)	(5,679)
<b>Cash and cash equivalents at end of the period</b>		<b>1,374,466</b>	359,169
<b>Represented by</b>			
Bank balances and cash		1,374,466	359,169

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 1. GENERAL

The Company's immediate holding company is Ample Bonus Limited, a limited liability company incorporated in the British Virgin Islands whereas the Company's ultimate holding company is Far East Consortium International Limited ("FECIL"), a limited liability company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The companies comprising the FECIL group excluding the Group are hereinafter referred to as the "Parent Entities".

The name of the Company was changed from Kosmopolito Hotels International Limited to Dorsett Hospitality International Limited during the period. This change of name was approved by the shareholders at last annual general meeting and became effective on 31 August 2012, the day on which the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands. Registration of the new name in Hong Kong under Part XI of the Companies Ordinance of Hong Kong was effective on 18 September 2012, the day on which the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$1,442,548,000 as at 30 September 2012. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

### Financial assets

The Group's financial assets are classified into "financial assets at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

*Notes to the Condensed Consolidated Financial Statements*  
*For the six months ended 30 September 2012*

### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### **Financial assets (Continued)**

##### *Financial assets at fair value through profit or loss ("FVTPL") (Continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

##### *Available-for-sale investments*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories. At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

#### **Application of amendments to Hong Kong Financial Reporting Standards**

In addition, in the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA:

- amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION

#### Segment revenue and results

An analysis of the Group's revenue representing the aggregate income from hotel operations and gross rental from leasing of properties, net of business tax, is as follows:

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hotel room revenue, food and beverage	534,144	475,512
Rental income from properties	20,253	23,478
	<b>554,397</b>	498,990

The following is an analysis of the Group's revenue from external customers and profit (loss) before tax by operating and reportable segments.

	Segment revenue		Segment profit (loss)	
	Six months ended		Six months ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hong Kong	349,333	308,647	559,912	111,988
Malaysia	140,336	143,066	23,728	23,936
People's Republic of China ("PRC")	64,728	47,277	(10,321)	(13,635)
Singapore	–	–	(3,857)	(3,921)
United Kingdom ("UK")	–	–	(120)	(12)
	<b>554,397</b>	498,990	<b>569,342</b>	118,356

None of the segments derived any revenue from transactions with other segments.

#### Segment assets

The following is an analysis of the Group's segment assets by geographical location at the end of the reporting period:

	30.9.2012	31.3.2012
	HK\$'000 (unaudited)	HK\$'000 (audited)
Hong Kong	4,109,648	3,592,814
Malaysia	1,078,121	1,071,588
PRC	2,053,877	1,944,076
Singapore	884,919	694,845
UK	394,325	261,043
Total segment assets	<b>8,520,890</b>	7,564,366

All assets are allocated to operating segments and no asset is used jointly by reportable segments.

Information about segment liabilities is not regularly reviewed by the chief operating decision maker. Accordingly, no such information is presented.

*Notes to the Condensed Consolidated Financial Statements*  
For the six months ended 30 September 2012

## 5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Change in fair value of financial assets at fair value through profit or loss	2,002	–
Change in fair value of derivative financial instruments	1	(1,171)
Change in fair value of investment properties	–	1,445
Net foreign exchange loss	(22)	(1,645)
Allowance for bad and doubtful debts	(8)	(34)
	<b>1,973</b>	<b>(1,405)</b>

## 6. FINANCE COSTS

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings		
– wholly repayable within five years	58,978	28,732
– not wholly repayable within five years	9,040	21,390
Amortisation of front-end fee	10,228	4,393
Others	645	392
	<b>78,891</b>	<b>54,907</b>
Less: amount capitalised to hotels properties under development and properties for sale under development	(24,713)	(8,260)
	<b>54,178</b>	<b>46,647</b>

## 7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current period income tax		
– Hong Kong	21,064	20,085
– Other jurisdictions	1,858	238
	<b>22,922</b>	<b>20,323</b>
Deferred taxation	537	3,875
	<b>23,459</b>	<b>24,198</b>

Taxation arising in each region is calculated at the rates prevailing in the relevant jurisdiction.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

### 8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Staff costs		
Directors' emoluments	1,485	2,504
Other staff		
Salaries and other benefits	129,985	106,827
Retirement benefit scheme contributions	7,570	6,623
	<b>139,040</b>	115,954
Amortisation of prepaid lease payments	6,160	6,255
Less: amount capitalised to hotel properties under development and properties for sale under development	<b>(1,883)</b>	(1,872)
	<b>4,277</b>	4,383
Depreciation	58,642	51,750
Share option expense	1,557	2,162
and after crediting:		
Gross rental income less direct outgoings*	9,061	9,232
Bank interest income	1,296	1,067

\* Comprises gross rental income from investment properties of HK\$11,535,000 (six months ended 30.9.2011: HK\$11,765,000) less direct operating expenses of HK\$2,474,000 (six months ended 30.9.2011: HK\$2,533,000).

### 9. DIVIDENDS

A final dividend of HK10 cents per share amounting to HK\$200,000,000 in respect of the year ended 31 March 2012 (2011: HK4 cents per share amounting to HK\$80,000,000 in respect of the year ended 31 March 2011) was declared and recognised as distribution during the period.

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK4 cents per share amounting to HK\$80,000,000 (2011: HK2 cents per share amounting to HK\$40,000,000) payable to the shareholders of the Company whose names appear in the register of members on 14 December 2012.

### 10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2012 is based on the consolidated profit for the period of HK\$545,883,000 (six months ended 30.9.2011: HK\$94,158,000) and on 2,000,000,000 shares (six months ended 30.9.2011: 2,000,000,000 shares) in issue during the period.

The computation of diluted earnings per share for the six months ended 30 September 2012 and 30 September 2011 did not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares throughout the period.

*Notes to the Condensed Consolidated Financial Statements*  
For the six months ended 30 September 2012

### 11. PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS/ INVESTMENT PROPERTIES

During the period, the Group acquired a property amounting to HK\$210,000,000 (six months ended 30.9.2011: HK\$210,460,000) and incurred development expenditure on development of certain properties amounting to HK\$301,367,000 (six months ended 30.9.2011: HK\$218,836,000).

The fair value of the investment properties, which are situated in the PRC, at 30 September 2012 and 31 March 2012 are based on the valuation carried out as at those dates by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected to the Group.

DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant market.

### 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade debtors	55,834	50,645
Advance to contractors	14,772	7,525
Prepayments and other receivables	45,173	47,391
	<b>115,779</b>	<b>105,561</b>

Rentals are payable upon presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period.

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 60 days	50,120	46,736
61 – 90 days	2,923	1,383
Over 90 days	2,791	2,526
	<b>55,834</b>	<b>50,645</b>

### 13. CREDITORS AND ACCRUALS

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade creditors	26,863	28,698
Construction cost and retention payable	123,141	91,651
Reservation deposit and receipt in advance	32,075	31,751
Other payable and accrued charges	97,542	79,620
	<b>279,621</b>	<b>231,720</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

### 13. CREDITORS AND ACCRUALS (Continued)

The following is an aged analysis of the trade creditors at the end of reporting period.

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 60 days	23,969	21,517
61 – 90 days	1,298	4,828
Over 90 days	1,596	2,353
	<b>26,863</b>	<b>28,698</b>

### 14. SECURED BANK BORROWINGS

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank loans	3,920,740	3,646,443
Less: front – end fee	(14,241)	(19,062)
	<b>3,906,499</b>	<b>3,627,381</b>
Analysis for reporting purpose as		
Current liabilities	2,735,602	858,877
Non-current liabilities	1,170,897	2,768,504
	<b>3,906,499</b>	<b>3,627,381</b>

The loans are repayable:

The loans repayable based on scheduled repayment dates set out in the loan agreements are as follows:

On demand or within one year	2,053,684	659,199
More than one year but not exceeding two years	730,359	2,144,271
More than two years but not exceeding five years	952,443	619,481
More than five years	184,254	223,492
	<b>3,920,740</b>	<b>3,646,443</b>

Carrying amount of borrowings included an amount of HK\$689,587,000 (31.3.2012: HK\$199,678,000) which is not repayable within one year is shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

The range of effective interest rates of the bank loans is 1.31% to 8.81% (31.3.2012: 1.31% to 8.81%) per annum.

### 15. DERIVATIVE FINANCIAL INSTRUMENTS

The carrying amount represents the fair value of interest rate swap contracts entered into by the Group for the purpose of reducing its exposure to the risk of interest rate fluctuation of the bank borrowings. The fair value is determined based on valuation provided by the counterparty financial institution. These derivatives are not accounted for under hedge accounting.

### 16. DEFERRED TAXATION

Deferred tax liabilities are mainly provided on the accelerated tax depreciation and fair value adjustment of hotel properties amounting to HK\$58,104,000 (31.3.2012: HK\$58,215,000) and HK\$38,264,000 (31.3.2012: HK\$38,886,000) respectively.

*Notes to the Condensed Consolidated Financial Statements*  
For the six months ended 30 September 2012

## 17. DISPOSAL OF A SUBSIDIARY

On 28 September 2012, the Group disposed of its entire equity interest in Hong Kong (SAR) Hotel Limited (“HKSAR Hotel”) to an independent third party (the “Purchaser”) for total consideration of approximately HK\$800,000,000. HKSAR Hotel is the owner and operator of Dorsett Regency Hotel, Hong Kong.

Pursuant to the supplementary agreement entered in relation for this transaction, included in the total consideration of HK\$800,000,000, a sum of HK\$15,000,000 shall be settled upon the approval of alteration of the usage of certain floors of Dorsett Regency Hotel, Hong Kong to be obtained from the Buildings Department. Such consideration shall be forfeited by the Purchaser if the approval cannot be obtained before 28 March 2013.

The net assets disposed of in the transaction were as follows:

	HK\$'000 (unaudited)
Property, plant and equipment	318,892
Inventories	92
Deposits and prepayments	2,495
Bank balances and cash	407
Creditors and accruals	(874)
<b>Net assets disposed of</b>	<b>321,012</b>
Gain on disposal:	
Consideration	800,000
Contingent consideration	(15,000)
Transaction and other direct cost incurred	(18,902)
Consideration received	766,098
<b>Net assets disposed of</b>	<b>(321,012)</b>
<b>Gain on disposal</b>	<b>445,086</b>
<b>Net cash inflow arising from disposal of a subsidiary</b>	
Consideration received	766,098
Bank balances and cash disposed of	(407)
	<b>765,691</b>

## 18. CHARGES ON ASSETS

Bank borrowings with aggregate gross carrying amount of HK\$3,920,740,000 (31.3.2012: HK\$3,646,443,000) outstanding at the end of the reporting period are secured by fixed charges over the Group’s properties (presented under property, plant and equipment, investment properties, prepaid lease payments and properties for sale) and pledge of bank deposits with aggregate carrying values of HK\$5,971,165,000 (31.3.2012: HK\$5,589,546,000) and HK\$201,224,000 (31.3.2012: HK\$340,917,000) respectively together with a floating charge over other assets of the property owning subsidiaries and benefits accrued to these properties.

## 19. CONTINGENT LIABILITIES

During the year ended 31 March 2010, HKSAR Hotel initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposed of during the current period but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 and further adjourned to August 2013. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

### 20. CAPITAL COMMITMENTS

	30.9.2012	31.3.2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted but not provided in the financial statements	741,325	585,760
– authorised but not contracted for	24,463	319,593

### 21. SHARE OPTION SCHEMES

The Company and FECIL each has a share option scheme under which the directors and full-time employees may be granted options to subscribe for shares in the Company and FECIL. Particulars of the share option schemes are set out in the 2012 annual report of the Company.

No share option was granted by the Company during the period. The movements of the share options of the Company during the period/year are as follows:

	1.4.2012 to 30.9.2012	1.4.2011 to 31.3.2012
	'000	'000
	(unaudited)	(audited)
At the beginning of the period/year	22,655	29,700
Lapsed during the period/year	(3,545)	(7,045)
At the end of the period/year	19,110	22,655

### 22. RELATED PARTY TRANSACTIONS

The remuneration paid and payable to directors and other members of key management personnel during the period is as follows:

	Six months ended	
	30.9.2012	30.9.2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term benefits	4,510	4,288
Post employment benefits	28	73
Share based payments	53	1,694
	4,591	6,055

The remuneration of key executives who are the directors and other members of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.



