



DORSETT

HOSPITALITY INTERNATIONAL

帝 盛 酒 店 集 團

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

HKEx Stock Code 香港交易所股份代號 : 2266



中期報告

INTERIM REPORT

2013-2014

Silka hotels

d.
COLLECTION


DORSETT
HOTELS & RESORTS

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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, *G.B.S., J.P.*
Mr. TO, Peter
Dr. LIU, Ngai Wing
Mr. ANGELINI, Giovanni

AUDIT COMMITTEE

Dr. LIU, Ngai Wing (*Chairman*)
Mr. SHEK, Lai Him Abraham, *G.B.S., J.P.*
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, *G.B.S., J.P.*
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, *G.B.S., J.P.*
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

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
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

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
Oversea-Chinese Banking Corporation Limited
Public Bank (Hong Kong) Limited
The Bank of East Asia 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
Dah Sing Bank, Limited
DBS Bank (China) Limited
HSBC Bank (China) Company Limited

United Kingdom

Oversea-Chinese Banking Corporation Limited

LISTING INFORMATION

Ordinary Shares (Stock Code: 2266)
6.0% CNY Bonds due 2018 (Bond Stock Code: 85917)
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 2013 as follows:

FINANCIAL HIGHLIGHTS

Revenue reached HK\$1,088.9 million for the first six months, up 96.4% year on year. The growth was predominantly attributable to the sales of apartments in Singapore and 6.5% increase on revenue generated by the hotel operations in line with the increase room count.

Revenue per available room ("RevPAR") declined 9.7% to HK\$561 driven mainly by a combination of lower RevPAR of newly opened hotels and renovation of the Group's flagship hotels in Hong Kong, namely Cosmopolitan and Lan Kwai Fong.

On a LFL⁽¹⁾ basis, RevPAR declined by 4.1% to HK\$589 largely due to 3.0% drop of Average Room Rate ("ARR") and a marginal drop of 1% point on Occupancy Rate ("OCC").

Gross profit came in at HK\$456.3 million, up 44.0% compared with the same period of the last financial year, driven by the contribution from the sales of apartments in Singapore.

Net profit declined 39.5% to HK\$330.2 million. The decline was mainly due to higher base in the corresponding period of last year as a result of the gains of HK\$445.1 million recognized from the disposal of a subsidiary.

Earnings per share was HK16.5 cents, 39.5% lower than that of the same period of the last financial year.

⁽¹⁾ Like for like basis, excluding results from hotels which did not fully operate during the periods under review for both current and last financial years. The hotels being excluded comprise Dorsett Regency Hotel, Hong Kong, Dorsett Kwun Tong, Hong Kong, Dorsett Grand Chengdu and Dorsett Singapore.

Management Discussion and Analysis

BUSINESS AND OPERATIONAL REVIEW

Global economic performance for the period under review remains subdued largely due to the prolonged recession in the European region and slower growth in the emerging markets. Nevertheless, driven by the sales of apartments in Singapore and continuous growth of our hotel operations, the Group's revenue increased by 96.4% to reach HK\$1,088.9 million for the first half of the financial year ending 31 March 2014 ("FY2014"). Net profit of the Group was however declined by 39.5% to HK\$330.2 million in view of the higher base in the corresponding period due to the gain on disposal of a subsidiary.

Acquisitions and Disposal

During the period under review, the Group continued to expand its hotel portfolio and its network coverage. In August 2013, the Group entered into a transaction to acquire a hotel property in Jiangxi province, the PRC. The hotel property is located within the vicinity of the famous Lushan National Park in Jiujiang city, which is one of the most famous tourist destinations in the PRC. The transaction was completed in October 2013 and the Group will officially open the hotel in the month of January 2014. In line with the Group's "Chinese Wallet" strategy to capture the market share for the increasing outbound Chinese travelers, in the month of September 2013, the Group entered into a transaction to acquire the "Walkabout" pub and restaurant building, which is located just next to the Group's 317 rooms Shepherds Bush London hotel that is currently under construction. The Group intends to convert the property into hotel rooms which will complement the operation of its soon to be opened Shepherds Bush London hotel.

Business and Project Development

On the existing portfolio, there are currently 8 hotel projects owned by the Group and 4 management hotels that are under various stages of planning and development. These hotels are expected to commence its operation at the following dates:

Owned Hotels Under Development ⁽¹⁾	Location	Target market segment ⁽¹⁾	Total rooms ⁽¹⁾	Commencement ⁽¹⁾
Dorsett Tsuen Wan, Hong Kong	Hong Kong	mid-scale	547	4th quarter of FY2014
Lushan Resort	PRC	resorts	297	4th quarter of FY2014
Dorsett Shepherds Bush, London	UK	mid-scale	317	4th quarter of FY2014
Dorsett Grand Zhuji ⁽²⁾	PRC	up-scale	200	3rd quarter of FY2015
Dorsett Zhongshan ⁽³⁾	PRC	mid-scale	416	4th quarter of FY2015
Silka Tsuen Wan, Hong Kong	Hong Kong	value	420	2nd quarter of FY2016
Dorsett City, London	UK	mid-scale	275 ⁽⁴⁾	3rd quarter of FY2016
Dorsett Shepherds Bush, London 2 ⁽⁵⁾	UK	mid-scale	44 ⁽⁵⁾	3rd quarter of FY2017
			2,516	

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

⁽²⁾ The Group owns 25% interest of the hotel.

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

⁽⁴⁾ Total rooms of approximately 275 are subject to planning approval and finalization of conversion plan.

⁽⁵⁾ Conversion of the Walkabout property to hotel rooms, estimated 44 rooms subject to changes.

Management Discussion and Analysis

Subsequent to the period ended 30 September 2013, the Group entered into hotel management contracts with its connected parties to manage 4 hotels with total of approximately 1,000 rooms in Malaysia. The hotel management contracts will provide the platform for the Group to further expand its network in South East Asia and provide steady income stream in the future.

Management Hotels	Location	Target market segment ⁽¹⁾	Total rooms ⁽¹⁾	Commencement ⁽¹⁾
Dorsett Cheras, Kuala Lumpur	Malaysia	mid-scale	319	4th quarter of FY2014
Dorsett Putrajaya	Malaysia	mid-scale	218	3rd quarter of FY2015
Dorsett Hartamas, Kuala Lumpur	Malaysia	mid-scale	371	3rd quarter of FY2016
d. collection, Kuala Lumpur ⁽²⁾	Malaysia	mid-scale	154	3rd quarter of FY2016
			1,062	

⁽¹⁾ The total rooms and commencement date may change.

⁽²⁾ The name of the hotel might change.

FINANCIAL REVIEW

The Group's revenue grew 96.4% to HK\$1,088.9 million for the first half of FY2014 mainly driven by the sales of apartments in Singapore of HK\$498.4 million and continuous growth of our hotel operations benefitting from the increase room count and the increase of outbound travelers from the emerging markets, in particular the Chinese travelers.

The key revenue indicators of hotel operations for the period are as follows:

	Six months ended 30 September	
	2013	2012
Hong Kong		
Occupancy rate*	94%	93%
Average room rate (HK\$)*	887	941
RevPAR (HK\$)*	831	876
Revenue (HK\$m)	330	349
Malaysia		
Occupancy rate	67%	66%
Average room rate (HK\$)	516	507
RevPAR (HK\$)	343	337
Revenue (HK\$m)	149	140
China		
Occupancy rate	51%	72%
Average room rate (HK\$)	555	547
RevPAR (HK\$)	281	393
Revenue (HK\$m)	80	65
Singapore		
Occupancy rate	59%	–
Average room rate (HK\$)	1,242	–
RevPAR (HK\$)	736	–
Revenue (HK\$m)	26	–
Group Total		
Occupancy rate	75%	81%
Average room rate (HK\$)	749	768
RevPAR (HK\$)	561	621
Revenue (HK\$m)	585	554

* Included only hotels owned by the Group.

Management Discussion and Analysis

The Group recorded an overall RevPAR of HK\$561 for the first half of FY2014, a decline of 9.7% attributable to the weak performance of the newly opened 556 rooms Dorsett Grand Chengdu hotel in the PRC and the decline of RevPAR in Hong Kong. The decline was however partially offset by the marginal improvement of RevPAR in Malaysia and strong RevPAR performance by the newly opened 285 rooms Dorsett Singapore. On a LFL basis, the decline of RevPAR narrowed to 4.1%.

For the period under review, the Group's RevPAR in Hong Kong, which is our key market and revenue contributor, was affected by the slowdown of growth on tourist arrivals, the adverse impact from the new regulation on zero fare tour group, renovation of its flagship hotels, Cosmopolitan and Lan Kwai Fong, and increasing supply of hotel room inventories. Despite the challenges, concerted sales and marketing efforts and strong commitment from our operation teams enable the Group to record a marginal increase of 1% point on the OCC to 94%. The ARR however declined by 5.7% to HK\$887 and as a result, the RevPAR in Hong Kong came in at HK\$831, a drop of 5.1%. On a LFL basis, RevPAR for Hong Kong declined 5.1% to HK\$858.

In Malaysia, RevPAR performance improved marginally by 1.8% to HK\$343 largely attributable to the strong performance of Dorsett Grand Labuan. The OCC for Malaysia operation improved marginally by 1% point and the ARR improved by 1.8% compared to the corresponding period.

During the period under review, RevPAR in the PRC declined by 28.5% to HK\$281. The drop was solely due to the weak performance of the newly opened Dorsett Grand Chengdu and partially offset by the stronger RevPAR performance of Dorsett Shanghai and Dorsett Wuhan. On a LFL basis, RevPAR for the PRC improved marginally by 3.8% to HK\$414.

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Revenue	1,088,858	554,397
Gross profit	456,260	316,912
Profit before tax	348,555	569,342
Profit for the period	330,208	545,883
Earnings per share		
– Basic (HK cents)	16.51	27.29
EBITDA	500,896	685,143
Net operating profit ⁽¹⁾	358,768	246,538
Net operating margin ⁽²⁾	32.9%	44.5%

Notes:

⁽¹⁾ 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 interest rate swaps, change in fair value of cross currency interest rate swaps (included in net foreign exchange gain (loss)), change in fair value of investment securities and other non-recurring items

⁽²⁾ Net operating margin = net operating profit/revenue

Gross profit for the first six months was up 44.0% to HK\$456.3 million, primarily due to the contribution from sales of apartments in Singapore which was partially offset by the weaker gross profit performance from the hotel operations. Excluding the gross profit contribution from the sales of apartments in Singapore, gross profit for the period was down 5.5% to HK\$299.6 million.

Administrative expenses for the period increased by 24.4% to HK\$168.2 million attributable to additional expenses in relation to the newly opened hotels, provision of bonus expense and selling expenses of HK\$11.2 million in relation to the sales of apartments in Singapore.

Management Discussion and Analysis

Net profit for the period under review was reported at HK\$330.2 million, a decline of 39.5% compared to the corresponding period of last year. The decline was mainly due to higher base of net profit for the corresponding period of last year in view of the gains of HK\$445.1 million generated from the disposal of a subsidiary. The decline was however partially offset by the inclusion of profit contribution from the sales of apartments in Singapore and revaluation gain on the investment properties in Singapore. Excluding the impact from these items, net profit for the period under review was HK\$79.4 million, down 21.3% compared to the corresponding period of last year.

EBITDA declined 26.9% to HK\$500.9 million. Excluding (i) impact from the gain on disposal of subsidiary in the corresponding period; (ii) profit contribution from the sales of apartments in Singapore during the current financial period; and (iii) revaluation gain on the investment properties in Singapore, the EBITDA declined 6.0% to HK\$225.7 million.

Financial Resources and Liquidity

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

	30.9.2013	31.3.2013
	HK\$'000	HK\$'000
Bank balances and cash	1,061,215	729,519
Time deposits	–	12,500
Pledged deposits	141,225	140,029
Investment securities	811,246	28,554
	2,013,686	910,602
Bonds	1,017,560	–
Bank loans	4,301,520	3,881,455
Less: front-end fee	(27,666)	(10,827)
	5,291,414	3,870,628
Analysis for reporting purpose as		
Current liabilities	1,950,043	3,287,936
Non-current liabilities	3,341,371	582,692
	5,291,414	3,870,628
Net debt	3,277,728	2,960,026
Total equity	3,972,771	3,785,823
Revaluation surplus of hotel properties**	9,459,345	9,459,345
Total equity after revaluation surplus	13,432,116	13,245,168
Net debt to equity (after revaluation surplus)	24.4%	22.3%

** As at 31 March 2013. No revaluation on hotel properties was performed for the interim period of FY2014.

In the month of April 2013, the Group issued RMB850 million of Renminbi ("CNY") bonds that carry an annual coupon of 6.0% and with a maturity date on 3 April 2018. The Group subsequently entered into cross currency interest rate swap agreement to hedge against its exposure to CNY fluctuations and successfully reduced the net interest rate of the CNY bonds to 5.0% per annum.

In the month of June 2013, the Group entered into a 5-year loan facility amounting to HK\$1,750.0 million that carry an annual interest rate of 1.65% over the 3 month(s) HIBOR to refinance a syndicated loan in full. During the process of the refinancing, in line with the improved valuation and cash flow of the Group's hotel properties, the management successfully negotiated the release on the pledge of certain hotel properties with market value of approximately HK\$2,815.0 million. The new 5-year loan facility only requires the pledging of 2 hotel properties as opposed to 6 hotel properties for the original syndicated loan.

Management Discussion and Analysis

The Group's other bank borrowings amounting to HK\$2,551.5 million are secured against certain properties of the Group. Current portion of bank borrowings included an amount of HK\$1,373.7 million which is not repayable within one year but is shown under current liabilities in accordance with the Hong Kong Financial Reporting Standards as the counterparties have a discretionary right to demand immediate repayment. The Group's bank borrowings carry interest at floating rates, with a range of effective annual interest rate of 1.9% to 8.3%. Average effective interest rate for the period decreased to 3.6%.

Capital Expenditures

The Group's capital expenditures consist of expenditures for acquisition, development and refurbishment of hotel properties. For the period under review, the Group's capital expenditures amounted to HK\$574.2 million mainly attributable to the acquisition of Lushan hotel property, acquisition of Walkabout building and construction works on Dorsett Shepherds Bush, London, Dorsett Tsuen Wan, Hong Kong and Silka Tsuen Wan, Hong Kong. These capital expenditures were funded through a combination of bank borrowings and internal resources.

Capital Commitments

	30.9.2013	31.3.2013
	HK\$'000	HK\$'000
Capital expenditures in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted but not provided in the financial statements	649,194	768,622
– authorised but not contracted for	23,114	27,673

Contingent Liabilities

During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited ("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\$14.4 million. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25.8 million. HKSAR Hotel was disposed of in 2012 but the Group had undertaken to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012, which was adjourned to August 2013, and finished on 19 August 2013. The trial judge is to give further directions or fix a date for handing down the judgment. 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 consolidated financial statements.

Human Resources

As at 30 September 2013, the Group had 2,380 employees (2012: 2,400). Total employee cost for the period under review was HK\$182.0 million. To attract and retain talents, the Group offers competitive employee remuneration packages with reference to the market conditions and individual qualifications, experience and job scope. Such remuneration packages consist of basic salary and discretionary or performance related annual bonus.

Certain Board members and full time employees were granted share options pursuant to the Company's share option scheme adopted on 10 September 2010 to incentivize them and to align their interest with the shareholders in promoting long term growth of the Group. The Group recognizes a fair value of HK\$18.0 million on these options, of which HK\$1.0 million was charged as share option expense for the period under review.

Other Financial and Operational Information

The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK\$9,459.3 million based on valuation on 31 March 2013. The Group did not revalue our hotel portfolio for the interim reporting period of FY2014. 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 2013 was HK\$6.72.

Management Discussion and Analysis

OUTLOOK

Global economic growth is expected to remain challenging in the immediate future. Downside risks will still continue to dominate the outlook. While the old risks remain, the new risks have emerged, including the slower growth of emerging markets and possibly tighter financial conditions if the anticipated reversal of monetary policy in the United States leads to sustained capital flow reversal. Travel industry growth is expected to closely track the macroeconomic condition and will be largely driven by emerging economies, particularly the Asia travelers, including the strong growing Chinese outbound travelers, which are likely to continue growing despite the slower economic growth in the PRC and the impact from the regulation on zero fare tour group. While we believe that the zero fare tour group might have short term adverse impact to the growth of outbound travelers from the PRC, such impact is likely to be limited. According to a report from Chinese Tourism Academy, the outbound Chinese travelers reached 83.2 million in the year 2012 and are expected to exceed more than 95.0 million in the year 2013.

The profile, traveling behavior and traveling destination of the Chinese travelers have been changing and will continue to evolve. We are now seeing increasingly more free independent travelers from the PRC and although traditionally majority of the travelling were to Hong Kong and Macau, Chinese travelers are beginning to travel to further destinations including Japan, South Korea and South East Asia and with the relaxation of tourist visa application in recent times, we are now witnessing significant growth of Chinese visitors to Europe. In this respect, the Group's "Chinese Wallet" strategy and our network of hotels are well positioned to capitalize on this booming trend.

Whilst global economic environment is expected to remain challenging for the immediate future, the Group will strive to counteract the impacts through efficient cross selling for its network of hotels and adjusting the mixed of its guest profiles. The Group remains optimistic in the global travel industry and fully committed to our "Chinese Wallet" strategy.

As at the end of September 2013, the Group operates and manages 5,131 rooms of which 4,894 rooms are owned and 237 rooms are managed. With the current developing pipelines and the signing of 4 management hotels with more than 1,000 rooms, the Group's hotel room inventories will exceed 8,600 by the end of FY2017. These new hotels are expected to generate significantly larger cash flow stream for the Group. However, as these new hotels take time to ramp up and stabilize in term of operations, the overall RevPAR may be adversely impacted in the short term.

Other Information

INTERIM DIVIDEND

The Board has declared an interim dividend (the "Interim Dividend") of HK2 cents per share for the six months ended 30 September 2013. The Interim Dividend will be paid in the form of a scrip dividend to shareholders of the Company (the "Shareholders") who are being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme"). The total amount of the Interim Dividend, if all elected for receipt of cash, based on the number of issued shares of the Company as at the date of this interim report, will therefore be approximately HK\$41.5 million.

The Scrip Dividend Scheme will be subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in, the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 18 December 2013. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election on or around 27 January 2014. Dividend warrants and/or new share certificates will be posted on or around 28 February 2014.

CLOSURE OF REGISTER OF MEMBERS

The Interim Dividend will be distributed on or around 28 February 2014 to the Shareholders whose names appear on the register of members of the Company on 18 December 2013.

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 16 December 2013 to 18 December 2013, 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 13 December 2013.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on professionalism, transparency and accountability to all Shareholders. Throughout the six months ended 30 September 2013, the Company has applied the principles of and complied with 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 (the "Listing Rules"), except for the deviation from code provision E.1.2 described below.

Pursuant to code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Due to his unavoidable business engagement, Tan Sri Dato' CHIU, David was unable to attend the annual general meeting held on 29 August 2013.

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 own code of conduct governing securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2013.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2013 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 HKICPA 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 2013 has also been reviewed by the audit committee of the Company.

Other Information

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

During the six months ended 30 September 2013, the Company had purchased a total principal amount of CNY39,660,000 of the 6.0% bonds due 2018 of the Company (Bond Stock Code: 85917) on the Stock Exchange via its subsidiary, Asian Harvest Investments Limited, and such principal amount of bonds had been cancelled thereafter. Detail of which is as follows:

Month of Repurchase	Principal Amount Repurchased	Aggregate Price Paid
	(CNY)	(CNY)
July 2013	39,660,000	37,714,155

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

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 2012-2013 Annual Report are set out below:

Mr. SHEK, Lai Him Abraham, G.B.S., J.P.

Mr. SHEK was awarded the Gold Bauhinia Star (G.B.S.) as announced in the 2013 Honours List in the gazette on 1 July 2013.

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 2013, 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 by the Company 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:

(a) Ordinary shares (the "Shares") and underlying shares of the Company

Name of Directors	Shares in the Company ⁽ⁱ⁾				Options granted by the Company ^(iv)		Approximate % of the 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 ⁽ⁱⁱ⁾	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 ⁽ⁱⁱⁱ⁾	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%

Other Information

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 Far East Consortium International Limited ("FECIL"). As at 30 September 2013, by virtue of the shares in FECIL owned by Sumptuous representing approximately 40.57% 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 with his spouse, 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".

(b) 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 ⁽ⁱ⁾				Options granted by FECIL ^(iv)		Approximate % of the Issued Share Capital of FECIL
	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	
Tan Sri Dato' CHIU, David	13,607,249	719,250,057 ⁽ⁱⁱ⁾	557,000	-	-	733,414,306	41.37%
CHAN, Chi Hing	1,722,982	-	-	-	6,300,000	8,022,982	0.45%
HOONG, Cheong Thard	2,000,273	-	-	386,329 ⁽ⁱⁱⁱ⁾	10,400,000	12,786,602	0.72%
LAI, Wai Keung	-	-	-	-	1,300,000	1,300,000	0.07%
LIU, Ngai Wing	4,490	-	-	-	-	4,490	0.00%

Notes:

- (i) All interests of the Directors in the shares or underlying shares of FECIL were long positions.
- (ii) 719,237,736 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) 386,329 shares in FECIL were jointly held by HOONG, Cheong Thard with his spouse, 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".

Other Information

(c) 5.875% CNY Bonds 2016 (the "Bonds") of FECIL, an associated corporation (within the meaning of Part XV of the SFO) of the Company

Name of Directors	Capacity in which interests are held	Amount of the issued Bonds held
		(CNY)
Tan Sri Dato' CHIU, David	Held by controlled corporation ⁽ⁱ⁾	12,700,000
TO, Peter	Joint interests ⁽ⁱⁱ⁾	1,500,000

Notes:

- (i) CNY12,700,000 Bonds were held by Precious Stone Properties Limited, a company fully controlled by Tan Sri Dato' CHIU, David.
- (ii) CNY1,500,000 Bonds were jointly held by TO, Peter with his spouse, CHEUNG, Lai Han.

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 2013.

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

As at 30 September 2013, the interests or short positions of every person in 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 ⁽ⁱ⁾	Shares in the Company	Approximate % of the Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	Interests in controlled corporations ⁽ⁱⁱ⁾	Long	1,472,773,254	73.64%
	Family interests	Long	8,355	
			1,472,781,609	
Nancy Ng	Personal interests	Long	8,355	73.64%
	Family interests ⁽ⁱⁱⁱ⁾	Long	1,472,773,254	
			1,472,781,609	
Sumptuous	Beneficial owner ⁽ⁱⁱⁱ⁾	Long	7,773,254	73.64%
	Interests in controlled corporation ⁽ⁱⁱ⁾	Long	1,465,000,000	
			1,472,773,254	
FECIL	Interests in controlled corporation ⁽ⁱⁱ⁾	Long	1,465,000,000	73.25%
Ample Bonus	Beneficial owner ⁽ⁱⁱⁱ⁾	Long	1,465,000,000	73.25%
Credit Suisse AG	Interests in controlled corporation ^(iv)	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 ^(v)	Long	162,000,000	8.10%
		Short	81,000,000	4.05%

Other Information

Notes:

- (i) “Long” refers to the long position in Shares or underlying shares of the Company held by such person/entity, while “short” refers to the short position in 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. As at 30 September 2013, by virtue of the shares in FECIL owned by Sumptuous representing approximately 40.57% 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.

Save as disclosed above, no other interest or short position in Shares or underlying shares of the Company was recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 September 2013.

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 and 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 2013 (the "Period") were as follows:

Option type ⁽ⁱⁱ⁾	Number of share options ⁽ⁱ⁾					
	Outstanding at 01.04.2013	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding at 30.09.2013	
Directors						
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
Employees (in aggregate)	Tranche 1	1,663,631	–	–	(109,090)	1,554,541
	Tranche 2	1,663,631	–	–	(109,090)	1,554,541
	Tranche 3	1,663,631	–	–	(109,090)	1,554,541
	Tranche 4	1,663,631	–	–	(109,090)	1,554,541
	Tranche 5	1,663,651	–	–	(109,094)	1,554,557
		8,318,175	–	–	(545,454)	7,772,721
Total		18,563,628	–	–	(545,454)	18,018,174

No share options were cancelled during the Period.

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.

Other Information

(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

SHARE OPTION SCHEME OF FECIL

On 31 August 2012, FECIL adopted a share option scheme to replace the share option scheme adopted on 28 August 2002, which has expired on 28 August 2012. The share option scheme of FECIL (the "FECIL Share Option Scheme") was approved by FECIL for the purpose of providing incentives and rewards to employees or executive 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 the FECIL Share Option Scheme, the board of directors of FECIL may grant options to eligible employees, including directors of FECIL and its subsidiaries, to subscribe for shares of FECIL.

Details of the movements of share options under the FECIL Share Option Scheme during the Period were as follows:

Grantee	Date of Grant	Option type ⁽ⁱⁱ⁾	Number of share options ⁽ⁱ⁾				Outstanding at 30.09.2013
			Outstanding at 01.04.2013	Granted during the Period	Exercised during the Period	Lapsed during the Period	
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	08.05.2009	Tranche 1	1,850,000	-	(1,850,000)	-	-
		Tranche 2	1,850,000	-	(150,000)	-	1,700,000
		Tranche 3	1,850,000	-	-	-	1,850,000
		Tranche 4	1,850,000	-	-	-	1,850,000
	27.03.2013	Tranche 1	750,000	-	-	-	750,000
		Tranche 2	1,000,000	-	-	-	1,000,000
		Tranche 3	1,250,000	-	-	-	1,250,000
		Tranche 4	2,000,000	-	-	-	2,000,000
		12,400,000	-	(2,000,000)	-	10,400,000	
CHAN, Chi Hing	21.10.2004	Tranche 3	500,000	-	(500,000)	-	-
		Tranche 4	1,800,000	-	(1,000,000)	-	800,000
		Tranche 5	2,000,000	-	-	-	2,000,000
	27.03.2013	Tranche 1	525,000	-	-	-	525,000
		Tranche 2	700,000	-	-	-	700,000
		Tranche 3	875,000	-	-	-	875,000
		Tranche 4	1,400,000	-	-	-	1,400,000
			7,800,000	-	(1,500,000)	-	6,300,000
Other employees in aggregate	21.10.2004	Tranche 4	200,000	-	-	-	200,000
		Tranche 5	400,000	-	-	-	400,000
			600,000	-	-	-	600,000
Total			22,100,000	-	(3,500,000)	-	18,600,000

Other Information

No share options were cancelled during the Period.

Notes:

- (i) The share options were granted on 21 October 2004, 8 May 2009 and 27 March 2013 at an initial exercise price of HK\$2.075 per share, HK\$1.500 per share and HK\$2.550 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

Options granted on 27 March 2013

Option type	Vesting period	Exercise period
Tranche 1	27.03.2013 to 28.02.2014	01.03.2014 to 28.02.2020
Tranche 2	27.03.2013 to 28.02.2015	01.03.2015 to 28.02.2020
Tranche 3	27.03.2013 to 29.02.2016	01.03.2016 to 28.02.2020
Tranche 4	27.03.2013 to 28.02.2017	01.03.2017 to 28.02.2020

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**

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 20 to 40, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other 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 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2013

	NOTES	Six months ended	
		30.9.2013	30.9.2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	1,088,858	554,397
Cost of properties sold		(341,683)	–
Operating costs		(212,658)	(174,566)
Depreciation and amortisation		(78,257)	(62,919)
Gross profit		456,260	316,912
Other income		6,088	3,214
Gain on disposal of a subsidiary	20	–	445,086
Administrative expenses		(168,224)	(135,181)
Pre-opening expenses		(2,786)	(8,484)
Other gains and losses	5	133,153	1,973
Finance costs	6	(75,936)	(54,178)
Profit before tax		348,555	569,342
Income tax expense	7	(18,347)	(23,459)
Profit for the period	8	330,208	545,883
Other comprehensive income (expense) for the period			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		23,660	(14,897)
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 19)		19,427	–
Reclassification of hedge reserve to profit or loss (note 19)		(27,329)	–
		15,758	(14,897)
Total comprehensive income for the period		345,966	530,986
Earnings per share	10		
– Basic (HK cents)		16.51	27.29
– Diluted (HK cents)		16.51	27.29

Condensed Consolidated Statement of Financial Position

As at 30 September 2013

		30.9.2013	31.3.2013
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	6,095,804	5,652,677
Prepaid lease payments		584,372	589,330
Investment properties	11	607,902	412,500
Deposits for acquisition of property, plant and equipment		184,218	133,864
Interest in an associate		76,533	76,533
Utility and other deposits paid		10,845	11,755
Derivative financial instruments designated as hedging instruments	19	10,591	–
Pledged deposits		2,789	2,897
Deferred tax assets	17	36,129	5,000
		7,609,183	6,884,556
Current assets			
Properties for sale			
Completed properties		8,208	–
Properties for/under development		21,030	353,141
Other inventories		8,402	8,396
Debtors, deposits and prepayments	12	188,158	120,624
Prepaid lease payments		14,920	14,841
Tax recoverable		532	6,926
Investment securities	13	811,246	28,554
Pledged deposits		138,436	137,132
Time deposits		–	12,500
Bank balances and cash		1,061,215	729,519
		2,252,147	1,411,633
Current liabilities			
Creditors and accruals	14	280,481	244,616
Secured bank borrowings	15	1,950,043	3,287,936
Sales deposits received		–	275,926
Derivative financial instruments	16	323	9,516
Dividends payable		160,000	–
Tax payable		43,204	2,200
		2,434,051	3,820,194
Net current liabilities		(181,904)	(2,408,561)
Total assets less current liabilities		7,427,279	4,475,995

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2013

		30.9.2013	31.3.2013
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current liabilities			
Secured bank borrowings	15	2,323,811	582,692
Rental deposits received		13,590	7,756
Bonds	18	1,017,560	–
Deferred tax liabilities	17	99,547	99,724
		3,454,508	690,172
NET ASSETS		3,972,771	3,785,823
Capital and reserves			
Share capital		200,000	200,000
Share premium		2,237,153	2,237,153
Reserves		1,535,618	1,348,670
TOTAL EQUITY		3,972,771	3,785,823

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2013

	Share capital	Share premium	Exchange reserve	Property revaluation reserve	Merger reserve	Share options reserve	Other reserve	Hedge 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	HK\$'000
As at 1 April 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
Exchange differences arising on translation of foreign operations	-	-	(14,897)	-	-	-	-	-	-	(14,897)
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
Profit for the period	-	-	-	-	-	-	-	-	101,573	101,573
Exchange differences arising on translation of foreign operations	-	-	10,876	-	-	-	-	-	-	10,876
Other comprehensive income for the period	-	-	10,876	-	-	-	-	-	-	10,876
Total comprehensive income for the period	-	-	10,876	-	-	-	-	-	101,573	112,449
Dividends (note 9)	-	-	-	-	-	-	-	-	(80,000)	(80,000)
Recognition of equity-settled share based payments	-	-	-	-	-	1,034	-	-	-	1,034
As at 31 March 2013 (audited)	200,000	2,237,153	142,238	9,014	(201,048)	8,603	207,440	-	1,182,423	3,785,823

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2013

	Share capital	Share premium	Exchange reserve	Property revaluation reserve	Merger reserve	Share options reserve	Other reserve	Hedge 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	HK\$'000
As at 31 March 2013 (audited)	200,000	2,237,153	142,238	9,014	(201,048)	8,603	207,440	-	1,182,423	3,785,823
Profit for the period	-	-	-	-	-	-	-	-	330,208	330,208
Exchange differences arising on translation of foreign operations	-	-	23,660	-	-	-	-	-	-	23,660
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 19)	-	-	-	-	-	-	-	19,427	-	19,427
Reclassification of hedge reserve to profit or loss (note 19)	-	-	-	-	-	-	-	(27,329)	-	(27,329)
Other comprehensive income (expense) for the period	-	-	23,660	-	-	-	-	(7,902)	-	15,758
Total comprehensive income (expense) for the period	-	-	23,660	-	-	-	-	(7,902)	330,208	345,966
Dividends (note 9)	-	-	-	-	-	-	-	-	(160,000)	(160,000)
Recognition of equity-settled share based payments	-	-	-	-	-	982	-	-	-	982
As at 30 September 2013 (unaudited)	200,000	2,237,153	165,898	9,014	(201,048)	9,336	207,440	(7,902)	1,352,880	3,972,771

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 2013

	NOTES	Six months ended	
		30.9.2013	30.9.2012
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Operating activities			
Increase in investment securities		(782,692)	(24,759)
Other operating activities		346,818	249,317
Net cash (used in) from operating activities		(435,874)	224,558
Investing activities			
Deposit and consideration paid for acquisition of properties for hotel development		(27,086)	(206,844)
Development expenditure on hotel properties		(486,292)	(262,902)
Acquisition of other property, plant and equipment		(60,794)	(23,908)
Net cash inflow from disposal of a subsidiary	20	15,000	765,691
Placement of pledged bank deposits		(1,196)	(66,889)
Release of pledged bank deposits		–	206,125
Release of time deposits		12,500	–
Other investing activities		2,135	(2,584)
Net cash (used in) from investing activities		(545,733)	408,689
Financing activities			
Proceeds from issuance of bonds, net of transaction costs		1,050,172	–
Repurchase of bonds		(48,172)	–
New bank borrowings raised		2,389,613	715,202
Repayments of bank borrowings		(1,988,254)	(436,693)
Interest paid		(92,930)	(68,663)
Net cash from financing activities		1,310,429	209,846
Net increase in cash and cash equivalents		328,822	843,093
Cash and cash equivalents at beginning of the period		729,519	533,647
Effect of foreign exchange rate changes		2,874	(2,274)
Cash and cash equivalents at end of the period		1,061,215	1,374,466
Represented by			
Bank balances and cash		1,061,215	1,374,466

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

1. GENERAL

The Company is a public limited company incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 October 2010. The Company and its subsidiaries are hereinafter referred to as the Group.

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 Stock Exchange. The companies comprising the FECIL group excluding the Group are hereinafter referred to as the "Parent Entities".

2. BASIS OF PREPARATION

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

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\$181,904,000 as at 30 September 2013. 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 which have not been pledged. 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.

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

Financial Instruments

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Financial Instruments (Continued)****Hedge accounting (Continued)***Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income and accumulated in hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the condensed consolidated statement of profit or loss and other comprehensive income as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedge reserve at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss or is no longer expected to occur. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the 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 new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are effective for annual periods beginning on 1 April 2013:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

3. PRINCIPAL ACCOUNTING POLICIES (Continued)**Financial Instruments** (Continued)**HKFRS 13 Fair Value Measurement** (Continued)

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 26.

The directors consider that HKFRS 13 do not have material impact on the amounts reported in condensed consolidated financial statements but result in more extensive disclosures in the condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION**Segment revenue and results**

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

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hotel room revenue, food and beverage	562,669	534,144
Rental income from properties	22,123	20,253
	584,792	554,397
Sales of properties	498,392	–
Interest income from securities and financial products investments	5,674	–
	1,088,858	554,397

In prior period, the sales of properties and securities and financial products investments operation were insignificant and therefore, it was not separately reported to Group's chief operating decision makers, who are the executive directors of the Company. During the current period, with the expansion of the sales of properties and securities and financial products investments operation, the related financial information has been separately reported to the Executive Directors and considered as a separate reportable segment. Accordingly, comparative information of sales of properties and securities and financial products investments, has been re-presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

4. SEGMENT INFORMATION (Continued)**Segment revenue and results** (Continued)

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 Six months ended		Segment profit (loss) Six months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Hotel operations and management				
Hong Kong	330,389	349,333	87,136	559,912
Malaysia	149,174	140,336	29,412	23,728
People's Republic of China ("PRC")	79,684	64,728	(19,119)	(10,321)
Singapore	25,545	–	(1,068)	(3,857)
United Kingdom ("UK")	–	–	508	(120)
	584,792	554,397	96,869	569,342
Property development				
Singapore	498,392	–	275,215	–
Securities and financial product investments	5,674	–	(23,529)	–
	1,088,858	554,397	348,555	569,342

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:

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
Hotel operations and management		
Hong Kong	3,707,313	3,427,144
Malaysia	1,054,110	1,077,778
PRC	2,186,180	2,075,849
Singapore	639,542	590,381
UK	654,247	558,740
	8,241,392	7,729,892
Property development		
Singapore	297,953	353,372
Securities and financial product investments	1,321,985	212,925
Total segment assets	9,861,330	8,296,189

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 (Continued)

For the six months ended 30 September 2013

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Gain arising on transfers from completed properties for sale to investment properties (note 11)	130,870	–
Change in fair value of investment securities	(13,636)	2,002
Change in fair value of interest rate swap (note 16)	351	1
Gain on partial repurchase of the bonds	2,067	–
Net foreign exchange gain (loss)	13,493	(22)
Allowance for bad and doubtful debts	–	(8)
Gain on disposal of property, plant and equipment	8	–
	133,153	1,973

6. FINANCE COSTS

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest on bank borrowings		
– wholly repayable within five years	56,763	58,978
– not wholly repayable within five years	8,462	9,040
Amortisation of front-end fee	6,002	10,228
Interest on bonds	30,958	–
Less: net interest income from cross currency swap contracts	(5,693)	–
Others	2,440	645
	98,932	78,891
Less: amount capitalised to hotels properties under development and properties for sale under development	(22,996)	(24,713)
	75,936	54,178

7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Current period income tax		
– Hong Kong	18,632	21,064
– Other jurisdictions		
– Singapore	27,508	–
– Malaysia	–	1,858
	46,140	22,922
Deferred taxation	(27,793)	537
	18,347	23,459

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Profit for the period is arrived at after charging:		
Staff costs		
Directors' emoluments	1,695	1,485
Other staff		
Salaries and other benefits	169,760	129,985
Retirement benefit scheme contributions	10,594	7,570
	182,049	139,040
Amortisation of prepaid lease payments	5,053	6,160
Less: amount capitalised to hotel properties under development and properties for sale under development	–	(1,883)
	5,053	4,277
Depreciation	73,204	58,642
Share option expense	982	1,557
and after crediting:		
Gross rental income less direct outgoings*	9,222	9,061
Bank interest income	1,852	1,296

* Comprises gross rental income from investment properties of HK\$11,995,000 (six months ended 30.9.2012: HK\$11,535,000) less direct operating expenses of HK\$2,773,000 (six months ended 30.9.2012: HK\$2,474,000).

9. DIVIDENDS

A final dividend of HK8 cents per share amounting to HK\$160,000,000 in respect of the year ended 31 March 2013 (2012: HK10 cents per share amounting to HK\$200,000,000 in respect of the year ended 31 March 2012) was declared and recognised as distribution during the current period. The 2013 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements. 80.14% of the shareholdings elected to receive shares in lieu of cash dividends at a share price of HK\$1.694 per share and accordingly, 75,695,203 new and fully paid ordinary share of the Company were issued in October 2013. These new shares rank *pari passu* to the existing shares of the Company.

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK2 cents per share amounting to approximately HK\$41,500,000 (2012: HK4 cents per share amounting to HK\$80,000,000) payable to the shareholders of the Company whose names appear in the register of members on 18 December 2013.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2013 is based on the consolidated profit for the period of HK\$330,208,000 (six months ended 30.9.2012: HK\$545,883,000) and on 2,000,000,000 shares (six months ended 30.9.2012: 2,000,000,000 shares) in issue during the period.

The computation of diluted earnings per share for the six months ended 30 September 2013 and 30 September 2012 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.

11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

During the period, the Group incurred development expenditure on development of certain hotel properties amounting to HK\$523,103,000 (six months ended 30.9.2012: HK\$301,367,000). The Group acquired a property amounting to HK\$210,000,000 during the six months ended 30 September 2012 while no property was acquired during the current period.

During the current period, certain properties were transferred from completed properties for sale to investment properties evidenced by the commencement of operating lease to another party and the difference between the fair value of these investment properties at the date of transfer of Singapore dollar ("S\$") 30,600,000 (equivalent to HK\$188,802,000) and their previous carrying amount of S\$9,522,529 (equivalent to HK\$59,125,000), amount to S\$21,077,471 (equivalent to HK\$130,870,000), was recognised in profit or loss accordingly.

The fair values of the investment properties situated in the PRC and Singapore at 30 September 2013 and at the date of transfer from completed properties for sale are based on the valuation carried out on those dates by DTZ Debenham Tie Leung Limited and Savills Valuation and Professional Services (S) Pte Ltd., independent qualified professional valuers not connected with the Group, respectively.

DTZ Debenham Tie Leung Limited is member of the Hong Kong Institute of Surveyors and Savills Valuation and Professional Services (S) Pte Ltd. is member of the Singapore Institute of Surveyors and Valuers. The valuation was arrived at by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
Trade debtors	141,438	57,922
Advance to contractors	2,971	2,930
Prepayments and other receivables	43,749	44,772
Balance of proceeds from disposal of a subsidiary (note 20)	–	15,000
	188,158	120,624

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.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements. Trade debtors of S\$12,040,393 (equivalent to HK\$74,289,000) represents the portion of the proceeds that have been settled by the buyers which held in escrow account and the funds would be remitted to the Group upon the issuance of relevant certificate by the government authorities in Singapore, which is expected to be taken place within one year after the end of the reporting period.

The following is an aged analysis of trade debtors presented based on the payment terms set out in the sale and purchase agreements or invoice date, approximately the revenue recognition dates, at the end of the reporting period.

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
0–60 days	133,109	52,577
61–90 days	3,125	2,019
Over 90 days	5,204	3,326
	141,438	57,922

13. INVESTMENT SECURITIES

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
Investments held for trading:		
Listed debt securities	124,122	28,554
Investment funds	687,124	–
	811,246	28,554

Investment in investment funds represented pooled investments, comprising of equity and debt securities in various markets.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

14. CREDITORS AND ACCRUALS

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
Trade creditors	41,221	32,164
Construction cost and retention payable	110,772	94,569
Reservation deposit and receipt in advance	30,777	33,461
Other payable and accrued charges	97,711	84,422
	280,481	244,616

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

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
0-60 days	21,202	22,599
61-90 days	2,161	1,311
Over 90 days	17,858	8,254
	41,221	32,164

15. SECURED BANK BORROWINGS

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (audited)
Bank loans	4,301,520	3,881,455
Less: front – end fee	(27,666)	(10,827)
	4,273,854	3,870,628
Analysis for reporting purpose as		
Current liabilities	1,950,043	3,287,936
Non-current liabilities	2,323,811	582,692
	4,273,854	3,870,628

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

On demand or within one year	582,416	2,459,716
More than one year but not exceeding two years	927,325	398,473
More than two years but not exceeding five years	2,585,146	884,297
More than five years	206,633	138,969
	4,301,520	3,881,455

Notes to the Condensed Consolidated Financial Statements (Continued)

*For the six months ended 30 September 2013***15. SECURED BANK BORROWINGS** *(Continued)*

Carrying amount of borrowings included an amount of HK\$1,373,689,000 (31.3.2013: HK\$839,047,000) which is not repayable within one year is shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

The range of effective interest rates of the bank loans as at 30 September 2013 is 1.85% to 8.27% (31.3.2013: 1.45% to 8.00%) per annum.

During the current period, the Group entered into a loan facility of HK\$1,750,000,000 bear interest at Hong Kong Interbank Offered Rates plus a margin and is repayable in June 2018. The equity interests in two subsidiaries of the Company, together with two hotel properties in Hong Kong owned by these subsidiaries with aggregate carrying values of HK\$726,397,000 as at 30 September 2013, have been pledged as securities for this loan.

16. 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.

17. DEFERRED TAXATION

Deferred tax assets of HK\$36,129,000 (31.3.2013: HK\$5,000,000) are recognised in respect of tax losses of HK\$144,516,000 (31.3.2013: HK\$20,000,000). Deferred tax liabilities are mainly provided on the accelerated tax depreciation and fair value adjustment of hotel properties amounting to HK\$62,342,000 (31.3.2013: HK\$61,897,000) and HK\$37,019,000 (31.3.2013: HK\$37,641,000) respectively.

18. BONDS

On 3 April 2013, the Company issued bonds to independent third parties with aggregate principal amount of RMB850,000,000 (equivalent to HK\$1,062,500,000) at issue price of 100% of the principal amount with maturity date on 3 April 2018. The bonds bear interest at 6% per annum payable semi-annually.

Bonds issued by the Group are measured at amortised cost, using the effective interest method. Transaction costs are included in the carrying amount of the bonds and amortised over the period of the bonds using the effective interest method.

During the current period, the Company partially repurchased a principal amount of RMB39,660,000 (equivalent to HK\$49,972,000) of bonds with carrying amount of RMB39,832,000 (equivalent to HK\$50,239,000) at a consideration of HK\$48,172,000. The gain on repurchase of the bonds of HK\$2,067,000 was recognised in profit or loss (note 5).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

19. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

During the year ended 31 March 2013, the Group entered into cross currency swap contracts to reduce its exposure to the currency exchange rate fluctuation in relation to the RMB850,000,000 bonds issued by the Company on 3 April 2013 as set out in note 18. Upon issuance of the bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flow arising from the bonds.

The bonds are denominated and settled in RMB, and bear coupon interest at rate of 6% per annum payable semi-annually in arrears. Under these cross currency swap contracts, the Group would receive interest at a fixed rate of 6% per annum based on the principal amount of RMB850,000,000 and pay interest semi-annually at fixed rates ranging from 4.952% to 4.97% per annum based on the notional amounts of United States dollar ("US\$")137,000,000 in aggregate, with a maturity of five years due on 3 April 2018. The cross currency swap contracts have been negotiated to match the settlement periods of the bonds.

In relation to the partial repurchase of the bonds as described in note 18, the Group revoked the existing hedging relationship and the fair value gain arising from the cross currency swap contracts previously recognised in other comprehensive income and accumulated in hedging reserve of HK\$27,329,000 were reclassified to profit or loss during the current period. The Group then designated partial amounts of the cross currency swap contracts to hedge against the variability of cash flows arising from the Group's remaining balance of the bonds, in which the Group would receive interest at a fixed rate of 6% per annum based on the principal amount of RMB810,340,000 and pay interest semi-annually at fixed rates ranging from 4.952% to 4.97% per annum based on the notional amounts of US\$130,600,000 in aggregate, with a maturity of five years due on 3 April 2018.

Major terms of cross currency swap contracts at 30 September 2013 are set out below:

1)	Date of contract:	25 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB500,000,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.97% per annum of USD80,606,158.31 semi-annually
	Principal exchanged amount:	USD80,606,158.31
2)	Date of contract:	27 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB350,000,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.952% per annum of USD56,397,035.13 semi-annually
	Principal exchanged amount:	USD56,397,035.13

During the six months ended 30 September 2013, the fair value gain arising from the cross currency swap contracts of HK\$19,427,000 were recognised in other comprehensive income. An amount of gain of HK\$27,329,000 is reclassified from hedge reserve to profit or loss in the periods when the hedged item is recognised to profit or loss.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

20. 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 a consideration of HK\$801,532,000. HKSAR Hotel is the owner and operator of Dorsett Regency Hotel, Hong Kong.

The net assets disposed of were as follows:

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

Note: Pursuant to the supplementary agreement entered in relation to 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. The approval was obtained on 28 March 2013 and the amount of HK\$15,000,000 has not yet been settled as at 31 March 2013 and has been included under "Debtors, Deposits and Prepayments" as disclosed in note 12. The amount was subsequently received on 3 April 2013.

21. CHARGES ON ASSETS

Bank borrowings with aggregate gross carrying amount of HK\$4,301,520,000 (31.3.2013: HK\$3,881,455,000) 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\$5,890,521,000 (31.3.2013: HK\$6,222,754,000) and HK\$141,225,000 (31.3.2013: HK\$140,029,000) respectively together with a floating charge over other assets of the property owning subsidiaries and benefits accrued to these properties.

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

22. 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 in September 2012 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 the period between 8 August 2013 and 19 August 2013. Both HKSAR Hotel and the contractor have filed the closing submissions and the reply submissions in September 2013 and October 2013. There is no final judgement up to the date of this report. 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.

23. CAPITAL COMMITMENTS

	30.9.2013	31.3.2013
	HK\$'000 (unaudited)	HK\$'000 (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	649,194	768,622
– authorised but not contracted for	23,114	27,673

24. 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 2013 annual report of the Company.

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

	1.4.2013 to 30.9.2013	1.4.2012 to 31.3.2013
	'000 (unaudited)	'000 (audited)
At the beginning of the period/year	18,564	22,655
Lapsed during the period/year	(546)	(4,091)
At the end of the period/year	18,018	18,564

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

25. RELATED PARTY TRANSACTIONS

The remuneration paid and payable to the members of key management, who are the directors and the five highest paid individuals during the period is as follows:

	Six months ended	
	30.9.2013	30.9.2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Short term benefits	5,139	4,510
Post employment benefits	38	28
Share based payments	562	53
	5,739	4,591

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

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2013

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis** (Continued)

Financial assets/(liabilities)	Fair value as at 30 September 2013	Fair value hierarchy	Valuation technique and key inputs
HK\$'000			
Listed debt securities classified as investment securities in the condensed consolidated statement of financial position.	124,122	Level 1	Quoted prices in active markets.
Investment funds classified as investment securities in the condensed consolidated statement of financial position.	687,124	Level 2	Redemption value quoted by the investment relevant funds with reference to the underlying assets (mainly listed securities) of the funds.
Interest rate swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	(323)	Level 2	Discounted cash flow analysis. Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments designated as hedging instruments in the condensed consolidated statement of financial position.	10,591	Level 2	Discounted cash flow analysis. Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2 during the period.

