



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

HKEx Stock Code 香港交易所股份代號 : 2266

年 報

ANNUAL REPORT

2013-2014



DORSETT

HOTELS & RESORTS

Silka hotels

d.

COLLECTION

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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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

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

Industrial and Commercial 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>

Final Results Highlights

FINAL RESULTS

The Board of Company is pleased to announce the audited consolidated results of the Group for the Year as follows:

OPERATIONAL AND FINANCIAL HIGHLIGHTS

	2014 HK\$'000	2013 HK\$'000
Revenue	1,785,850	1,152,942
Profit for the year	376,568	647,456
Earnings per share - basic and diluted	HK\$ 0.1852	0.3237
Recurring revenue ⁽¹⁾	1,270,434	1,152,942
Recurring operating profit ⁽²⁾	502,576	498,892
Recurring operating margin ⁽³⁾	39.6%	43.3%
After adjustment for hotel revaluation surplus ⁽⁴⁾		
Adjusted net assets attributable to shareholders	15,096,696	13,245,168
Net debt to adjusted equity	24.8%	22.3%
Adjusted net assets attributable to shareholders per share	HK\$ 7.20	6.62
Proposed final dividend	HK\$ 0.05	0.08

Notes:

- (1) Recurring revenue = Total revenue excluding revenue generated from the sales of apartments in Singapore of HK\$498.4 million and dividend and interest income generated from the securities and financial product investment of HK\$17.0 million
- (2) Recurring operating profit = Profit before taxation, interest income, dividend income, finance costs, treasury management expenses, 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 investment securities and other non-recurring items, including profit before tax in relation to the sales of apartments in Singapore and gain on disposal of a subsidiary
- (3) Recurring operating margin = Recurring operating profit/recurring revenue
- (4) Revaluation surplus for its hotel properties was not recognised in the consolidated financial statements as the Group has elected the cost model instead of revaluation model as its accounting policy

HIGHLIGHTS OF THE FINAL RESULTS

- Revenue reached HK\$1,785.9 million, up 54.9% year on year. The growth was driven by the combination of sales of apartments in Singapore and 10.2% increase on the revenue generated by the hotel operations in line with the increase room count.
- Revenue per available room ("RevPAR") declined 7.4% to HK\$603, driven by lower RevPAR of Hong Kong operation and lower RevPAR of new hotels.
- On a LFL⁽¹⁾ basis, RevPAR declined marginally by 2.8% to HK\$626 on the back of 2.4% drop of Average Room Rate ("ARR").
- Profit for the year declined 41.8% to HK\$376.6 million mainly due to the higher base in the corresponding period of last year as a result of the gains of HK\$458.4 million recognized from the disposal of a subsidiary of the Company, the decline was partially offset by the inclusion of HK\$109.0 million and HK\$130.9 million net profit in the current financial year in relation to the sales of apartments in Singapore and revaluation gains on investment properties respectively.
- Recurring operating profit increased by 0.7% to HK\$502.6 million.
- Revaluation surplus on hotel properties increased by 15.8% to HK\$10,954.3 million. Such surplus was not reflected in the Group's consolidated financial statements as the Group adopted the cost model under the HKFRSs for reporting purpose. Adjusting for hotel revaluation surplus, net assets attributable to shareholders per share increased to HK\$7.20 as at 31 March 2014, representing 8.7% increase as compared to last year.
- The Board recommends a final dividend of HK5 cents per share, together with the interim dividend of HK2 cents per share, bringing the total dividend payout for the Year to HK7 cents per share.

⁽¹⁾ Like for like comparison, excluding results from hotels which did not have full year operation for both the current financial year and previous financial year

CHAIRMAN'S STATEMENT & PRESIDENT'S REPORT



Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Dorsett Hospitality International Limited ("Dorsett", together with its subsidiaries, (the "Group"), I am pleased to report that the Group has achieved another solid set of financial performance and making continuous progress on other aspects of the business operation to build a sustainable growing company.

The Group continued to execute its well defined and proven business strategies of developing, owning and operating hotels under our well positioned house brands, namely d.Collection, Dorsett and Silka. Such vertically integrated business model enables our Group to maximize financial returns and to improve operating efficiency in respect of our hotel properties which allow us to grow dynamically. Over the years, we have developed more than 15 hotel properties on both green field and conversion projects and we have acquired the necessary skill set and experience to develop quality hotel properties that maximized the utilization of floor space, enhanced operating efficiency and minimized the development cost. Our ability to manage and control the development cost allowed us to achieve one of the lowest average cost per key among peers. As a result, our Group has accumulated significant surplus over book cost of our hotel portfolio, which strengthen our financial position to withstand or even capitalize on any downturn of the economic cycle. As demonstrated in the past, we will continue to rebalance our hotel portfolio by disposing assets which are no longer strategically aligned or lack of critical mass, this process will unlock significant value embedded in the assets for all shareholders and recycle the necessary capital to fund further expansion.

With the opening of the 547 rooms Dorsett Tsuen Wan, Hong Kong, the Group owns and operates 5,666 rooms as at the end of current financial year. There are another 11 projects with more than 3,000 rooms currently at various stages of planning and developments and upon full completion, the Group will have more than 8,600 rooms across Asia and Europe, making the Group one of the largest Asia based hotel owners and operators.

Looking forward, global economic conditions will remain challenging despite the waning of acute risks and improved prospect in the advanced economies. Economy in the emerging markets, led by the PRC will be struggling to keep up with the growth momentum in view of its own structural reform and the tighter financial conditions due to the normalization of monetary policy. Growth in travel industry is expected to closely track the macroeconomic development with growth in the near term continues to be largely driven by the emerging markets, in particular the outbound Chinese travelers, while in the medium term, the higher spending travelers from the advanced economies are expected to return to positive growth. We are of the belief that the continuous emergence of middle class, the higher frequency of travelling, stronger spending power in line with the economic growth and relaxation on government restriction on foreign travel will be the key factors supporting the growth of Chinese outbound travelers. According to the latest report from Chinese Tourism Academy, the outbound tourists increased by 17.8% to 98 million for the calendar year 2013. In our opinion, this is only a tip on the iceberg given the more than 1.3 billion populations in China. In this respect, we will continue pursuing our successful "Chinese Wallet" strategy and leverage on our existing resources to expand with the footprint of Chinese tourists, in particular, the markets that we already have a strong presence to leverage on our existing resources. We will continue to be prudent and selective in screening new investment opportunities and making investment decisions.

Finally, on behalf of the Board, I would like to express my sincere appreciation to the management and staff of the Group for their dedication, commitment and loyalty, our success would not have been possible without their contribution.

Tan Sri Dato' CHIU, David
Chairman

President's Report



On behalf of the Board and all employees of the Group, I am pleased to report herewith the Group's financial results and operational updates for FY2014.

The Group recorded a total revenue of HK\$1,785.9 million for FY2014, representing a growth of 54.9% from prior year. EBITDA for the year was however declined 16.3% to HK\$775.8 million in view of higher base in the corresponding period of last year as a result of a gain of HK\$458.4 million recognized from the disposal of a subsidiary, the decline is partially offset by the inclusion of HK\$131.5 million of EBITDA contribution from the sales of apartments in Singapore and the recognition of HK\$130.9 million on the revaluation gains of investment properties for the current financial year. Recurring operating profit from the hotel operations continues its growing trend, increased by 0.7% to HK\$502.6 million driven by the strong growth of EBITDA from Malaysia and PRC hotels and EBITDA contribution from the new hotels.

In line with the aforesaid reasons, profit for the year declined 41.8% to HK\$376.6 million and earnings per share declined 42.8% to HK\$0.19. It is noteworthy that the unrealized hotel revaluation surplus as at the end of FY2014 increased to HK\$10,954.3 million, up by 15.8% compared to the end of prior year. Taking into accounts of such revaluation surplus, the adjusted net asset value per share was approximately HK\$7.20, and the net debt to equity ratio remains low at 0.25 times.

The Group's RevPAR declined by 7.4% to HK\$603, driven down by the lower RevPAR of Hong Kong operation and lower RevPAR generated by the new hotels. The decline was partially offset by the strong RevPAR growth of the hotels in Malaysia and the hotels in Shanghai and Wuhan. On a LFL basis, the RevPAR declined marginally by 2.8% to HK\$626.

FY2014 has been a challenging year for our operation in Hong Kong. After years of strong RevPAR growth, on a LFL basis, our hotels in Hong Kong witnessed a correction of 4.6% on its RevPAR to HK\$925, the magnitude of correction is generally in line with the market trend. On a quarterly basis, the declining trend of RevPAR has been narrowing from 5.7% decline in the first nine months of FY2014 to 1.1% decline in the last quarter of FY2014. The LFL OCC was relatively stable at 94.5% but the ARR declined 4.6%. In summary, the RevPAR performance of our hotels in Hong Kong has been adversely affected by the combination of:

- (i) the renovation of our flagship hotels in Hong Kong, namely the Cosmopolitan Hotel and the Lan Kwai Fong Hotel;

- (ii) the increase supply of room inventories from both the hotel industry and other unconventional sources including the guest houses and private room operators, both licensed and illegal;
- (iii) the slow down on tourist arrival growth, in particular the over-night category;
- (iv) the decline of long haul tourist arrivals; and
- (v) the impact on the regulation introduced by the PRC government restricting the zero fare tour groups.

LFL RevPAR in Malaysia and PRC continued to demonstrate an upward trend in FY2014. Driven by improved OCC of 0.4% point and increased ARR of 4.2%, the RevPAR in Malaysia increased by 4.7% to HK\$356.9. RevPAR in PRC improved by 8.8% to HK\$419 largely due to the increase of ARR.

On the other hand, in this increasingly competitive industry, strong brand equity is the key to ensure a sustainable business growth. Therefore, we continued investing into our brand building strategy with particular focus on building a strong 4-star rated Dorsett brand. In this respect, we further refined the brand standard, gradually introducing free WIFI to all our hotels, upgrading the amenities and standardizing the print materials in our hotels, sponsoring community events, strengthening our relationship and co-promoting our brand with business

partners, including the airlines and both the online and off-line travel agents.

The evolution of information technology in the last decade has not only improved our quality of life but has also changed the ways of doing business globally. Its impacts are profound and cut across all industry. Specifically, for the hospitality industry, the ease of internet access and the introduction of smart phones and tablets have been changing consumer travel research, the booking pattern and booking behavior of our guests. We are now witnessing an increasing trend of bookings through the online platform either through the online travel agents or our own brand.com network and such online bookings have a tendency of price sensitive and shorter booking lead time. For the record, in FY2014, revenues derived from online platform have increased to approximately 45% of our total revenues. This trend will have significant impact to our ways of doing business in particular the use of different distribution channel, our pricing strategy and our marketing and brand building strategy. In this respect, our Group has been and will continue to make adjustment to our distribution and marketing strategies and investing in our brand.com network to cater for the increasing volume of online bookings.

We have completed the migration of all hotels' brand.com booking platform to Sabre Hospitality Central Reservation System in FY2014. Going forward, we

shall leverage the additional capabilities from this central reservation system to create opportunities for our hotels' presence online in multiple channels and to improve our online payment facility. Our brand.com network is currently contributing less than 10% of our total business, we have developed a comprehensive business plan including the redevelopment of our websites to improve its contents and presentation, enable cross websites marketing and simplifying the booking process, which will be implemented over the next 2 financial years with an aim to increase the revenues contribution from our brand.com network to more than 20% beyond the next 3 years.

People are the most important assets to our business, the sustainability of our business growth depends largely on our ability to attract and retain qualified and committed employees. To continue motivating and retaining these employees, our human resources has put in place a comprehensive KPI assessment program and also introduced a sustainable employee development and succession program.

Our achievements would not be possible without the contribution and teamwork from all employees. I sincerely acknowledge the hard works, dedication and loyalty of all employees of the Group as well as all guidance and support provided by my fellow Board members.

CHIU, Wing Kwan Winnie
President and Executive Director

Profile of Directors



Ms. CHIU, Wing Kwan Winnie

Ms. CHIU, Wing Kwan Winnie, aged 34, joined the Group as an Executive Director in June 2010 and was appointed the President of the Group in November 2011 to oversee the Group's overall strategic growth and development. She is a member of the Remuneration Committee and Executive Committee, the Chairman of the Corporate Governance Committee, and a director of a number of subsidiaries of the Company.

Ms. Chiu played a pivotal role in the listing of the shares of the Company on the Main Board of the Stock Exchange on the Listing Date.

Ms. Chiu joined FECIL in 2005 as director of property development.

Ms. Chiu has worked in Credit Suisse and has been a director of Malaysia Land Properties Sdn. Bhd. ("Mayland") since 2002. She has been involved in the different aspects of property development which includes development of the shopping centre, retail management and service apartment arm of Mayland. From 17 July 2008 to 31 March 2014, she was appointed as a non-independent and a non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, and principally engaged in property development, investment in plantation, education and leisure sectors.

Ms. Chiu's major public service appointments include being a Council Member at The Better Hong Kong Foundation, The Hong Kong United Youth Association Limited (HKUYA), The Y.Elites Group, The Chinese General Chamber of Commerce and Hotel Owner Association and Hotel, Service & Tourism Studies Discipline Advisory Board (HoSTSDBAB) of the Vocational Training Council (VTC). In addition, she is the Honorary Vice President 2013-2015, GHM (Guangdong Hong Kong Macao) Hotel General Managers Society and the Member of Betting and Lotteries Commission, Hong Kong SAR government (2013-2015).

Ms. Chiu is known for her active involvement in the corporate social responsibility, development and sustainability of the music and art industry in Hong Kong. She is the youngest member of the Board of Governors of both Hong Kong Philharmonic Society Limited and Asia Youth Orchestra (AYO). She is also the Vice Chairperson of The Friends of the Hong Kong Arts Centre and Co-opted Member of the Board of Governors of Hong Kong Arts Centre (2013-2016). Ms. Chiu was appointed as the Chairperson of HK Phil & Friends Fundraising Concert for 2013.

Under Ms. Chiu's leadership, the Company was accorded the "2012 Best Small Cap Company Award" by Asiamoney, the "2012 Hong Kong's Most Valuable Company Award" and the "2014 Best Valued Hotels Group Award" by Mediazone Group. The Group was also accorded the "2011 Outstanding High-Growth Company (Hotel)" by the Quamnet Outstanding Enterprise Awards. In 2014, Ms. Chiu was listed in Forbes Asia "Asia's Power Businesswomen" list.

Ms. Chiu graduated with a Bachelor of Science degree in Business Management from King's College, University of London in the United Kingdom in 2002.

She is the daughter of Tan Sri Dato' David Chiu, a Non-executive Director, the Chairman of the Board and a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Profile of Directors



Mr. LAI, Wai Keung

Mr. LAI, Wai Keung, aged 49, has been an Executive Director since 8 June 2010 and the Chief Operating Officer since 1 June 2010. He is a member of the Corporate Governance Committee and Executive Committee. He is responsible for the assessment and overall project management of hotel development and redevelopment projects of the Group. He is also a director of various subsidiaries of the Company.

Mr. Lai graduated from the Bolton Institute of Higher Education (presently known as the University of Bolton) in the United Kingdom in 1999 with a Bachelor of Arts degree in Business Administration.

Mr. Lai has more than 11 years of experience in the hotel industry. In 1989, he joined the finance and accounting department of FECIL, as an accountant and internal auditor. In 2002, he was appointed as financial controller of Kosmopolito Hotels International Services Limited (presently known as Dorsett Hospitality International Services Limited) and was responsible for the overall finance and accounting matters of the company, and in 2006, he became the director of hotel operations, where major duties included managing the group's operations, administration works and developing the business strategy with the general managers of the Group's hotels.

Profile of Directors



Tan Sri Dato' CHIU, David

Tan Sri Dato' CHIU, David, aged 60, is a Non-executive Director, the Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as a Director on 23 January 2007 and is also a director of certain subsidiaries of the Company. He is a director of Sumptuous Assets Limited and Ample Bonus Limited, and the chief executive officer, an executive director and the chairman of FECIL and the substantial shareholders of the Company within the meaning of Part XV of the SFO.

Tan Sri Dato' David Chiu graduated from the University of Sophia in Japan with a double degree of Bachelor of Science in Business Administration and Economics in 1975.

Tan Sri Dato' David Chiu has over 30 years of experience in property development and extensive experience in hotel development. In his business career, he established a number of highly successful business operations through organic growth and acquisitions, covering the Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. He has also been the chairman of the board of directors of Agora Hospitality Group Co., Ltd. (formerly known as Tokai Kanko Co., Ltd.), a company listed on the first section of the Tokyo Stock Exchange, since September 1997. He is the chairman and founder of Malaysia Land Properties Sdn. Bhd., which is one of the largest condominium developers in Malaysia.

With regard to Tan Sri Dato' David Chiu's devotion to the community, he was appointed as the member of the 12th Chinese People's Political Consultative Conference and the chairman of Mid-Autumn Festival Celebration-People and Forces' Committee in 2008. Currently, he is a trustee member of "The Better Hong Kong Foundation". He is the Counsellor of the China-United States Exchange Foundation. He is also the honorary chairman of Hong Kong Guangdong Chamber of Foreign Investors. He is also a director and a member of the "Concerted Efforts Resource Centre", a member of "Hong Kong General Chamber of Commerce", a member of the "Constitutional Reform Synergy" and a member of "The Real Estate Developers Association of Hong Kong", a member of Friends of Hong Kong Association Ltd, and a member of Pacific Basin Economic Council.

In Malaysia, Tan Sri Dato' David Chiu was conferred an honorary award which carried the title "Dato" and subsequently a more senior honorary title of "Tan Sri" by His Majesty, the King of Malaysia, in 1997 and 2005, respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013.

Tan Sri Dato' David Chiu is the father of Ms. CHIU, Wing Kwan Winnie, an Executive Director and the President of the Company.

Profile of Directors



Mr. HOONG, Cheong Thard

Mr. HOONG, Cheong Thard, aged 45, has been a Non-executive Director since 8 June 2010 and is a member of the Corporate Governance Committee. He is also a director of certain subsidiaries of the Company.

Mr. Hoong graduated from Imperial College of Science, Technology and Medicine, University of London in the United Kingdom in 1989 with a Bachelor of Engineering degree in Mechanical Engineering.

Mr. Hoong has over 13 years of experience in the corporate finance and investment banking industry in Asia. In 1997, he joined UBS AG, Hong Kong Branch as an associate director in the corporate finance department and was subsequently promoted to director and executive director in 2000 and 2002 respectively. From 2003 to 2006, he worked for Deutsche Bank AG, Hong

Kong Branch as a director. From 2006 to 2008, he was the chief executive officer and an executive director of China LotSynergy Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He is currently a non-executive director of China LotSynergy Holdings Limited. He joined FECIL as managing director in September 2008 and was appointed as an executive director of FECIL with effect from 31 August 2012. He is the president and a director of Agora Hospitality Group Co., Ltd. (formerly known as Tokai Kanko Co., Ltd.), a company listed on the first section of the Tokyo Stock Exchange, since 27 March 2009, and a non-independent and a non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, since 1 June 2010. He is a member of the Institute of Chartered Accountants in England and Wales.



Mr. CHAN, Chi Hing

Mr. CHAN, Chi Hing, aged 50, is a Non-executive Director and a member of each of the Nomination Committee and the Corporate Governance Committee. He was appointed as Director on 23 January 2007 and is also a director of certain subsidiaries of the Company. He is a director of Ample Bonus Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Chan graduated from the City University of Hong Kong with an Executive Master Degree in Business Administration. He has over 10 years of experience in the hotel industry. He joined FECIL in 1990 as its chief accountant and was promoted as the group's financial controller and later chief operating officer in 2002 and 2004, respectively. He has been appointed as an executive director of FECIL with effect from 31 August 2012. He is responsible for the Hong Kong and

the Mainland China based activities of FECIL with emphasis on commercial management, property development and investment, and project development. He also leads the sales and marketing team to oversee the strategy planning on the real estate business of FECIL in Hong Kong and Mainland China. He has been an independent non-executive director of Hidili Industry International Development Limited, a company listed on the Main Board of the Stock Exchange.

Before joining FECIL, Mr. Chan was an audit supervisor of Kwan Wong Tan & Fong (presently known as Deloitte Touche Tohmatsu). He has over 10 years of audit experience. He is a member of the Hong Kong Institute of Project Management and a member of China Real Estate Chamber of Commerce Hong Kong Chapter. He is also a fellow member of the Hong Kong Institute of Directors.

Profile of Directors



Mr. SHEK, Lai Him Abraham

Mr. SHEK, Lai Him Abraham, G.B.S., J.P., aged 69, has been an Independent Non-executive Director since 10 September 2010 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Shek graduated from the University of Sydney, in Australia in 1969 with a Bachelor of Arts Degree and in 1970 with a Diploma in Education.

Mr. Shek was appointed as a Justice of Peace in 1995. He is currently a member of Legislative Council of the Hong Kong Special Administrative Region, the Court and the Council of The University of Hong Kong and the Court of The Hong Kong University of Science and Technology, and the vice chairman of the Independent Police Complaints Council.

Mr. Shek is currently a non-executive director of The Hong Kong Mortgage Corporation Limited. He is also the chairman and an independent non-executive director of Chuang's China Investments Limited, the vice chairman

and an independent non-executive director of ITC Properties Group Limited, an independent non-executive director of Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Limited, NWS Holdings Limited, Hop Hing Group Holdings Limited, Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust), ITC Corporation Limited, Country Garden Holdings Company Limited, MTR Corporation Limited, SJM Holdings Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited and Cosmopolitan International Holdings Limited, all of which are companies listed on the Main Board of the Stock Exchange.

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.



Mr. To, Peter

Mr. TO, Peter, aged 66, has been an Independent Non-executive Director since 10 September 2010 and is the Chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee.

Mr. To obtained a Certificate of Housing from The University of Hong Kong in 1972 and later became a professional member of The Hong Kong Institute of Housing and The Chartered Institute of Housing, United Kingdom, formerly known as the Institute of Housing, United Kingdom.

Mr. To was an executive director of PCCW Limited, a company listed on the Main Board of the Stock Exchange, from 3 August 1999 to 30 June 2002, its deputy chairman from 3 August 1999 to 10 June 2001 and served as its consultant from 11 June 2001 to 31 October 2003. He was the chief executive officer and executive director of Pacific Century Regional Developments Limited, a company listed on the Singapore Stock Exchange, from 1997 to 2002. He was also a non-executive director of the Urban Renewal Authority from 1 May 2007 to 30 April 2013. He has been appointed as a director of the Hong Kong Airport Authority since 1 June 2014. He has been active in the property development and investment industry for more than 30 years.

Profile of Directors



Dr. LIU, Ngai Wing

Dr. LIU, Ngai Wing, aged 63, has been an Independent Non-executive Director since 10 September 2010 and is the Chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee.

Dr. Liu holds a PhD Degree in Hotel and Tourism Management from the School of Hotel and Tourism Management of The Hong Kong Polytechnic University, a Doctor of Business Administration Degree from Curtin University of Technology, a Master of Arts Degree in China Studies from The Hong Kong University of Science and Technology, a Master of Arts Degree in Asian and International Studies from City University of Hong Kong, a Master of Science Degree in Global Business from The Chinese University of Hong Kong, a Master of Science Degree in Hotel and

Tourism Management from The Hong Kong Polytechnic University and a Master Degree in Business Administration from The Open University of Hong Kong. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Dr. Liu was an executive director of eSun Holdings Limited (formerly known as Lai Sun Hotels International Limited) from 1 November 1998 to 22 May 2008 and the chief executive officer from 1 November 1998 to 9 March 2000. He has been an independent non-executive director of Daiwa Associate Holdings Limited, a company listed on the Main Board of the Stock Exchange, since 17 September 2004.



Mr. ANGELINI, Giovanni

Mr. ANGELINI, Giovanni, aged 68, has been an Independent Non-executive Director since 6 March 2012 and is a member of the Remuneration Committee.

Mr. Angelini is a senior and well respected professional within the hospitality industry world-wide with experience of over 47 years.

Before retirement, Mr. Angelini has spent 19 years with Shangri-La Hotels and Resorts including over 9 years as the chief executive officer and the managing director of the Global Management Group and an executive director of Shangri-La Asia Limited, a company listed on the Main Board of the Stock Exchange. During his term of service, the group expanded from 17 hotels to 65 operating hotels plus over 35 new projects under development in various locations.

Before joining Shangri-La, Mr. Angelini has worked for 15 years with Westin Hotels and Resorts holding several key positions including the senior vice president for Asia-Pacific supervising the operating hotels and the development activities within the region.

Prior to Westin, Mr. Angelini was associated with a number of prestigious hotels and well known groups including the Americana Hotels, the Hong Kong and Shanghai Hotels and several other well known hotels in North and Central America, Europe and his native country Italy.

Mr. Angelini holds memberships of many industry-related organizations and quality management groups. He is a recipient of Lifetime Achievement Awards multiple times, Corporate Hotelier of the World (2006), an Honorary Degree of Doctor of Business Administration in Hospitality Management by the Johnson & Wales University (Honoris Causa) in the USA, and, in particular, a knighthood from the Italian Government and several others. He is currently an independent consultant to the travel and tourism industry.

MANAGEMENT DISCUSSION & ANALYSIS



Management Discussion and Analysis

Business and Operational Review

The dynamic shift of the global economic growth from the emerging markets to the advanced economies is becoming increasingly visible. While the economic recovery of advanced economies is gaining momentum after years of aggressive monetary policy and fiscal adjustment, the economy of emerging markets, which have been the pillar of the world economic recovery since the onset of the year 2008 financial crisis are however, struggling to keep up with its momentum of growth largely due to the on-going monetary tightening and fiscal consolidation and partly due to the increasing geopolitical risks.

Driven by the continuous growth of our hotel operations and the sales of apartments in Singapore, the Group continued to achieve satisfactory results with revenue for the financial year ended 31 March 2014 improved by 54.9% to HK\$1,785.9 million (FY2013: HK\$1,152.9 million). Net profit for the year was however declined by 41.8% to HK\$376.6 million due to the higher base in the corresponding period which included a gain of HK\$458.4 million on disposal of a subsidiary of the Company.

Acquisitions and New Opening

During the Year under review, the Group continued with its stated expansion strategy and has completed the following acquisitions:

In August 2013, the Group entered into a transaction to acquire a hotel property in Jiangxi province in the PRC. The property is located within the vicinity of the famous Lushan National Park in Jiujiang city, which is one of the well-known tourist destinations. The property commenced its operation in the month of June 2014.

In line with the plan to make London as its platform for the Group's future expansion in Europe, in the month of September 2013, the Group entered into a transaction to acquire the "Walkabout" building, located just next to the Group's 317 rooms Dorsett Shepherds Bush hotel, which was opened in the month of June 2014. The Group is currently working with the relevant authority on the application of planning approval to convert the "Walkabout" building into hotel rooms to complement the operation of Dorsett Shepherds Bush hotel.

The Group successfully opened its 547 rooms Dorsett Tsuen Wan hotel in the month of February 2014. The Group currently owns, operates and manages 11 hotels with more than 2,800 keys in Hong Kong, making the Group one of the largest hotel owners and operators in the city. As at the end of current financial year, the Group owns, operates and manages a portfolio of 20 hotels with more than 5,600 keys in Hong Kong, the PRC and South East Asia.

Business & Project Development

As at the end of current financial year, there are 11 hotel projects at various stages of planning, development and preparation for opening which can be summarized as follows:

Owned hotels under development	Location	Target Market Segment	Total rooms ⁽¹⁾	Expected commencement ⁽¹⁾
Lushan Resort ⁽²⁾	PRC	midscale	297	1st quarter FY2015
Dorsett Shepherds Bush, London ⁽³⁾	UK	midscale	317	1st quarter FY2015
Silka Tsuen Wan	HK	value	410	2nd quarter FY2016
Dorsett City, London	UK	midscale	275	1st quarter FY2017
Dorsett Shepherds Bush 2, London ⁽⁴⁾	UK	midscale	44 ⁽⁵⁾	3rd quarter FY2017
Dorsett Grand Zhujij ⁽⁶⁾	PRC	upscale	200	4th quarter FY2017
Dorsett Zhongshan ⁽⁷⁾	PRC	midscale	416	4th quarter FY2017

⁽¹⁾ Total rooms and commencement date may change

⁽²⁾ Opened in the month of June 2014

⁽³⁾ Opened in the month of June 2014

⁽⁴⁾ The hotel name may change

⁽⁵⁾ Estimated rooms subject to changes after planning approval

⁽⁶⁾ The Group owns 25% interest of the hotel

⁽⁷⁾ The Group is in the process of obtaining title certificate of the property

Management Discussion and Analysis

Management hotels under development	Location	Target Market Segment	Total rooms ⁽¹⁾	Expected commencement ⁽¹⁾
Silka Cheras, Kuala Lumpur ⁽²⁾	Malaysia	value	319	1st quarter FY2015
Dorsett Putrajaya	Malaysia	midscale	218	2nd quarter FY2015
Dorsett Hartamas, Kuala Lumpur	Malaysia	midscale	371	2nd quarter FY2016
Sri Jati Hotel	Malaysia	upscale	154	3rd quarter FY2016

⁽¹⁾ Total rooms and commencement date may change

⁽²⁾ Opened in the month of April 2014

Review of Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Revenue

The Group generates its recurring revenue primarily through the operating income generated from hotel guest rooms, food and beverage outlets, meeting/conference facilities as well as rental income from leasing of various types of commercial space to hotel customers and lease tenants. All revenue is presented on an ex-business tax basis (where such taxes are levied in the countries at which the hotels are situated). For the financial year ended 31 March 2014, the Group's reported revenue includes revenue of HK\$498.4 million generated from the sales of apartments in Singapore.

Total revenue of the Group grew by 54.9% to HK\$1,785.9 million (2013: HK\$1,152.9 million) primarily driven by the sales of apartments in Singapore and the continuous growth of its recurring revenue from the hotel operations. Excluding the revenue generated from the sales of apartments in Singapore and dividend and interest income generated from the securities and financial product investment, the recurring revenue improved by 10.2% to HK\$1,270.4 million.

The following table sets out the Group's recurring revenue in Hong Kong, the PRC, Malaysia and Singapore for the years indicated:

	2014		2013	
	HK\$'000	% of Total	HK\$'000	% of Total
Hong Kong				
Room revenue	663,073		689,676	
Food and beverage revenue	21,597		21,403	
Leasing revenue	12,958		14,198	
Other revenue	18,736		19,435	
Total	716,364	56.4%	744,712	64.6%
PRC				
Room revenue	102,764		73,131	
Food and beverage revenue	34,035		15,484	
Leasing revenue	31,283		29,453	
Other revenue	1,877		2,022	
Total	169,959	13.4%	120,090	10.4%
Malaysia				
Room revenue	186,738		168,040	
Food and beverage revenue	104,169		101,605	
Leasing revenue	2,473		3,897	
Other revenue	16,623		14,598	
Total	310,003	24.4%	288,140	25.0%
Singapore				
Room revenue	71,229		–	
Food and beverage revenue	152		–	
Leasing revenue	1,906		–	
Other revenue	821		–	
Total	74,108	5.8%	–	–
Group Total				
Room revenue	1,023,804	80.6%	930,847	80.8%
Food and beverage revenue	159,953	12.6%	138,492	12.0%
Leasing revenue	48,620	3.8%	47,548	4.1%
Other revenue	38,057	3.0%	36,055	3.1%
Total	1,270,434	100.0%	1,152,942	100.0%

Management Discussion and Analysis

The key revenue indicators for the reporting year are as follows:

	2014	2013
Owned Hong Kong		
Available room nights	749,003	740,220
Occupied room nights	703,683	690,566
Occupancy rate	93.9%	93.3%
Average room rate (HK\$)	942	997
RevPAR (HK\$)	885	930
PRC		
Available room nights	357,997	201,480
Occupied room nights	194,469	141,524
Occupancy rate	54.3%	70.2%
Average room rate (HK\$)	573	549
RevPAR (HK\$)	311	385
Malaysia		
Available room nights	517,203	491,111
Occupied room nights	355,820	336,032
Occupancy rate	68.8%	68.4%
Average room rate (HK\$)	519	498
RevPAR (HK\$)	357	341
Singapore		
Available room nights	82,407	–
Occupied room nights	55,351	–
Occupancy rate	67.2%	–
Average room rate (HK\$)	1,275	–
RevPAR (HK\$)	857	–
Group Total		
Available room nights	1,706,610	1,432,811
Occupied room nights	1,309,323	1,168,122
Occupancy rate	76.7%	81.5%
Average room rate (HK\$)	786	799
RevPAR (HK\$)	603	651

The average room rate (“ARR”) of hotels in Hong Kong decreased by 5.5% year-on-year while the occupancy (“OCC”) recorded a marginal increase of 0.6% point year-on-year. The RevPAR was HK\$885, down by 4.8% from the previous financial year. The RevPAR performance in Hong Kong, which is our key market and revenue contributor, was adversely affected by the combination of (i) the increase supply of room inventories from both the hotel industry and other unconventional sources including the guest houses and private room operators, both licensed and illegal; (ii) the slow down on tourist arrival growth, in particular the over-night category; (iii) the renovation of our flagship hotels in Hong Kong, namely the Cosmopolitan Hotel Hong Kong and the Lan Kwai Fong Hotel@Kau U Fong; (iv) the decline of long haul tourist arrivals; and (v) the impact on the regulation introduced by the PRC government restricting the zero fare tour group. Despite the challenges, concerted sales and marketing efforts to expand the distribution channel and the ongoing strategy to adjust our guest profile enable our operation in Hong Kong to withstand the pressure and continue to produce solid results. Based on the numbers announced by Hong Kong Tourism Board, the management believes that the OCC for our Hong Kong operation of 93.9% outperformed the market.

For the financial year under review, revenue in the PRC region increased by 41.5% to HK\$170.0 million. The growth was driven by the contribution from the newly opened Dorsett Grand Chengdu hotel and the strong RevPAR performance of both the more mature Dorsett Wuhan hotel and Dorsett Shanghai hotel. The ARR for the region increased by 4.4% but the OCC declined by 15.9% points due to the lower OCC of the newly opened Dorsett Grand Chengdu and hence the RevPAR declined by 19.2%. The management expects that the operation of Dorsett Grand Chengdu will enter into the ramp up period in the coming years and will contribute positively to the overall performance of PRC region. Excluding the impact from Dorsett Grand Chengdu, on a LFL basis, RevPAR for PRC region increased by 8.8% on the back of strong ARR performance of both Dorsett Wuhan and Dorsett Shanghai.

In Malaysia, our operations continued to demonstrate steady growth with the ARR increased by 4.2% to HK\$519 and the OCC increased by 0.4% points to 68.8%. The RevPAR grew by 4.7% to HK\$357. The growth in Malaysia was driven largely by the very strong performance of its Dorsett Grand Labuan hotel and Dorsett Grand Subang hotel with both achieving a double digit growth of RevPAR.

We opened the Dorsett Singapore hotel towards the end of March 2013. The performance of our Singapore hotel in its inaugural year has been encouraging with a RevPAR of HK\$857 on the back of an ARR of HK\$1,275 and the OCC of 67.2%. Our Singapore operation has contributed positively to our recurring operating profit and the management expect a much stronger contribution from Singapore in the coming years as it entered into the ramp up period.

(b) Segment results

Details of the segment information are provided in Note 8 to the consolidated financial statements. Consolidated profit before taxation ("PBT") declined by 40.1% to HK\$414.7 million (2013: HK\$692.3 million) due to higher base in the corresponding period which included a gain of HK\$458.4 million on disposal of a subsidiary which owns the Dorsett Regency Hong Kong Hotel. The PBT for current period was however, boosted by the contribution of HK\$262.4 million from sales of apartments in Singapore and revaluation gains on investment properties in Singapore.

Hong Kong operations continued to be the key profit contributor of the Group, generating segment PBT of HK\$174.6 million, representing 42.1% of the Group's consolidated profit before tax. The segment PBT generated by Hong Kong was however declined by 75.2% compared to the corresponding period (2013: HK\$702.9 million) due to higher base in the corresponding period which included a gain of HK\$458.4 million on disposal of a subsidiary which owns the Dorsett Regency Hong Kong Hotel. Excluding such incomparable, the segment PBT for Hong Kong operation declined by 28.6%.

During the year, in line with the steady growth of RevPAR, our hotels in Malaysia region generated the segment PBT of HK\$58.9 million, an increase of 29.5% compared to the corresponding period. Our hotels in PRC recorded segment loss of HK\$69.9 million, an increase of 60.1% from the same period of last year, largely due to the loss before tax of HK\$60.3 million of the newly opened Dorsett Grand Chengdu Hotel. Our operation in Singapore generated the highest segment PBT of HK\$262.6 million, representing 63.3% of the Group's PBT due to the increased PBT of its hotel operation, profit contribution from its apartment sales and revaluation gains on the retail properties.

Management Discussion and Analysis

(c) Net operating profit

Net profit for the Group decreased by 41.8% to HK\$376.6 million (2013: HK\$647.5 million), primarily due to the higher base in the corresponding period which included a gain of HK\$458.4 million on disposal of a subsidiary which owns the Dorsett Regency Hong Kong Hotel and the increase of finance cost of HK\$67.3 million for the current period mainly in relation to the CNH bond issued in the month of April 2013. The net profit for current period was however, boosted by the contribution of HK\$239.9 million from sales of apartments in Singapore and revaluation gains on investment properties in Singapore.

The following table sets forth the reconciliation of recurring operating margin from hotel operation and securities and financial products investment from profit before taxation:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	414,691	692,323
Interest income	(2,588)	(3,288)
Finance costs	167,261	100,005
Depreciation and amortisation	196,474	137,879
EBITDA ⁽¹⁾	775,838	926,919
Pre-opening expenses	13,596	26,107
Fair value gain arising on transfers from completed properties for sales to investment properties	(130,870)	–
Gain arising from sales of apartments in Singapore	(131,506)	–
Change in fair value of derivative financial instruments	(676)	8,307
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	(27,329)	–
Dividends and interest income from treasury management	(17,024)	–
Treasury management expenses	2,305	–
Change in fair value of investment securities	18,242	(4,083)
Other non-recurring items	–	(458,358)
Recurring operating profit	502,576	498,892
Recurring revenue	1,270,434	1,152,942
Recurring operating margin ⁽²⁾	39.6%	43.3%

Notes:

⁽¹⁾ EBITDA for FY2013 includes HK\$458.4 million of gain on disposal of a subsidiary. EBITDA for FY2014 includes the contribution of HK\$262.4 million from the sales of apartments in Singapore and the revaluation gains on investment properties in Singapore.

⁽²⁾ Recurring operating margin = Recurring operating profit/recurring revenue.

(d) Distributable profit

Before the change in fair value of the Group's derivative financial instruments and gain on revaluation of investment properties and its related deferred taxation, the distributable profit attributable to the Group's shareholders for the Year is HK\$235.9 million (2013: HK\$651.7 million), representing a decrease of 63.8%.

	2014 HK\$'000	2013 HK\$'000
Profit for the Year	376,568	647,456
Adjusted for:		
Change in fair value of derivative financial instruments	(676)	8,307
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	(27,329)	–
Change in fair value of investment securities	18,242	(4,083)
Fair value gain arising on transfers from completed properties for sales to investment properties	(130,870)	–
Distributable profit	235,935	651,680

Financial Resources and Liquidity

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

	2014 HK\$'000	2013 HK\$'000
Bank balances and cash	1,191,278	729,519
Time deposits	–	12,500
Pledged deposits	167,911	140,029
Investment securities	514,264	28,554
	1,873,453	910,602
Bonds	1,002,691	–
Bank loans	4,637,316	3,881,455
Less: front-end fee	(20,431)	(10,827)
	5,619,576	3,870,628
Analysis for reporting purpose as		
Current liabilities	2,119,978	3,287,936
Non-current liabilities	3,499,598	582,692
	5,619,576	3,870,628
Net debt	3,746,123	2,960,026
Total equity	4,142,428	3,785,823
Revaluation surplus of hotel properties	10,954,268	9,459,345
Total equity after revaluation surplus	15,096,696	13,245,168
Net debt to equity (adjusting for hotel revaluation surplus)	24.8%	22.3%

The Group's borrowings include bank loan and a CNH Bond. The bank loans are secured over certain properties of the Group. The Group's bank loans carry interest at floating rates, with a range of effective interest rates of 1.96% to 8.19% per annum (2013: 1.45% to 8.00% per annum). The CNH Bond carries a coupon rate of 6.00% and net rate of 4.98% after the cross currency interest rate swap. Effective cost of borrowings during the year decreased from 3.9% to 3.8%.

Current portion of bank borrowings included an amount of HK\$1,264.0 million which is not repayable within one year but is shown under current liabilities in accordance with HKFRSs as the counterparties have discretionary rights to demand immediate repayment.

Management Discussion and Analysis

On 3 April 2013, the Company issued 5-year bonds due 2018 (the "Bonds") in an aggregate principal amount of RMB850 million at a fixed rate of 6% per annum. The net proceeds of the issue, after deduction of commission and administrative expenses, amounted to approximately RMB840 million (approximately HK\$1.05 billion). The Company intends to use the net proceeds for the Group's future acquisition(s) and expansion, and for general corporate purposes. The Group has since partially repurchased and canceled the Bonds, the current outstanding principal amount of the Bonds is RMB810 million.

The Group has entered into interest rate cap and interest rate swap contracts for the purpose of reducing its exposure to the risk of interest rate fluctuation of certain bank loans outstanding at the end of the reporting period. The Group has further entered into currency swap contracts in relation to the Bonds which reduce the overall financing costs. The Group recorded an increase in fair value of derivative financial instruments of HK\$0.7 million (2013: decrease of HK\$8.3 million) and gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss of HK\$27.3 million (2013: Nil) respectively for the Year.

Capital Expenditures

The Group's capital expenditures consist primarily of expenditures for acquisition and development of hotel properties, plant and equipment.

For the year under review, the Group's capital expenditures amounted to HK\$1,102.9 million (2013: HK\$962.1 million), an increase of HK\$140.8 million, or 14.6%. These capital expenditures were funded by a combination of bank borrowings and internal resources. The capital expenditure for the Year was mainly attributable to the acquisition of Lushan property and the Walkabout building as well as the construction and renovation works for Dorsett Grand Chengdu, Dorsett Singapore, Dorsett Tsuen Wan, Cosmopolitan Hotel Hong Kong, Dorsett Shepherds Bush, London and Lan Kwai Fong Hotel@Kau U Fong.

As the Group continues with the construction on existing development projects and to seek new acquisition opportunities, the Group plans to incur approximately HK\$789.5 million in capital expenditures over the next financial year, such capital expenditures will be funded by a combination of external borrowings and internal resources.

Capital Commitments

The following table summarises the Group's capital commitments as at 31 March 2014 and 2013:

	2014 HK\$'000	2013 HK\$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and acquisition of other property, plant and equipment:		
– contracted for but not provided in the financial statements	153,281	768,622
– authorised but not contracted for	22,750	27,673

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 year 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 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 consolidated financial statements.

Human Resources

As at 31 March 2014, the Group has 2,421 employees (2013: 2,394) with total employee cost for the Year of HK\$376.0 million (2013: HK\$335.6 million). Staff to room ratio for operating hotels improved to approximately 0.41 for the Year (2013: 0.44). 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 and performance related annual bonus.

Certain 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 financial year under review.

Properties

As at 31 March 2014, the Group owned 25 hotels in operation and under development across the world: 10 in Hong Kong, 6 in the PRC, 5 in Malaysia, 1 in Singapore and 3 in UK.

For the purpose of financial statement presentation, management has selected the cost model instead of revaluation model under the HKFRSs to account for its hotel properties. Under the cost model, hotel properties, completed and under development held for the Group's operation, are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The revaluation model has not been selected to avoid the inclusion of unnecessary short-term fair value changes in the value of the properties which are considered irrelevant for the measurement of the underlying economic performance of the Group's principal business activities.

Our operating hotel properties and under development hotel properties are stated in the Consolidated Statement of Financial Position at the lower of cost and net realizable value under the HKFRSs with a carrying net book value of approximately HK\$7,296.7 million as at the end of 31 March 2014 (2013: HK\$6,854.4 million). While the fair value increase of such properties has not been recognised in the consolidated financial statements, in order to provide users of the consolidated financial statements with the fair value of the Group's net assets, management has commissioned independent property valuers to perform a valuation on the Group's hotel properties. In this regard, the Group's property portfolio was valued at HK\$18,251.0 million as at 31 March 2014 (2013: HK\$16,313.7 million), representing an unrecorded revaluation surplus of HK\$10,954.3 million (2013: HK\$9,459.3 million), or an increase of 15.8% in hotel revaluation surplus as compared with last year.

Management Discussion and Analysis

Hotels in Operation

As at the end of the current financial year, the Group was operating and managing 20 hotels representing 5,666 rooms across Hong Kong, the PRC, Malaysia and Singapore. 18 of the 20 hotels in operation with 5,429 rooms are self-owned, which can be summarized as follows:

Company Owned Hotel Properties	Location	Total rooms	Commencement
Dorsett Hotels and Resorts			
Cosmopolitan Hotel Hong Kong	Hong Kong	454	January 2005
Dorsett Mongkok, Hong Kong	Hong Kong	285	July 2010
Dorsett Kwun Tong, Hong Kong	Hong Kong	361	August 2012
Dorsett Tsuen Wan, Hong Kong	Hong Kong	547	February 2014
Dorsett Regency Kuala Lumpur	Malaysia	320	April 1998
Dorsett Grand Subang	Malaysia	478	February 2007
Dorsett Grand Labuan	Malaysia	178	September 2007
Dorsett Wuhan	PRC	317	June 2008
Dorsett Shanghai	PRC	264	February 2010
Dorsett Grand Chengdu	PRC	556	August 2012
Dorsett Singapore	Singapore	285	March 2013
d. Collection			
Cosmo Hotel Hong Kong	Hong Kong	142	October 2005
Lan Kwai Fong Hotel@Kau U Fong	Hong Kong	162	March 2006
Silka Hotels			
Silka Seaview, Hong Kong	Hong Kong	268	January 2001
Silka West Kowloon, Hong Kong	Hong Kong	141	May 2005
Silka Far East, Hong Kong	Hong Kong	240	October 2006
Silka Maytower Hotel & Serviced Residences	Malaysia	179	October 2008
Silka Johor Bahru	Malaysia	252	October 2008
		5,429	

Other Financial Information

The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK\$10,954.3 million based on valuation on 31 March 2014. The revaluation surplus has not been accounted for in the consolidated financial statements. Net assets attributable to shareholders per share after adjusting revaluation surplus as at 31 March 2014 was HK\$7.20.

Events After the Reporting Period

In the month of April 2014, the Group opened its first management hotel in Malaysia, Silka Cheras, a 319 rooms hotel located within the Klang Valley of Kuala Lumpur. In the month of June 2014, the Group opened 2 more new hotels, the 317 rooms Dorsett Shepherds Bush, London and 297 rooms Lushan Resort, both are self owned.

Final Dividend

The Board recommends the payment of a final dividend (the "Proposed Final Dividend") of HK5 cents per ordinary share for the Year. The Proposed Final Dividend will be paid in the form of a scrip dividend to shareholders of the Company (the "Shareholders") who 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 Proposed Final Dividend together with the interim dividend of HK2 cents per ordinary share paid represents a dividend payout ratio for the whole year of approximately 38.8% based on the Company's profit for the year. The total amount of the Proposed Final Dividend, if all elected for receipt of cash, based on the number of issued ordinary shares of the Company as at the date of this annual report, will therefore be approximately HK\$105.0 million.

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the AGM; and (ii) 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 consecutive trading days prior to and including 18 September 2014. 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 29 September 2014. Dividend warrants and/or new share certificates will be posted on or around 31 October 2014.

Use of Proceeds

As at 31 March 2014, the balance of the Company's net proceeds from the listing of its shares, after deducting underwriting fees and related expenses, were placed with reputable financial institutions for interest income.

The proceeds have been and will be used in accordance with the purposes stated in the Prospectus, including:

Use of IPO proceeds

	Allocated HK\$'000	Utilised HK\$'000	Balance HK\$'000
1) Approximately 80% will be used for continue expansion of the Group's hotel portfolio	443,868	443,868	–
2) Approximately 20% will be used for expansion into hotel management business, which will incorporate rebranding initiative	110,967	21,141	89,826
Total	554,835	465,009	89,826

The Company does not have any change to the plan on the use of proceeds as stated in the Prospectus.

Corporate Vision and Core Values

Corporate Vision

“Dorsett Hospitality International is a Global Hotel Company in the Value and Midscale Segment bringing Asian Inspired Hospitality to the World.”

Core values

The 4I's represent the pillars that make up our corporate culture. They serve as guiding principles upon which we perform our work and conduct ourselves.

- **Inspiration** (Knowledge and Care)
We consistently create an inspirational work environment that is intellectually stimulating and emotionally engaging.
- **Innovation** (Innovate and Passion)
We embrace and encourage new ideas and will go beyond expectations to be the best in class.
- **Integrity** (Respect, Empathy and Accountability)
We are accountable to our internal and external stakeholders for the highest standards of behaviour, honesty and fairness in all aspects of our work.
- **Initiative** (Empowerment and Openness)
We empower and equip our associates to excel, while encouraging flexibility and increased efficiency through open communication.

We believe it is imperative to exhibit the highest standards – as a company and as individuals. We realise that success in the long run relies upon a vibrant and diverse workforce performing at their best for the company, results in which will be reflected in guest satisfaction and financial performance.

Our Business Strategy

After the successful rebranding in 2012 and 2013, the Group has been growing its brand presence by expanding its hotel portfolio in Hong Kong, Singapore and Malaysia. Additionally the Group has invested in creating a higher degree of brand awareness at several international tradeshows, such as CITM in Shanghai, ITB Asia in Singapore and ATF in Indonesia just to name a few. The Group's growth on a global scale shall be supported and improved with continuous efforts in the following areas:

1. Brand Awareness
2. Regional and Global Sales Network
3. Digital Marketing & Distribution
4. Revenue Management

Brand Awareness

The Group has continued with its efforts in creating a stronger brand awareness in both the operating markets as well as its most important feeder markets. Several strategies have been implemented to drive brand awareness. A dedicated PR agency has been appointed in the UK (Grifco) to support recently opened Dorsett Shepherds Bush London and to introduce the organisation's brand portfolio to the UK based consumer.

In addition, the marketing and communications team has been very active in its public relations strategies to drive the local media in all its operating markets which ensured continuous editorial coverage. Strategic alliances have been formed with Malaysia Airlines through the airline's Enrich programme as well as with selected banks which enabled the group to utilise the partner databases to have further outreach and to drive incremental revenue for the hotels with continuous tactical marketing and promotion campaigns. The Group has managed to obtain several prestigious awards throughout the year and this has further strengthened the group's brand awareness in the market place.

The Group will continue with its efforts to drive brand awareness through various initiatives such as appointing a China based PR agency in Q4 2014, attending the most important travel tradeshows, to seek out strategic partnership with major airlines and will continue to build and leverage on rapport with both the local and international media to obtain editorial coverage. The Group will also role out a tactical advertisement plan both print and digital to drive call to action direct revenues plus creating additional brand awareness.

Other strategies that have been carried out to further radiate the Group's brand presence and profiling with consumers in the various operating locations include continuous participation and organisation of sustainable CSR programmes and strategic partnership with institutions of higher learnings.

Regional and Global Sales Network

The Group started to build global key account management network by appointing its first Regional Director of Sales for South East Asia, based in Kuala Lumpur. The main purpose of the role is to identify key accounts in the region (mainly Kuala Lumpur and Singapore) with significant production potential for any property in the Organisation's portfolio – within the region and outbound. The role will also support all hotels with the Global RFP process to secure primarily but not exclusively, corporate FIT business from key global accounts and to drive the Group's MICE strategy.

The Group will continue with these efforts in more regions. This effort will be driven through the appointment of a Vice President of Sales in Q3 2014. This position will be based in the corporate office in Hong Kong and will assist hotels in their sales strategies as well as being responsible to build a Global Sales Network.

Digital Marketing and Distribution

From 2013-2014, the Group has completed the migration of all hotels' brand.com booking platforms to Sabre Hospitality's Central Reservation System (CRS). Moving ahead and in the long term, the group will leverage the additional capabilities from this CRS, and to create further opportunities for a stronger online hotel presence in multiple channels, and improve online payment facility to cater to a bigger market to book direct via brand.com.

Capturing and enabling the growing number of outbound Chinese travellers to book direct through brand.com channel will be one of the Group's key focuses in the coming months. Hence, the Group's business strategies will be to formulate and to build a stronger brand awareness through both online and offline channels first, while facilitating this segment of the market to book directly with the Group and/or its hotels with the right offers, promotions and packages.

From 2014, we will apply smart strategies in different digital channels with an ultimate aim to switch and influence bookers' behaviour to book directly through brand.com. These strategies shall include the followings but not limited to:

- Strategies in enforcing rate parity;
- Establish stronger presence and direct booking access for the hotels in major channels with strong online travel agent presence (e.g. metasearch websites – Google Hotel Finder, TripAdvisor, Trivago, etc.);
- Invest in research and redevelopment of the Group's websites content and structure that can strengthen its different brands' positioning and allow flexibility of content manipulation and integration, including booking access, into different channels; and
- Continuous investment in digital marketing initiatives and technology to facilitate cross channel content distribution and marketing, presenting the right content and offers to the potential bookers at the right time and in the proper context.

Revenue Management

The Group has and will continue with its efforts to drive a revenue management culture into the organisation. An automated Revenue Management System (RMS) has been successfully implemented at Dorsett Singapore. Additionally this RMS will be implemented at Dorsett Shepherds Bush, London.

The revenue management team is working closely with the digital marketing and distribution team and the Group's marketing communications team to ensure rate parity and to drive additional revenues via tactical promotion efforts to drive to and through dorsett.com.

In the coming months, to ensure total alliance and understanding of the dynamics of revenue management; and to set the platform to maximise the full potential of RMS for the Group and its hotels, revenue management trainings shall be organised for all key staff members including general managers and directors of sales and marketing.

OUTLOOK

The global economic recovery is still fragile despite improved prospect. Significant downside risks, both old and new remain. While the advanced economies in general are expected to demonstrate a stronger economic growth going forward. Such growth is however not evenly robust across the advanced economies, growth is expected to be weaker in countries with high debts and structural imbalance. Economy in emerging markets will continue to weather turbulence. Old risks such as the fiscal consolidation, the structural reform and tighter financial conditions due to the normalisation of monetary policy in the advanced economies, in particular the United States will continue affecting the economic performance of the emerging markets. In recent months geopolitical risk has emerged and this will further pressurise the already challenging economic environment that the emerging markets are facing.

Travel industry growth is expected to closely track the macroeconomic development and growth in the near term will be largely driven by travelers from the emerging markets, particularly the outbound Chinese travelers. While in the medium term, on the back of the improving economic conditions, travelers from the advanced economies are expected to return to positive growth.

Going forward, the growth of Chinese outbound travelers is likely to continue even though the growth rate in the near term might be affected by the slower economic growth in the PRC and the impact from the regulation on zero fare tour groups. On the back of the increase sophistication of Chinese travelers, the management believes that the regulation on zero fare tour groups will only have limited adverse impact on the growth of outbound travelers from the PRC as slower growth in tour group from the PRC will be gradually replaced by the stronger Free Independent Travelers ("FIT") over time. In fact, according to a report from the Chinese Tourism Academy, the outbound Chinese Travelers exceeded 98 million for the calendar year 2013, representing a growth of 17.8% year on year.

The profile and traveling behavior of the Chinese travelers have been changing and will continue to evolve. In this respect, the Group has been and will continue to adjust its marketing and distribution strategy, including the gradual introduction of free WIFI in all our hotel properties and investing in our brand.com to cater for the increasing volume of online booking from the FIT guests.

In line with the increasing spending power and higher frequency of travel, other than to the traditional destinations of Hong Kong and Macau, the Chinese travelers are beginning to travel to further destinations including North Asia, South East Asia and with the relaxation of visa application in recent times, we are now witnessing significant growth of Chinese travelers to Europe. In this respect, the Group's "Chinese Wallet" strategy, our network of hotels currently in operation and the hotels under development are well positioned to capitalize on this booming trend.

There are currently 11 hotels under various stages of planning and development, 4 under management contracts and 7 own properties, the Group's total room inventories will exceed 8,600 rooms in the upcoming years upon completion of these development projects. The additional room inventories will further drive our growth in recurring revenue and recurring operating profit as well as increasing our recurring cash flow. Nevertheless, it is expected that the Group's average RevPAR and recurring operating profit margins may be adversely impacted in the short-term as these new hotels would take time to ramp up and stabilize in term of operations.

The Group will continue to seek new opportunity to increase its room inventories. With its existing pipeline, the Group has laid a strong foundation to benefit from the growth in the tourism industry.

Corporate Social Responsibility

Dorsett Hospitality International embraces a role in society that goes beyond just business considerations. The Group constantly stays connected to the community by addressing a wide range of issues linked to the development of sustainable communities and continues to be a community-minded employer that its people are proud to be associated with.

Connecting with the Community

Employees at different levels are heavily involved in volunteering their time and efforts in carrying out sustainable projects that create value for a segment of society. In the spirit of getting its people involved and to cultivate the spirit of giving back to society, the Group and its hotels periodically organise various initiatives ranging from blood donation drive, participation in food bank programmes to annual fund raising events.

Some of the programmes carried out during the year include:

Continuity of One Family Programme by Cosmopolitan Hotel Hong Kong, Cosmo Hotel Hong Kong and Dorsett Mongkok, Hong Kong aimed at providing a unique learning opportunity for both hotel staff's young family members and students requiring special care.



Visitation to Caritas Evergreen Home by Dorsett Volunteers



Presentation of funds raised by Dorsett Grand Labuan, Malaysia for the Franciscan Sisters of Immaculate Conception Needy Children Education Fund



Team members of Dorsett Regency Kuala Lumpur and Silka Maytower Hotel and Serviced Residences, Malaysia entertained physically challenged children from Taman Megah's Handicapped and Disabled Children's Home



Dorsett Kwun Tong, Hong Kong Caring Team actively participated in community service projects ranging from food distribution to community in need to organising fund raising programmes

Promoting higher education and continuous learning is also the Group's concern. Every year, the Group participates in career fairs organised by various organisations such as Vocational Training Council Career Expo, Hong Kong Hotel Association and institutions of higher learnings such as Taylors University, Malaysia and INTI International College.

The Group continues to provide financial aid for students in need through its scholarship programme and have awarded 6 scholarships to Vocational Training Council and 11 scholarships to students from the Ju Ching Chu Secondary (JCCSS) in Tuen Mun, Yuen Long and Kwai Chung in Hong Kong. Most recently, the Group raised more than HK\$330,000 for the JCCSS Scholarship Foundation.

Apart from encouraging education, the Group is also very committed towards the sustainability of the music and local culture in the community and continues to demonstrate its support for HK Phil's numerous concerts and events throughout the year.

Holding firm to the philosophy of 'leadership by example', Chairman Tan Sri David Chiu together with Andrew Chiu and Winnie Chiu, President and Executive Director of Dorsett Hospitality International actively participate in career and motivational talks for students pursuing various fraternity. To-date Winnie Chiu has appeared as guest lecturer at The Chinese University of Hong Kong and Complutense University in Madrid, Spain.



Participated in Hong Kong Hotel Association career fair



Scholarships to students from Ju Ching Chu Secondary in Tuen Mun, Yuen Long and Kwai Chung in Hong Kong



Participated in Vocational Training Council Career Expo



Tan Sri David Chiu and Andrew Chiu conducted motivational talk for students of JCCSS



Scholarship presentation by Winnie Chiu for students of IVE Hospitality School



Conducted lectures for students at School of Hotel and Tourism Management The Hong Kong Polytechnic University

Corporate Social Responsibility

As part of the Group's on-going initiative to cultivate and provide mentoring for youth who aspire to make hospitality a rewarding career, the Group has embarked upon partnerships with hospitality schools such as INTI International University & Colleges in Subang, Malaysia and Taylor's University School of Hospitality, Tourism and Culinary Arts (TCHT), Malaysia to provide an avenue for students to further enhance their skills and knowledge of the industry.



Signing of MoU with INTI International University & Colleges



Partnership sealed with Taylor's University School of Hospitality, Tourism and Culinary Arts (TCHT) for the Future General Manager Programme (GeM)

Connecting with the People

The Group firmly believes that employees are its greatest asset and continues to provide the best possible support to foster staff well-being, development and intellectual growth. The Group's efforts extend to promoting a balanced and healthy lifestyle, fostering a sense of family, providing growth in personal development, and constantly seeking improvements in the work environment. Some of initiatives in place include:



Monthly birthday gatherings to foster closer camaraderie between co-workers and periodic staff outings



Staff outing to Yuen Long TaiTong Organic Ecopark



The recreational room at Silka Johor Bahru, Malaysia is set up to provide a conducive environment for associates in between work shift

Talent development and retention are the top priority of the organisation and the Group strives to provide the best avenues for its team members to excel and grow with the Group. Over the year, the Group supported various training programmes and related workshops, and provided a clear career path and opportunities for advancement and improvements of talents.

Connecting with the Environment

The Group also commits to playing its part in environmental conservation and continuously engages its employees to adopt and implement eco-efficiency practices in its business operations, and through technological innovations.

Annually, our associates and guests in the different locations support Earth Hour by turning off all non-essential lighting to raise awareness for the planet.

Reduce, reuse and recycle programmes are in place in all our hotels to encourage not only our associates but also our guests to reduce consumption of water, waste and energy, and to minimise carbon footprints to the planet.

With a strong and focused commitment in implementing more sustainable environmental practices in its day-to-day operations, Cosmo Hotel Hong Kong and Dorsett Mongkok, Hong Kong continued to be certified as green hotels since 2012 by EarthCheck and have most recently attained EarthCheck Bronze Benchmarked Logo 2014.

To improve air quality, majority of our hotels are designated as Smoke-Free.

In an effort to promote greening of the planet, team members from Lan Kwai Fong Hotel@Kau U Fong and The Mercer participate annually in the Tree Planting Challenge organised by Friends of the Earth (HK).

At Dorsett Hospitality International, we recognise the environmental impact associated with our hotels – and that's why we will continue with our endeavours to implement more sustainable business practices across our operations.



Participated in Tree Planting Challenge



Annual Earth Hour participation



Our Track Record of Success

2013
APRIL

3 April

- Issued 5-year bonds of RMB850 million

9 April

- Formalised exclusive partnership with Diamond Resorts International

17 June

- Executed a 5-year loan facility of HK\$1.75 billion to refinance existing syndicated loan expiring in September 2013

2013
JUNE

**2013
AUGUST**

26 August

- Completion of acquisition of a property located in Jiujiang, Jiangxi, China
- The property has been converted into Lushan Resort with 297 rooms

26 November

- Entered into four management contracts with Mayland Group Malaysia and Far East Consortium International Limited to manage the following hotels
 - Silka Cheras, Kuala Lumpur
 - Dorsett Putrajaya
 - Dorsett Hartamas, Kuala Lumpur
 - Sri Jati Hotel

**2013
NOVEMBER**

**2013
DECEMBER**

December

- Formalised the partnership with Enrich, the frequent flyer programme of Malaysia Airlines

Our Hotel Portfolio

Hong Kong



Cosmo Hotel Hong Kong

375-377 Queen's Road East
Wan Chai, Hong Kong

Located in the middle of one of Hong Kong's prime business areas, Cosmo Hotel Hong Kong is a smoke-free boutique hotel packed with cutting-edge design features. Renowned for its vibrant use of colour and contemporary design, as well as its sleek interiors, the hotel includes imaginative colour-coded rooms complemented by a wide selection of state-of-the-art amenities.

Number of Rooms 142



Cosmopolitan Hotel Hong Kong

387-397 Queen's Road East
Wan Chai, Hong Kong

Balancing high standards of comfort and personalised service with an excellent location ideally placed between the commercial hub of Wan Chai and the shopping attractions of Causeway Bay. The midscale hotel is perfect for business and leisure travellers alike. Most guestrooms have views of the Happy Valley racecourse or the vibrant Causeway Bay skyline.

Number of Rooms 454
To be rebranded as Dorsett Wan Chai,
Hong Kong

Hong Kong



Dorsett Regency Hong Kong

18 Davis Street
Kennedy Town, Hong Kong

Dorsett Regency Hong Kong provides the comfort and ease of a home away from home for the discerning business and leisure travellers. The hotel offers free Wi-Fi Internet access, a well-equipped business centre, and all day dining facilities.

Number of Rooms 182



Dorsett Kwun Tong, Hong Kong

84 Hung To Road
Kwun Tong, Kowloon

In the heart of Kowloon East, Dorsett Kwun Tong is a midscale hotel targeting both business and leisure travellers. The hotel offers 361 eclectically designed guestrooms, complemented by 24-hour free Wi-Fi Internet access, a range of technology-driven facilities and comprehensive concierge services. The hotel also offers all day dining, a gymnasium and an outdoor swimming pool.

Number of Rooms 361

Our Hotel Portfolio

Hong Kong



Dorsett Mongkok, Hong Kong

88 Tai Kok Tsui Road
Tai Kok Tsui, Kowloon

Situated at the heart of the vibrant Kowloon Peninsula, Dorsett Mongkok is an eclectic hotel that has become a destination of choice for discerning business and leisure travellers. With a selection of refreshing, brightly-lit rooms and suites, each reflecting a modish blend of chic decor and functional design, the hotel is ideal for visitors in search of energy and excitement.

Number of Rooms 285



Dorsett Tsuen Wan, Hong Kong

28 Kin Chuen Street
Kwai Chung, Kowloon

Dorsett Tsuen Wan features 547 well-appointed rooms and suites, each featuring a wide variety of amenities including free Wi-Fi Internet access and technology-driven facilities. The hotel's restaurant serves expertly prepared international dishes as well as local specialities. Guests can also relax at the fitness centre, which includes a swimming pool, spa and a fully equipped gymnasium. The ballroom and multi-function rooms are equipped with state-of-the-art convention facilities, providing the ideal venue for private and corporate events.

Number of Rooms 547

Hong Kong



Lan Kwai Fong Hotel@Kau U Fong

3 Kau U Fong
Central, Hong Kong

Lan Kwai Fong Hotel@Kau U Fong is a boutique hotel uniquely designed to achieve a style that's cool and contemporary, with Chinese accents. Each room's furniture, fabrics and artefacts were meticulously selected to reflect a striking sense of individuality. The hotel is located in Hong Kong's Central Business District, just minutes away from prime dining and entertainment destinations.

Number of Rooms 162



Silka Far East, Hong Kong

135-143 Castle Peak Road
Tsuen Wan, Kowloon

Silka Far East is a value hotel located in Tsuen Wan, a bustling bay on Kowloon side. Just steps away from the Tsuen Wan MTR station, the hotel provides easy access to and from the commercial centres of Central and Tsim Sha Tsui. Each guestroom is tastefully designed and well-equipped to offer guests a convenient, quality experience at the best value for money.

Number of Rooms 240

Our Hotel Portfolio

Hong Kong



Silka Seaview, Hong Kong

268 Shanghai Street
Yau Ma Tei, Kowloon

Silka Seaview is nestled in Yau Ma Tei, just footsteps away from the Yau Ma Tei MTR station and right next to the popular tourist attractions of Temple Street Market and Jade Market. This prime location provides extremely convenient access to Hong Kong's dynamic commercial and entertainment destinations.

Number of Rooms 268



Silka Tsuen Wan, Hong Kong

119 Wo Yi Hop Road
Kwai Chung, Kowloon

In the midst of the bustling and densely populated Kwai Chung district, Silka Tsuen Wan is a value hotel comprising 420 guestrooms and multiple restaurants. It is currently being developed and is scheduled for completion in FY2016.

Number of Rooms 420
To be completed in FY2016

Hong Kong



Silka West Kowloon, Hong Kong

48 Anchor Street
Tai Kok Tsui, Kowloon

Silka West Kowloon is a contemporary value hotel situated in Tai Kok Tsui, a booming new city in Kowloon. The hotel offers guests both superior stay experiences and the best value for money, making it ideal for business and leisure travellers.

Number of Rooms 141



The Mercer

29 Jervois Street
Sheung Wan, Hong Kong

Situated in Sheung Wan, at the heart of Hong Kong Island, The Mercer is a boutique hotel close to a wealth of premium dining options, with an abundance of Michelin-starred restaurants and other fine dining options. With its tasteful, contemporary design – spacious and luxurious with a touch of minimalist chic, The Mercer offers furnished rooms of first-class comfort and privacy, and provides business guests with a generous working space outside the office.

Number of Rooms 55

Our Hotel Portfolio

China



Dorsett Shanghai

800 Hua Mu Road
Pudong New Area, Shanghai

Located in the middle of the dynamic Pudong district, Dorsett Shanghai is adjacent to Century Park, a peaceful oasis in the city. The hotel uniquely fuses modern design themes with Chinese elements and luxurious interiors. Guestrooms are ideally designed for relaxing or working, with comprehensive facilities complemented by the highest level of quality service. Over 80% of the rooms have balconies that offer stunning views of the city and Century Park.

Number of Rooms 264



Dorsett Wuhan

118 Jiangnan Road
Hong Kong & Macau Centre
Hankou, Wuhan, Hubei

Situated in the heart of downtown Wuhan, Dorsett Wuhan is in proximity to the area's most popular shopping areas, as well as a diverse range of dining and entertainment options. With its contemporary decor, stylish fixtures, state-of-the-art meeting and banquet facilities and comprehensive recreational facilities, Dorsett Wuhan successfully blend simplicity with elegance to offer a unique stay experience for its guests.

Number of Rooms 317

China

**Dorsett Zhongshan**

107 Zhongshan Yi Road
Zhongshan, Guangdong

Centrally located in Zhongshan's main business district, Dorsett Zhongshan is a midscale business hotel with 416 rooms and suites, as well as restaurants and meeting facilities. It is currently being developed and is scheduled for completion in FY2015.

Number of Rooms 416
To be completed in FY2015

**Dorsett Grand Chengdu**

168 Xi Yulong Street
Qinyang District, Chengdu, Sichuan

Next to the popular historical Luoma Market area in Chengdu, Dorsett Grand Chengdu is an upscale hotel that provides an intimate and luxurious environment for guests complemented by a full range of modern amenities. Each room is lavishly appointed with elegant furnishings and contemporary decor. The 700 square-metre ballroom and various meeting rooms are equipped with state-of-the-art facilities to meet the needs of its guests.

Number of Rooms 556

Our Hotel Portfolio

China



Dorsett Grand Zhuji

Wuxie Town, Zhuji
Zhejiang

Located in Wuxie Town, Zhuji in Zhejiang Province, Dorsett Grand Zhuji features a full spectrum of modern facilities and services – from its well-appointed guestrooms and multiple restaurants to its meeting facilities and decadent banquet hall.

Number of Rooms 200
To be completed in FY2015



Lushan Resort

Wenquan Zhen, Xingzi Xian
Jiujiang City, Jiangxi

Lushan Resort, the first international midscale 4-star resort in Jiujiang, is owned and managed by Dorsett Hospitality International. Sitting on a sprawling ground of over 40,000 square metres, Lushan Resort with 5 function rooms including a Ballroom which is dividable into two individual meeting facilities, is the ideal venue to organise successful meetings, events and intimate gatherings.

Located within the grounds of Lushan Resort are 14 outdoor hot spring pools, a spa, and a gymnasium offering an unforgettable escapade for both business travellers and leisure seekers.

Number of Rooms 297

Malaysia



Dorsett Regency Kuala Lumpur

172 Jalan Imbi
Kuala Lumpur

At the heart of Kuala Lumpur's Golden Triangle, Dorsett Regency Kuala Lumpur is surrounded by the city's busiest shopping malls, entertainment centres and tourist sites. A first-class choice for business and leisure travellers, Dorsett Regency Kuala Lumpur is fully equipped with a gymnasium and an outdoor swimming pool, as well as state-of-the-art business and event facilities to handle conferences, meetings, cocktail parties and weddings.

Number of Rooms 320

To be rebranded as Dorsett Kuala Lumpur



Dorsett Grand Labuan

462 Jalan Merdeka
Labuan Federal Territory

In the heart of Labuan's revitalised business district, Dorsett Grand Labuan is just minutes from the bustling town centre and the Labuan Airport. The hotel includes 178 rooms with harbour or city views, as well as three distinct restaurants. 24-hour in-room dining services are also available for guests who prefer to dine in the comfort of their rooms.

Number of Rooms 178

Our Hotel Portfolio

Malaysia



Dorsett Grand Subang

Jalan SS12/1
Subang Jaya

Situated in the commercial hub of Subang Jaya, Dorsett Grand Subang is an upscale urban resort offering 478 tastefully furnished rooms and suites, spacious conference rooms with hi-tech built-ins. The hotel is ideal for business, conference and leisure travellers.

Number of Rooms 478



Silka Cheras, Kuala Lumpur

KM10 Jalan Cheras
Kuala Lumpur

The newest iconic landmark of Cheras, Silka Cheras with its sleek semi-circular facade and 319 guestrooms is positioned as a value hotel offering the highest level of service and modern facilities. Furnished with comfortable beddings and fittings, all guestrooms are design-led to ensure utmost guests' comfort. Other facilities include a meeting room which is ideal for small-medium meetings and private dinners or celebrations; and an all-day dining facility.

Number of Rooms 319

Malaysia



Silka Johor Bahru

Lot 101375, Jalan Masai Lama
Mukim Plentong, Johor Bahru

Silka Johor Bahru features 252 well-appointed rooms that are suitable for value-savvy families and business travellers. The hotel has a full range of food and beverage facilities, meeting rooms and a banquet hall that caters for all dining, function and event needs. Recreation facilities include a sparkling free-form swimming pool, a well-equipped gymnasium, tennis and squash courts.

Number of Rooms 252



Silka Maytower Hotel & Serviced Residences

7 Jalan Munshi Abdullah
Kuala Lumpur

Centrally located in Kuala Lumpur, Silka Maytower Hotel & Serviced Residences is opposite the buzzing Capital Square Mall, and is within walking distance of Merdeka Square, KL Tower, Central Market, Chinatown, Petronas Twin Towers and Lake Garden. Ideal for those interested in exploring Malaysia's popular tourist attractions, history, shopping, street food, fine dining and local communities.

Number of Rooms 179

Our Hotel Portfolio

Singapore



Dorsett Singapore

333 New Bridge Road
Singapore

Located above the transport hub of Outram Park MRT interchange station, Dorsett Singapore offers easy accessibility to the city's commercial and tourist highlights, such as the Orchard Shopping Mall, Marina Bay Sands, HarbourFront, Resorts World Sentosa, Universal Studios Singapore, and Singapore's Central Business District. All 285 modern guestrooms and loft rooms are equipped with high-speed Internet access. The hotel offers a variety of facilities including meeting spaces, a fitness centre and an outdoor swimming pool with Jacuzzi.

Number of Rooms 285

United Kingdom



Dorsett City, London

9 Aldgate High Street
London

Dorsett City situated in the heart of the insurance and shipping district of the City of London, and above the Aldgate tube station. The hotel features 275 guestrooms and suites, food and beverage facilities, as well as a unique stay experience in the heart of bustling London.

Number of Rooms 275
To be completed in FY2016

United Kingdom



Dorsett Shepherds Bush, London

58 Shepherd's Bush Green
Shepherd's Bush, London

Dorsett Shepherds Bush, the perfect hotel choice for both business and leisure travellers, offers stylish and comfortable accommodation for the most discerning guests to enjoy, relax, party and refresh. The 8-storey hotel with 317 rooms boasts modern architecture and design; originally The Pavilion is a Grade II listed building, which overlooks Shepherd's Bush Green, retaining the building's historic facade. The hotel offers 2 restaurants and a spa.

Number of Rooms 317

Awards and Accolades

2013

Dorsett Wuhan

“China Top Ten Best Preferred Commercial Hotels”

Dorsett Shanghai

“Certificate of Excellence” by TripAdvisor

“Best Service Hotel – Deluxe” by China Hotel Awards

“Gold Circle Award” by Agoda.com

“Shanghai Top Performing Partner Award” by Booking.com

“Outstanding Individual Award (Shelly Xie, Director of Sales & Marketing)” by Commercial Committee Pudong New District

Dorsett Mongkok, Hong Kong

“Adrian Award” by Hospitality Sales & Marketing Association International

“WebAward” by The Web Marketing Association

“Green City Hotel” by Hong Kong Business Magazine’s High Flyers Awards

Cosmopolitan Hotel Hong Kong

“Top Themed Hotels of China” by the 8th China Starlight Awards

Cosmo Hotel Hong Kong

“Green City Hotel” by Hong Kong Business Magazine’s High Flyers Awards

“Best of Expedia’s VIP Access® Hotels” by Expedia.com Global VIP Access

Attained the Benchmark Bronze Status with “EarthCheck” Certification Program

Cosmopolitan Hotel Hong Kong, Cosmo Hotel Hong Kong Dorsett Mongkok, Hong Kong

“Caring Company Logo” by The Hong Kong Council of Social Services

“Outstanding Hotel Partner Award” by Booking.com

Silka West Kowloon, Hong Kong

“The Most Outstanding Business Hotel” by GHM Hotel General Managers Society



Silka Seaview, Hong Kong

“Outstanding Hotel Partner Award” by Booking.com



Lan Kwai Fong Hotel@Kau U Fong

“Hong Kong’s Leading Boutique Hotel” by World Travel Awards



“Outstanding Achievement in Interactive Media Award” and “Silver in W3 Award” by Hospitality Sales & Marketing Association International

The Mercer

“Outstanding Enterprises – Boutique Hotel” by Hong Kong Business High Flyers Awards



Dorsett Regency Hong Kong

“Travelers’ Choice – Top 20 Bargain Hotels in China” by TripAdvisor

Dorsett Grand Subang

“The Best 5 Star Hotel in the State of Selangor” at the Selangor Tourism’s Appreciation Award’s Night

“Gold Circle Award” by Agoda. com

Dorsett Hospitality International

“Certificate of Excellence” by TripAdvisor

1. Cosmo Hotel Hong Kong
2. Cosmo Hotel Mongkok (presently known as Dorsett Mongkok, Hong Kong)
3. Cosmopolitan Hotel Hong Kong
4. Dorsett Regency Kuala Lumpur
5. Dorsett Shanghai
6. Lan Kwai Fong Hotel@ Kau U Fong
7. The Mercer

Dorsett Regency Kuala Lumpur

“Outstanding Hotel Partner Award” by Booking.com

“Top Eight Best Home Away From Home in Asia Hotel Awards” by Asiarooms.com

2014

Dorsett Hospitality International

Winnie Chiu – Listed in Forbes Asia’s 2014 “Asia’s Power Businesswomen 12 to Watch List”

“Best Valued Hotels Group Award” by Mediazone Group



“Caring Company Logo” by The Hong Kong Council of Social Services.

The Mercer

“Hong Kong’s Most Valuable Boutique Hotel” by Mediazone Group

Dorsett Kwun Tong

“Caring Company Logo” by The Hong Kong Council of Social Services



“Travelers’ Choice – Top 25 Bargain Hotels in China” by TripAdvisor

Barrier-free Companies/Organisations recognition by Hong Kong Council of Social Services



“Best Guest Review Award” by Booking.com

“Service Excellence Hotel of The Year” and “Unique Design Hotel of the Year” by GHM Hotel General Managers Society

“Certificate of Excellence” by DaoDao.com (TripAdvisor)

Cosmopolitan Hotel Hong Kong, Cosmo Hotel Hong Kong, Dorsett Mongkok, Hong Kong

“Corporate Citizenship Logo” Award by The Hong Kong Productivity Council



Dorsett Mongkok, Hong Kong



“Travellers’ Choice Award” by TripAdvisor



EarthCheck Bronze Benchmarked Logo 2014

“Caring Company Logo” by The Hong Kong Council of Social Services

Cosmo Hotel Hong Kong

EarthCheck Bronze Benchmarked Logo 2014

“Caring Company Logo” by The Hong Kong Council of Social Services

Dorsett Regency Kuala Lumpur

“Best 5 General Manager of the Year in Malaysia” by Hospitality Asia Platinum Awards accorded to Christina Toh, Area General Manager for Dorsett Regency Kuala Lumpur and Silka Hotels in Malaysia

“King of Kitchens – Ambassador of Cuisine Best 10 in Malaysia” by Hospitality Asia Platinum Awards accorded to Executive Chef K K Yau

“Best 3 in Malaysia for Human Resources Excellence Award” by Hospitality Asia Platinum Awards accorded to Elisha Lee, Human Resources Manager

Corporate Governance Report

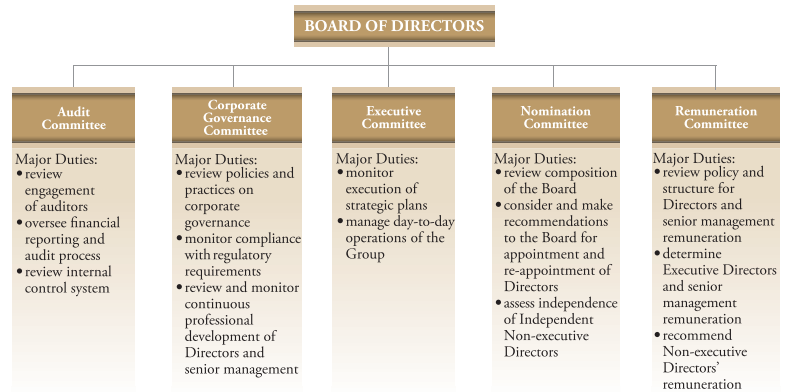
The Board and the management of the Company are committed to maintaining good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on professionalism, transparency and accountability to all Shareholders.

Throughout the Year, the Company has applied the principles of and complied with the code provisions and, where applicable, the recommended best practices of the CG Code, save for the exception of code provision E.1.2 with explanation described below.

The key corporate governance principles and practices of the Company as well as the aforementioned deviation under the paragraph H headed "Communication with Shareholders" are summarized below.

A. The Board

A.1 Responsibilities and Delegation



The Board is responsible for providing effective leadership and direction in order to deliver value to Shareholders over the longer term and is accountable to the daily operations of the Company. The Board has set the parameters within which the Executive Committee conducts the business of the Company. The following major issues of the Company are reserved for the decision of the Board:

- approval of interim and annual financial statements of the Company;
- payment of dividend;
- approval of any transaction which is discloseable under the Listing Rules;
- extend the activities of the Company into new line of business or to cease to operate any material part of the business of the Company;
- changes in the capital structure of the Company;
- annual operating and capital expenditure budgets and any material change to them;
- appointment or proposal for removal of Directors, company secretary or auditors of the Company;
- establishment of any committees of the Board and the respective terms of reference; and
- proposal for winding up of the Company.

In addition to the Executive Committee, the Board has also established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee to perform various responsibilities as delegated by the Board. Further details of these Board committees are set out below.

A.2 Board Composition

MEMBERS OF THE BOARD

Two Executive Directors	Three Non-executive Directors	Four Independent Non-executive Directors
Ms. CHIU, Wing Kwan Winnie <i>(President)</i> Mr. LAI, Wai Keung	Tan Sri Dato' CHIU, David <i>(Chairman)</i> Mr. HOONG, Cheong Thard Mr. CHAN, Chi Hing	Mr. SHEK, Lai Him Abraham Mr. TO, Peter Dr. LIU, Ngai Wing Mr. ANGELINI, Giovanni

The Board currently comprises nine Directors, two of whom are Executive Directors, three are Non-executive Directors and four are Independent Non-executive Directors. All the Directors have profound knowledge and extensive experience in the businesses of the Group. The profile of the Directors is set out in the "Profile of Directors" section of this annual report.

Tan Sri Dato' CHIU, David is the father of Ms. CHIU, Wing Kwan Winnie. Tan Sri Dato' CHIU, David is a Non-executive Director, the Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee. Ms. CHIU, Wing Kwan Winnie is an Executive Director, the President, a member of each of the Executive Committee and the Remuneration Committee, and the chairman of the Corporate Governance Committee. Save as disclosed, there is no other relationship among members of the Board.

The composition of the Board is reviewed from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Company and there is a strong independent element on the Board to safeguard the interests of the Shareholders. There are four Independent Non-executive Directors on the Board and exceeds the minimum requirement of the Listing Rules. At least one of the Independent Non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director an annual confirmation of his independence and considers that all the Independent Non-executive Directors are Independent under the guidelines set out in Rule 3.13 of the Listing Rules.

During the Year, the Independent Non-executive Directors reviewed the connected and continuing connected transactions of the Company. As disclosed in the Report of the Directors of this annual report, the Independent Non-executive Directors also reviewed the compliance of the Deed of Non-Competition Undertaking dated 10 September 2010 executed by Tan Sri Dato' CHIU, David and FECIL in favour of the Company.

Corporate Governance Report

A.3 Chairman and President

The Chairman of the Board is Tan Sri Dato' CHIU, David who is responsible for providing the leadership and management of the Board. The President of the Company is Ms. CHIU, Wing Kwan Winnie (a daughter of Tan Sri Dato' CHIU, David) who is responsible for the day-to-day management of the business of the Group. There is a clear and effective division of responsibilities between the Chairman and the President to ensure a balance of power and authority.

Major responsibilities of Chairman

- lead and oversee the functioning of the Board;
- encourage Directors to make active contribution to Board's affairs;
- primarily responsible for the practices and management of the proceedings of Board meetings and general meetings; and
- develop effective communication with the Shareholders.

Major responsibilities of President

- implement the strategies and development plans as established by the Board;
- manage the business of the Group and make day-to-day decisions; and
- coordinate overall business operations.

A.4 Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation and every Director shall be subject to retirement by rotation at least once every three years. Director newly appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Newly appointed Director will be given an induction on the regulatory requirements and business operations of the Group. The Company has arranged appropriate insurance cover in respect of legal action against the Directors and officers.

All the Non-executive Directors and Independent Non-executive Directors are appointed for specific term and subject to retirement by rotation and re-election at annual general meetings according to the Articles of Association. The term of appointment of each of the Non-executive Directors and Independent Non-executive Directors is set out in the section headed "Directors' Service Contracts" in the Report of the Directors of this annual report.

A.5 Board Meetings

Pursuant to code provisions A.1.1 and A.1.3 of the CG Code, regular meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting. During the Year, the Board held four Board meetings which were regular Board meetings held at quarterly intervals.

Attendance record of each Board member at the Board meetings held during the Year is set out below:

Name of Board Member	Attendance/Number of Meetings Held
Executive Directors	
Ms. CHIU, Wing Kwan Winnie (<i>President</i>)	4/4
Mr. LAI, Wai Keung	4/4
Non-executive Directors	
Tan Sri Dato' CHIU, David (<i>Chairman</i>)	4/4
Mr. HOONG, Cheong Thard	4/4
Mr. CHAN, Chi Hing	4/4
Independent Non-executive Directors	
Mr. SHEK, Lai Him Abraham	4/4
Mr. TO, Peter	4/4
Dr. LIU, Ngai Wing	4/4
Mr. ANGELINI, Giovanni	2/4

Agenda and Board papers are sent to the Directors in timely manner so that all the Directors had sufficient time to review the affairs to be discussed and make informed decisions. The Chairman will arrange the attendance of independent professional advisors at the Board meetings to advise the Directors where necessary and there are agreed procedures for the Directors to seek independent professional advice at the Company's expenses in appropriate circumstances. Directors have readily access to the senior management, Chief Financial Officer, Company Secretary and external legal advisors for advice on corporate governance, financial matters, operations and business development of the Group.

Transaction which involves a conflict of interest for a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. During the Year, the Independent Non-executive Directors were present at the Board meeting for considering continuing connected transactions of the Group. Directors who had any interests in the matters considered in the Board meeting were not counted in the quorum and had abstained from voting at the Board meeting.

Corporate Governance Report

A.6 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct governing securities transactions by the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

The Company also established written guidelines regarding securities transactions on terms no less exacting than the Model Code for relevant employees who may have access to inside information in relation to the Company or its securities.

Directors and relevant employees are notified by the Company Secretarial Department of the Company of prohibitions on dealings in the securities of the Company whenever black-out periods arise.

A.7 Training for Directors

Each newly appointed Director is provided with induction and information to ensure that he has a proper understanding of the Company's operations and business as well as his responsibilities under the relevant statutes, laws, rules and regulations.

The Company provides regular updates on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at the Board meeting. Trainings have been provided to the Directors to ensure a high standard of corporate governance is upheld and that the Directors possess up-to-date information to discharge their duties.

All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the Year to the Company. The Executive Directors, Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung, the Non-executive Directors, Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing and the Independent Non-executive Directors, Mr. SHEK, Lai Him Abraham, Mr. TO, Peter and Dr. LIU, Ngai Wing, attended training conducted by professionals, while the Independent Non-executive Director, Mr. ANGELINI, Giovanni, received training by reading relevant materials regarding regulatory updates.

B. Board Committees

As at 31 March 2014, the Board has established five Board committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee for overseeing various aspects of the Company's affairs. All Board committees have been established with defined written terms of reference and report to the Board on their decisions or recommendations made.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

B.1 Executive Committee

The Executive Committee currently comprises two members, namely Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung, the Executive Directors and senior management of the Company. Executive Committee operates as a general management committee under the direct authority of the Board to increase efficiency in the day-to-day management of the operations of the Group. It monitors the execution of the strategic plans formulated by the Board and coordinates business units of the Group.

During the Year, all the members of the Executive Committee were present at all meetings held.

B.2 Audit Committee

The Audit Committee currently comprises three members, all of them are Independent Non-executive Directors, namely Dr. LIU, Ngai Wing, Mr. SHEK, Lai Him Abraham and Mr. TO, Peter. The chairman of the Audit Committee is Dr. LIU, Ngai Wing who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The authorities and duties of the Audit Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company.

The principal duties of the Audit Committee include reviewing and supervising the Group's financial reporting system, internal control procedures, financial information and the relationship with the external auditors of the Company. It also acts as an important link between the Board and the Company's external auditors.

Major work performed in the Year

- reviewed the annual financial statements for the year ended 31 March 2013 and the interim financial statements for the six months ended 30 September 2013, and the related accounting principles and practices adopted by the Company;
- reviewed the reports of the internal and external auditors and the response of the management to the recommendations of the auditors;
- reviewed the effectiveness of the internal control system and the adequacy of the accounting and financial reporting functions of the Group, including resources, staff qualifications and experience, training programmes and budgets in this respect;
- approved the internal audit plans;
- reviewed the audit and non-audit services performed by the external auditors and the respective professional fees;
- assessed the independence of the external auditors and made recommendations on the re-appointment of the Company's auditor at the Company's annual general meeting;
- reviewed the arrangement pursuant to the policy on employees that can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and investigation procedures; and
- reviewed the continuing connected transactions for the year ended 31 March 2013.

During the Year, two Audit Committee meetings were held and all the members of the Audit Committee and representatives of the external auditor and internal auditor of the Company were present at the meetings.

Corporate Governance Report

B.3 Remuneration Committee

The Remuneration Committee currently comprises six members, namely:

1. Mr. TO, Peter (Independent Non-executive Director)
2. Mr. SHEK, Lai Him Abraham (Independent Non-executive Director)
3. Dr. LIU, Ngai Wing (Independent Non-executive Director)
4. Mr. ANGELINI, Giovanni (Independent Non-executive Director)
5. Tan Sri Dato' CHIU, David (Non-executive Director)
6. Ms. CHIU, Wing Kwan Winnie (Executive Director)

The chairman of the Remuneration Committee is Mr. TO, Peter. The authorities and duties of the Remuneration Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the remuneration of the Directors and the senior management. The Remuneration Committee has been delegated responsibility to determine the remuneration packages of individual Executive Director and senior management. It makes recommendations to the Board on the remuneration of the Non-executive Directors. In accordance with the CG Code, no Director or any of his/her associates (as defined in the Listing Rules) involved in determining his/her own remuneration.

Major work performed in the Year

- reviewed and determined the policy and structure for the remuneration of the Directors;
- reviewed and approved the remuneration packages of individual Executive Director;
- approved increment in the annual salary and payment of discretionary bonus to the Executive Directors;
- reviewed and recommended the director's fee for all Independent Non-executive Directors and Non-executive Directors; and
- reviewed, determined and approved the yearend bonus payout and salary increment to the employees of the Group.

During the Year, one Remuneration Committee meeting was held and four of the existing members of the Remuneration Committee, namely Mr. TO Peter (chairman of the Remuneration Committee), Mr. SHEK Lai Him Abraham, Dr. LIU Ngai Wing and Ms. CHIU Wing Kwan Winnie, were present at the meeting.

Details of the remuneration of the members of the senior management by band for the Year are disclosed in note 17(a) to the consolidated financial statements.

B.4 Nomination Committee

The Nomination Committee currently comprises five members, namely:

1. Tan Sri Dato' CHIU, David (Non-executive Director)
2. Mr. CHAN, Chi Hing (Non-executive Director)
3. Mr. SHEK, Lai Him Abraham (Independent Non-executive Director)
4. Dr. LIU, Ngai Wing (Independent Non-executive Director)
5. Mr. TO, Peter (Independent Non-executive Director)

The chairman of the Nomination Committee is Tan Sri Dato' CHIU, David. The authorities and duties of the Nomination Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, consider the retirement and re-election of the Directors and assess the independence of the Independent Non-executive Directors.

The Board has adopted a Board Diversity Policy effective from 18 June 2013 and amended on 24 September 2013 ("Policy"), details of which are summarized as follows:

- (a) In considering the Board's composition, a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and other qualities will be duly considered in the selection of candidates.
- (b) All Board appointments will be based on meritocracy in the context of the skills and experience the Board as a whole requires to be effective.
- (c) The Nomination Committee will review measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.
- (d) The Nomination Committee will review from time to time measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At present, the Nomination Committee has not set any measurable objectives.

In the process of nominating and assessing new candidates for appointment as Director, the Chairman of the Board may assist in and make recommendations in respect of such appointment. The Nomination Committee assesses the candidates based on their educational backgrounds, professional qualifications, work experience and integrity. In the case of candidates for Independent Non-executive Director, the Nomination Committee will also consider the independence and the number of directorships of the candidates.

Major work performed in the Year

- adopted the Board Diversity Policy and its disclosures;
- reviewed and determined the policy and structure, size, composition and diversity of the Board;
- reviewed the biographical details of the Directors;
- assessed the independence of Independent Non-executive Directors;
- made recommendations to the Board on the re-appointment of retiring Directors at the Company's annual general meeting; and
- reviewed the letter of appointment/service agreement (as the case may be) of each of the Directors of the Company.

During the Year, two Nomination Committee meetings were held and all of the existing members of the Nomination Committee were present at the meetings except Tan Sri Dato' CHIU, David was absent from one of the meetings.

B.5 Corporate Governance Committee

The Corporate Governance Committee currently comprises four members, namely:

1. Ms. CHIU, Wing Kwan Winnie (Executive Director)
2. Mr. LAI, Wai Keung (Executive Director)
3. Mr. HOONG, Cheong Thard (Non-executive Director)
4. Mr. CHAN, Chi Hing (Non-executive Director)

The chairman of the Corporate Governance Committee is Ms. CHIU, Wing Kwan Winnie. Under the terms of references of the Corporate Governance Committee, which are available on the website of the Company, the corporate governance functions of the Board has been delegated to the Corporate Governance Committee to monitor, practice and manage corporate compliance within the Company. The primary duties of the Corporate Governance Committee are to develop and review the Company's policies and practices on corporate governance, monitor the compliance with regulatory requirements and code of conduct and the continuing professional development of Directors and senior management.

The Corporate Governance Committee will continuously evaluate and strive for continual development and improvement in the corporate governance practices of the Group.

Corporate Governance Report

Major work performed in the Year

- reviewed the code of conduct and compliance manual of model code applicable to employees and Directors;
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- reviewed and adopted the amendments to the CG Code and the Corporate Governance Report on board diversity policy.

During the Year, one Corporate Governance Committee meeting was held and all the existing members of the Corporate Governance Committee were present at the meeting.

C. Directors' and Auditor's Acknowledgement

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Year.

Deloitte Touche Tohmatsu, the auditor of the Company, has acknowledged its reporting responsibilities in the independent auditor's report on the Company's consolidated financial statements for the Year.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. Auditor's Remuneration

During the Year, professional fees paid or payable to the auditors (including their other member firms) for audit and non-audit services provided to the Group are as follows:

Services	Fees charged HK\$'000
Deloitte Touche Tohmatsu	
Audit services (including interim review)	3,300
Non-audit services	
(a) Tax services	218
(b) Other services	93
	3,611
Other auditors ^(Note)	
Audit services	1,874
Non audit services	
(a) Tax services	23
(b) Other services	–
	1,897
Total	5,508

Note: Financial statements of certain subsidiaries of the Company were audited by independent external auditors other than Deloitte Touche Tohmatsu.

E. Internal Controls

The Board is responsible for maintaining a sound and effective system of risk management and internal controls in the Group to ensure that policies and procedures in place for the identification and management of risks are adequate. Such system is designed to manage the risk of failure to achieve corporate objectives and provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has delegated to the Executive Committee the design, implementation and ongoing assessment of such system of internal controls, while the Board through the Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that have been in place and particularly the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting functions. During the Year, the Board through the Audit Committee had conducted a review of the effectiveness of the internal control system of the Group.

Based on the guidance of the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”), the Group operates within a comprehensive control environment to address three major areas:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

To achieve these three objectives at the operational level, the Group established its internal control and risk management framework based on the five interrelated components from COSO:

Control Environment	<ul style="list-style-type: none"> • Set tone of organisation influencing control consciousness of its people • Factors include integrity, ethical values, competence, authority and responsibility
Risk Assessment	<ul style="list-style-type: none"> • Identify and analyse of relevant risks to achieve the Group's objectives
Control Activities	<ul style="list-style-type: none"> • Set policies & procedures that ensure management directives are carried out • Control activities include approvals, authorisations, verifications, reconciliations, assets security and segregation of duties
Information & Communication	<ul style="list-style-type: none"> • Identify, capture and communication pertinent information in a timely manner • Access to internally and externally information • Flow of information that allows for successful control actions
Monitoring	<ul style="list-style-type: none"> • Assess control system's performance over time • Combine ongoing and specific evaluations • Internal Audit activities

Corporate Governance Report

F. Internal Audit

The Internal Audit Department, reporting to the Audit Committee, plays a major role in the corporate governance of the Group. Internal Audit independently reviews the efficiency and effectiveness of the risk management activities and internal controls in the Group's business operations. With the assistance of Internal Audit, the Executive Committee assesses the Group's internal control system, formulates an opinion on the system and reports their findings to the Audit Committee and the Board.

Using risk assessment methodology and taking into account the scope and nature of the Group's activities, Internal Audit prepares its annual audit plan which is reviewed and approved by the Audit Committee.

During the Year, Internal Audit issued reports to the Executive Committee and Audit Committee covering various operational and financial units of the Group. The scope of work performed by Internal Audit includes financial and operations review, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal Audit follows up audit recommendations on implementation by the operating units and the progress is reported to the Audit Committee.

An internal control self assessment has been established requiring hotel general managers and department heads to assess the effectiveness of controls over the operations within their areas of accountability and compliance with applicable laws and regulations. These assessments form part of the bases on which the Executive Committee formulates their opinion on the Group's internal control system. Concerns which have been reported by Internal Audit are monitored regularly by the Executive Committee and by the Audit Committee until corrective measures have been implemented.

G. Company Secretary

During the Year, the Company engaged an external service provider as its company secretary. The company secretary of the Company is Ms. MUI, Ngar May Joel ("Ms. MUI"). The primary corporate contact person of the Company is Ms. CHIU Wing Kwan, Winnie, the Executive Director and President of the Company.

Ms. MUI confirmed that she has complied with all the qualifications and training requirements under the Listing Rules.

H. Communication with Shareholders

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables Shareholders and investors to make the best investment decision.

Extensive information on the Group's activities, business operations and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at www.dorsett.com as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders may send any comments or inquiries to the Directors by email to enquiry@dorsett.com or in writing to the Company Secretarial Department at the Company's principal place of business in Hong Kong.

To facilitate communication between the Company and the investment community, the Company conducts briefings and meetings with institutional investors and analysts on a regular basis as well as media interviews and roadshows to provide up-to-date and comprehensive information of the Company.

The Company has adopted a Shareholders' Communication Policy.

Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. Directors and the Board committee members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by Shareholders.

2013 Annual General Meeting

The 2013 annual general meeting of the Company was held on 29 August 2013 to approve, among other matters, the adoption of financial statements for FY2013, declaration of final dividend, re-election of retiring Directors and authorization of the Board to fix Directors' remuneration, re-appointment of auditor and authorization of the Board to fix the auditor's remuneration, granting of general mandates to Directors to issue new Shares and repurchase Shares and extension of general mandate to issue new Shares up to the limits as set out in the notice of the meeting.

All of the resolutions, including re-election of each retiring Director, were voted on separately by way of poll. All the proposed resolutions were passed by the Shareholders, with approximately over 95% of the votes were casted in favour of the resolutions. The chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee and representatives from the Company's auditor were present at the meeting to answer questions from the Shareholders. Due to his unavoidable business engagement, the chairman of the Board (Tan Sri Dato' CHIU, David), was unable to attend the 2013 annual general meeting which was constituted a deviation from code provision E.1.2 of the CG Code.

All the existing Directors except Tan Sri Dato' CHIU, David and Mr. ANGELINI, Giovanni, were present at the 2013 Annual general meeting.

2014 Annual General Meeting

Notice of the forthcoming AGM and a circular with further details of the matters to be considered at the meeting will be sent to the Shareholders. Shareholders are encouraged to attend the AGM and have face-to-face interaction with the Directors.

I. Shareholders' Rights

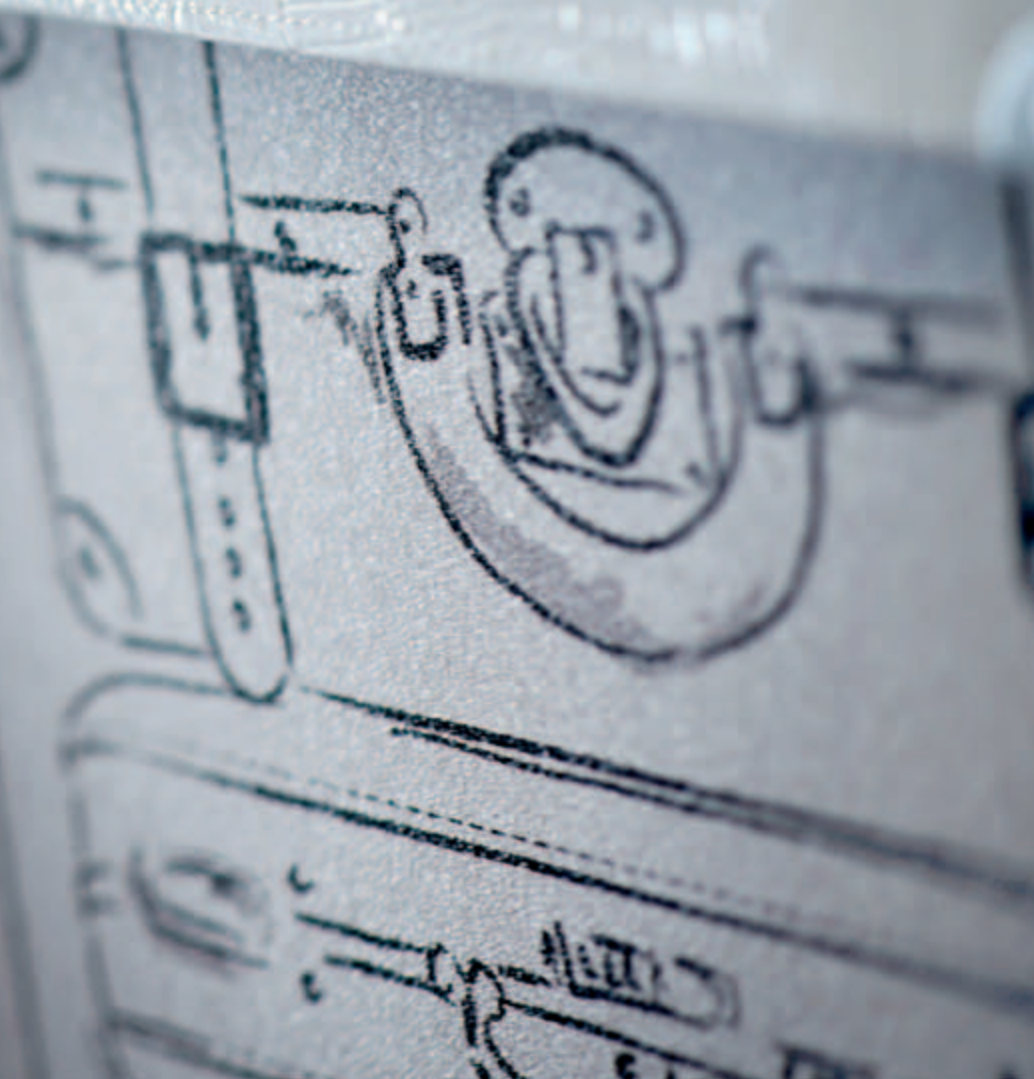
Shareholders' rights to put forward proposals at general meetings are governed by the Articles of Association. Two or more Shareholders holding in aggregate not less than one-tenth of the paid up share capital of the Company may request Directors to convene an extraordinary general meeting and propose matters to be considered at that general meeting of the Company. A Shareholder may propose a candidate for election as a Director at the annual general meetings of the Company.

The Articles of Association and the procedures for Shareholders to convene extraordinary general meetings, to move a resolution at general meetings and propose a person for election as a Director at annual general meetings are available for viewing at the Company's corporate website www.dorsett.com.

There are no significant changes in the Company's constitutional documents during the Year.

REPORT OF THE DIRECTORS

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Report of the Directors

The Directors have pleasure in presenting to the Shareholders their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2014.

Principal Activities

The Company is an investment holding company. The principal activities of the Group are hotel operation and management, property investment, property development and property trading. The principal activities and other particulars of the subsidiaries are set out in note 43 to the consolidated financial statements.

Results

The results of the Group for the Year and the state of the Group's affairs as at that date are set out in the consolidated financial statements on pages 88 to 143 of this annual report.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 150 of this annual report.

Dividends

The Board has declared an interim dividend of HK2 cents per ordinary share for the six months ended 30 September 2013.

The Board recommends the payment of a final dividend (the "Proposed Final Dividend") of HK5 cents per ordinary share for the Year. The Proposed Final Dividend will be paid in the form of a scrip dividend to Shareholders who are given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme"). The Proposed Final Dividend together with the interim dividend of HK2 cents per ordinary share already paid represents a dividend payout ratio for the whole year of approximately 38.8% based on the Company's distributable profit for the year. The total amount of the Proposed Final Dividend, if all elected for receipt of cash, based on the number of issued ordinary shares of the Company as at the date of this annual report, will therefore be approximately HK\$105.0 million.

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the AGM; and (ii) 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 consecutive trading days prior to and including 18 September 2014. 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 29 September 2014. Dividend warrants and/or new share certificates will be posted on or around 31 October 2014.

Report of the Directors

Closure of Register of Members

For the purpose of determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from 26 August 2014 to 28 August 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the AGM, 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 (the "Branch Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 25 August 2014.

Subject to the approval of the Shareholders at the AGM, the Proposed Final Dividend will be distributed on or about 31 October 2014 to the Shareholders whose names appear on the register of members of the Company on 18 September 2014. For the purpose of determining the entitlement of the Shareholders to the Proposed Final Dividend, the register of members of the Company will be closed from 16 September 2014 to 18 September 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the Proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 15 September 2014.

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 91 of this annual report.

Property, Plant and Equipment, Prepaid Lease Payments and Investment Properties

Movements in the property, plant and equipment, prepaid lease payments and investment properties of the Group during the Year are set out in notes 18 to 20 to the consolidated financial statements.

Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 March 2014 are set out in note 29 to the consolidated financial statements.

Share Capital

Movements in the share capital of the Company during the Year are set out in note 32 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Year, the Company had purchased a total principal amount of RMB39,660,000 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 (RMB)	Aggregate Price Paid (RMB)
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 Year.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Directors

The Directors during the Year and up to the date of this report were as follows:

Executive Directors

Ms. CHIU, Wing Kwan Winnie
Mr. LAI, Wai Keung

Non-executive Directors

Tan Sri Dato' CHIU, David
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

The senior management members of the Company are Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung who are the Executive Directors and are collectively responsible for the daily management and operations of the Group.

Pursuant to Article 16.18 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at the annual general meeting of the Company at least once every three years. Mr. TO, Peter, Dr. LIU, Ngai Wing and Mr. ANGELINI Giovanni will retire by rotation at the AGM and are eligible to offer themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Each of the Executive Directors, namely Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung, has entered into a service agreement with the Company. The Executive Directors' service agreements have a term ending on the third anniversary of the Listing Date, and is renewable automatically for successive terms of three years commencing from the day immediately after the expiry of the then term, subject to retirement by rotation and re-election under the Articles of Association, and may be terminated with three months' notice.

The Non-executive Directors, namely Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing, and the Independent Non-executive Directors, namely Mr. SHEK, Lai Him Abraham, Mr. TO, Peter, Dr. LIU, Ngai Wing and Mr. ANGELINI Giovanni, have been appointed for a term ending on the third anniversary of the Listing Date, and is renewable automatically for successive terms of three years commencing from the day immediately after the expiry of the then term, subject to retirement by rotation and re-election under the Articles of Association, and may be terminated with three months' notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

Directors' fees are subject to Shareholders' approval at the general meetings of the Company. Other emoluments are determined by the Remuneration Committee and/or the Board with reference to the duties and responsibilities of the Directors and the performance and results of the Group.

Particulars of the emoluments paid or payable to each of the Directors for the Year are set out in note 17(a) to the consolidated financial statements.

Report of the Directors

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2014, 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 SFO) 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:

Directors' interest in Shares and underlying shares of the Company

Name of Directors	Shares in the Company ⁽ⁱ⁾				Options granted by the Company ^(iv)	Total	Approximate % of the Issued Share Capital of the Company
	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests		
Tan Sri Dato' CHIU, David	-	1,562,124,494 ⁽ⁱⁱ⁾	8,861	-	-	1,562,133,355	74.46%
CHAN, Chi Hing	3,000	-	-	-	3,545,454	3,548,454	0.17%
HOONG, Cheong Thard	-	-	-	4,242 ⁽ⁱⁱⁱ⁾	2,836,363	2,840,605	0.14%
CHIU, Wing Kwan Winnie	200,000	-	-	-	2,272,727	2,472,727	0.12%
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) 8,244,844 Shares were directly held by Sumptuous Assets Limited ("Sumptuous"), a company fully controlled by Tan Sri Dato' CHIU, David, and 1,553,879,650 Shares were directly held by Ample Bonus Limited ("Ample Bonus"), a wholly-owned subsidiary of FECIL. As at 31 March 2014, by virtue of the shares in FECIL owned by Sumptuous representing approximately 41.39% 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) 4,242 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 section headed "Share Option Scheme" of this Report of the Directors and note 40 to the consolidated financial statements.

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 ⁽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	14,384,757	765,447,787 ⁽ⁱⁱ⁾	582,830	–	–	780,415,374	42.20%
HOONG, Cheong Thard	2,093,033	–	–	404,245 ⁽ⁱⁱⁱ⁾	10,400,000	12,897,278	0.70%
CHAN, Chi Hing	2,800,000	–	–	–	3,500,000	6,300,000	0.34%
LAI, Wai Keung	50,000	–	–	–	900,000	950,000	0.05%
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) 765,434,763 shares in FECIL were held by Sumptuous and 13,024 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) 404,245 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 note 40 to the consolidated financial statements.

Directors' interest in 5.875% CNY Bonds 2016 (the "FECIL 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 FECIL Bonds held
Tan Sri Dato' CHIU, David	Held by controlled corporation ⁽ⁱ⁾	30,700,000
TO, Peter	Joint interests ⁽ⁱⁱ⁾	1,500,000

Notes:

- (i) CNY30,700,000 FECIL Bonds were held by Precious Stone Properties Limited, a company fully controlled by Tan Sri Dato' CHIU, David.
- (ii) CNY1,500,000 FECIL 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 31 March 2014.

Report of the Directors

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 March 2014, 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	1,562,124,494	74.46%
	Family Interests	Long	8,861	
Nancy Ng	Personal Interests	Long	1,562,133,355	74.46%
	Family Interests ⁽ⁱⁱⁱ⁾	Long	8,861	
Sumptuous	Beneficial Owner ⁽ⁱⁱ⁾	Long	1,562,133,355	74.46%
	Interests in controlled corporation ⁽ⁱⁱ⁾	Long	8,244,844	
FECIL	Interests in controlled corporation ⁽ⁱⁱ⁾	Long	1,562,124,494	74.46%
		Long	1,553,879,650	74.07%
Ample Bonus	Beneficial Owner ⁽ⁱⁱ⁾	Long	1,553,879,650	74.07%

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 1,553,879,650 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 8,244,844 Shares. As at 31 March 2014, by virtue of the shares in FECIL owned by Sumptuous representing approximately 41.39% 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) 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.

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 31 March 2014.

Major Customers and Suppliers

Less than 30% in value of supplies purchased during the Year was attributable to the Company's five largest suppliers. Less than 30% in value of the Company's turnover during the Year was attributable to the Company's five largest customers combined by value.

None of the Directors or any of their associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's major customers and suppliers during the Year.

Share Option Scheme

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 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.

As at the date of this annual report, the total number of Shares available for issue which may be granted under the Share Option Scheme is 181,981,826, representing approximately 8.67% of the issued share capital of the Company as at the date of this annual report. The maximum number of Shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined in the Listing Rules), are subject to approval in advance by the Independent Non-executive Directors (excluding Independent Non-executive Director who is the grantee of the options). In addition, where any grant of share options to a substantial Shareholder or an Independent Non-executive Director, or to any of their respective associates (as defined in the Listing Rules), would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on the date of the grant, which must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and
- (iii) the nominal value of the Shares.

Report of the Directors

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

Option type ⁽⁶⁾	Number of share options ⁽⁶⁾					
	Outstanding at 01/04/2013	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/03/2014	
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 Year.

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

Further information on the Share Option Scheme and the options granted by the Company as well as the Share Option Scheme of FECIL and the options granted by FECIL is set out in note 40 to the consolidated financial statements.

Arrangements to Purchase Shares or Debentures

Save as disclosed herein, at no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Contract of Significance

Save as disclosed in note 41 (Related Party Transactions) to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director has a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Management Contracts

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Continuing Connected Transaction

The entering into the Tenancy Agreement between Annick Investment Limited and Kosmopolito Hotels International Services Limited

On 31 August 2012, Kosmopolito Hotels International Services Limited (now known as Dorsett Hospitality International Services Limited) (the "Tenant"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "Tenancy Agreement") with Annick Investment Limited (the "Landlord"), a wholly-owned subsidiary of FECIL, pursuant to which the Landlord agreed to let the entire 20th Floor, Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong with a gross floor area of approximately 5,964 sq. ft. to the Tenant at a monthly rental of HK\$208,740 (inclusive of rates, government rent, management fee and air-conditioning charges but exclusive of all Tenant's other outgoings) for a term of three years commencing from 1 September 2012 and expiring on 31 August 2015 (the "Transaction").

FECIL is the Controlling Shareholder of the Company and is interested in approximately 74.07% of the issued shares of the Company. The Landlord is therefore an associate (as defined in the Listing Rules) of FECIL and a connected person of the Company under the Listing Rules. The Transaction constitutes continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

Report of the Directors

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the maximum annual rental payable by the Tenant to the Landlord under the Tenancy Agreement exceeds 0.1% and more than HK\$1.0 million but is less than 5%, the Transaction is only subject to reporting, announcement and the annual review requirements and is exempt from independent shareholders' approval requirement under the Listing Rules.

Relevant details in relation to the Transaction were disclosed in the announcement of the Company dated 31 August 2012.

The entering into hotel management contracts between (i) Mayland Century, (ii) Mayland Avenue, (iii) Mayland Universal and (iv) Fortune Plus and Subang Jaya

On 26 November 2013, Subang Jaya Hotel Development Sdn Bhd, an indirect wholly-owned subsidiary of the Company entered into Transactions in the form of hotel management contracts with (i) Mayland Century Sdn Bhd, (ii) Mayland Avenue Sdn Bhd, (iii) Mayland Universal Sdn Bhd and (iv) Fortune Plus Sdn Bhd to manage the hotels owned by the respective parties in Malaysia.

Fortune Plus Sdn Bhd is an indirect wholly-owned subsidiary of FECIL, the Controlling Shareholder of the Company and each of (i) Mayland Century Sdn Bhd, (ii) Mayland Avenue Sdn Bhd and (iii) Mayland Universal Sdn Bhd is an Associate of Tan Sri Dato' CHIU, David, the non-executive Director and Chairman of the Company and the controlling shareholder of FECIL. Hence, each of these entities is deemed to be a Connected Person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the aggregate estimated Annual Cap of Fees receivable by the Group from the Transactions represents more than 0.1% and more than HK\$1.0 million but less than 5% of the applicable percentage ratios of the Company, the Transactions are subject to reporting, announcement and annual review requirements but is exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

Relevant details in relation to the Transaction were disclosed in the announcement of the Company dated 26 November 2013.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the Transactions had been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing them on the above Transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Save as disclosed above, related party transactions that did not constitute connected transactions or continuing connected transactions of the Company made during the Year are disclosed in note 41 to the consolidated financial statements. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Directors' Interests in Competing Businesses

During the Year, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity	
Name of entity	Description of businesses	Name of Director	
Malaysia Land Properties Sdn. Bhd. ("Mayland")	Mayland is an unlisted property developer with more than 20 existing mixed development projects in Kuala Lumpur and Johor Bahru, Malaysia, including Plaza Damas 3, a mixed development with shop-office units and serviced apartment units; and Cheras Sentral, a property development including a shopping and leisure complex in Cheras, Kuala Lumpur, Malaysia. Both of Plaza Damas 3 and Cheras Sentral have a small portion of area which includes a hotel.	Tan Sri Dato' CHIU, David	Mayland is controlled by Tan Sri Dato' CHIU, David who is also the chief executive officer of Mayland
		CHIU, Wing Kwan Winnie	Director
Agora Hospitality Group Co., Ltd. ("Agora")	Agora is listed on the first section of the Tokyo Stock Exchange and its principal activities are operation of hotel and resort business in Japan, property investment and treasury operations.	Tan Sri Dato' CHIU, David	Owner of approximately 51.31% of Agora and chairman of the board of directors
		HOONG, Cheong Thard	President and director
RC Hotel and Resort JV Holdings (BVI) Company Limited ("RC Hotel")	RC Hotel was incorporated in the British Virgin Islands and is an unlisted company. The principal business of RC Hotel is the development and operation of Ritz-Carlton Reserve Maldives, a resort which is expected to be completed in 2019.	Tan Sri Dato' CHIU, David	Owner of approximately 10% of RC Hotel
Land & General Berhad	Land & General Berhad is listed on the main market of Bursa Malaysia. The principal activities of Land & General Berhad and its subsidiaries are property development, investment and management, and investment in the plantation, education and leisure sectors.	CHIU, Wing Kwan Winnie	Ms. Chiu has indirect interest in approximately 16.28% of the issued share capital of Land & General Berhad
		HOONG, Cheong Thard	Non-independent and non-executive director

Notwithstanding the interests of the relevant Directors in the competing businesses as disclosed above, given that the Board is independent of the board of the above-mentioned entities and the Company has established corporate governance procedures to ensure investment opportunities are independently assessed and reviewed, the Group is able to carry on its business independent of, and at arm's length from, the competing businesses. The relevant Directors are fully aware of their fiduciary duty to the Company and will abstain from voting on any matter where there is, or there may be, a conflict of interest. The Directors therefore consider that the Group's interests are adequately safeguarded. Save as disclosed above, there are no other competing businesses interest between the Directors and his/her respective associates (as defined in the Listing Rules) and the Group.

Report of the Directors

Non-Competition Undertakings by FECIL and Tan Sri Dato' Chiu, David

Each of FECIL and Tan Sri Dato' CHIU, David (collectively the "Covenantors") executed a Deed of Non-Competition Undertaking (the "Undertaking") dated 10 September 2010 in favour of the Company. Under the Undertaking, FECIL has undertaken that, among other matters, so long as the FECIL Group and/or their respective associates (as defined in the Listing Rules), whether individually or taken together, remain the Controlling Shareholder of the Company, FECIL or member of the FECIL Group would not directly or indirectly be involved in any business that is in competition with or is likely to be in competition with any Restricted Activity. Restricted Activity means hotel investment, operation, management (save for any Permitted Mixed Development). Tan Sri Dato' CHIU, David has also undertaken that, among other matters, so long as he and/or his associates (as defined in the Listing Rules), whether individually or taken together, remain the Controlling Shareholder of the Company, Tan Sri Dato' CHIU, David or his associates (as defined in the Listing Rules) would not directly or indirectly be involved in any business that is in competition with or is likely to be in competition with any Restricted Activity in the countries in the Asia-Pacific region including but not limited to Australia, Hong Kong, Malaysia, PRC and Singapore but excluding Japan.

During the financial year, FECIL made first right of refusal offers to Dorsett to manage two hotels in Australia, one in Melbourne and one in Perth. The Board considered and refused both offers, as the hotels were 5-star hotels and Company does not have the experience and resources to manage world class 5-star hotels.

The Company has received declarations from the Covenantors of their compliance with the terms of the Undertaking. The Covenantors declared that they have fully complied with the Undertaking since the effective date of the Undertaking and up to the date of this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Retirement and Pension Schemes

The Group operates a Mandatory Provident Fund scheme for the employees in Hong Kong and certain retirement benefit schemes which cover the Group's eligible employees in the PRC, Malaysia and Singapore.

Further information on the retirement and pension schemes of the Group is set out in note 39 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors, namely Mr. SHEK, Lai Him Abraham, Mr. TO, Peter, Dr. LIU, Ngai Wing and Mr. ANGELINI, Giovanni, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Donations

During the Year, the Group made charitable and other donations amounting to HK\$952,650.

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 2013-14 Interim Report and up to the date of this annual report are set out below:

1. Ms. CHIU, Wing Kwan Winnie

Ms. Chiu's annual emolument (excluding bonus or other benefits payable at the discretion of the Company) has been increased from HK\$2,160,000 to HK\$2,278,800 with effect from 1 February 2014.

Ms. Chiu's 2013 yearend bonus was fixed at HK\$900,000.

Ms. Chiu has ceased to be a non-independent non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, with effect from 31 March 2014.

2. Mr. LAI, Wai Keung

Mr. Lai's annual emolument (excluding bonus or other benefits payable at the discretion of the Company) has been increased from HK\$1,200,000 to HK\$1,260,000 with effect from 1 February 2014.

Mr. Lai's 2013 yearend bonus was fixed at HK\$350,000.

3. Mr. SHEK, Lai Him Abraham

Mr. Shek has been appointed as an independent non-executive director of Cosmopolitan International Holdings Limited, a public listed company in Hong Kong, with effect from 18 December 2013.

Mr. Shek has ceased to be an independent non-executive director of Titan Petrochemicals Group Limited, a public listed company in Hong Kong, with effect from 27 February 2014.

Mr. Shek has ceased to be an independent non-executive director of Hsin Chong Construction Limited, with effect from 12 May 2014.

4. Mr. TO, Peter

Mr. To has been appointed as a director of the Hong Kong Airport Authority, with effect from 1 June 2014.

Auditor

Deloitte Touche Tohmatsu will retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the AGM.

By Order of the Board

Dorsett Hospitality International Limited

CHIU, Wing Kwan Winnie

President and Executive Director

Hong Kong, 25 June 2014

FINANCIAL SECTION



Independent Auditor's Report

Deloitte.

德勤

TO THE SHAREHOLDERS OF DORSETT HOSPITALITY INTERNATIONAL LIMITED

帝盛酒店集團有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Dorsett Hospitality International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 88 to 143, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance, Cap. 32, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance, Cap. 32.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	9	1,785,850	1,152,942
Cost of properties sold		(350,911)	–
Operating costs		(438,769)	(364,672)
Depreciation and amortisation		(196,474)	(137,879)
Gross profit		799,696	650,391
Other income		4,088	5,811
Gain on disposal of a subsidiary	34	–	458,358
Administrative expenses		(348,410)	(294,267)
Pre-opening expenses	10	(13,596)	(26,107)
Other gains and losses	11	140,174	(1,858)
Finance costs	12	(167,261)	(100,005)
Profit before taxation		414,691	692,323
Income tax expense	13	(38,123)	(44,867)
Profit for the year	14	376,568	647,456
Other comprehensive income (expense) for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		15,431	(4,021)
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 27)		28,898	–
Reclassification of hedge reserve to profit or loss (note 27)		(27,329)	–
		17,000	(4,021)
Total comprehensive income for the year		393,568	643,435
Earnings per share	16		
– Basic (HK cents)		18.52	32.37
– Diluted (HK cents)		18.52	32.37

Consolidated Statement of Financial Position

As at 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	18	6,384,555	5,652,677
Prepaid lease payments	19	574,164	589,330
Investment properties	20	600,996	412,500
Deposits for acquisition of property, plant and equipment		391,826	133,864
Interest in an associate	21	76,533	76,533
Utility and other deposits paid		15,125	11,755
Derivative financial instruments designated as hedging instruments	27	20,062	–
Pledged deposits	23	2,831	2,897
Deferred tax assets	31	32,938	5,000
		8,099,030	6,884,556
Current assets			
Properties for sale			
Completed properties	25	7,379	–
Properties for/under development	25	21,030	353,141
Other inventories		9,159	8,396
Debtors, deposits and prepayments	26	242,713	120,624
Prepaid lease payments	19	14,755	14,841
Tax recoverable		5,957	6,926
Investment securities	22	514,264	28,554
Pledged deposits	23	165,080	137,132
Time deposits	23	–	12,500
Bank balances and cash	23	1,191,278	729,519
		2,171,615	1,411,633
Current liabilities			
Creditors and accruals	28	371,810	244,616
Secured bank borrowings	29	2,119,978	3,287,936
Sales deposits received		–	275,926
Derivative financial instruments	33	–	9,516
Tax payable		24,909	2,200
		2,516,697	3,820,194
Net current liabilities		(345,082)	(2,408,561)
Total assets less current liabilities		7,753,948	4,475,995

Consolidated Statement of Financial Position (continued)

As at 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current liabilities			
Secured bank borrowings	29	2,496,907	582,692
Rental deposits received		9,032	7,756
Bonds	30	1,002,691	–
Deferred tax liabilities	31	102,890	99,724
		3,611,520	690,172
Net assets			
		4,142,428	3,785,823
Capital and Reserves			
Share capital	32	209,798	200,000
Share premium		2,390,307	2,237,153
Reserves		1,542,323	1,348,670
Total equity			
		4,142,428	3,785,823

The consolidated financial statements on pages 88 to 143 were approved and authorised for issue by the Board of Directors on 25 June 2014 and are signed on its behalf by:

CHIU, WING KWAN WINNIE
DIRECTOR

LAI, WAI KEUNG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to the shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Merger reserve HK\$'000 (Note a)	Share options reserve HK\$'000	Other reserve HK\$'000 (Note b)	Hedge reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2012	200,000	2,237,153	146,259	9,014	(201,048)	7,173	207,440	-	813,806	3,419,797
Profit for the year	-	-	-	-	-	-	-	-	647,456	647,456
Exchange differences arising on translation of foreign operations and other comprehensive expense for the year	-	-	(4,021)	-	-	-	-	-	-	(4,021)
Total comprehensive income for the year	-	-	(4,021)	-	-	-	-	-	647,456	643,435
Dividends (note 15)	-	-	-	-	-	-	-	-	(280,000)	(280,000)
Recognition of equity-settled share based payment expenses	-	-	-	-	-	2,591	-	-	-	2,591
Lapse of share options transferred to retained profits	-	-	-	-	-	(1,161)	-	-	1,161	-
As at 31 March 2013	200,000	2,237,153	142,238	9,014	(201,048)	8,603	207,440	-	1,182,423	3,785,823
Profit for the year	-	-	-	-	-	-	-	-	376,568	376,568
Exchange differences arising on translation of foreign operations	-	-	15,431	-	-	-	-	-	-	15,431
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 27)	-	-	-	-	-	-	-	28,898	-	28,898
Reclassification of hedge reserve to profit or loss (note 27)	-	-	-	-	-	-	-	(27,329)	-	(27,329)
Other comprehensive income for the year	-	-	15,431	-	-	-	-	1,569	-	17,000
Total comprehensive income for the year	-	-	15,431	-	-	-	-	1,569	376,568	393,568
Dividends (note 15)	-	-	-	-	-	-	-	-	(201,514)	(201,514)
Shares issued in lieu of cash dividends, net of expenses	9,798	153,154	-	-	-	-	-	-	-	162,952
Recognition of equity-settled share based payment expenses	-	-	-	-	-	1,599	-	-	-	1,599
Lapse of share options transferred to retained profits	-	-	-	-	-	(249)	-	-	249	-
As at 31 March 2014	209,798	2,390,307	157,669	9,014	(201,048)	9,953	207,440	1,569	1,357,726	4,142,428

Notes:

- Merger reserve represents the difference between the aggregate fair values and the carrying amounts of certain hotels acquired from Parent Entities (as defined in note 1).
- 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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Operating activities			
Profit before taxation		414,691	692,323
Adjustments for:			
Depreciation and amortisation		196,474	137,879
Fair value gain arising on transfers from completed properties for sale to investment properties		(130,870)	–
Change in fair value of derivative financial instruments		(676)	8,307
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss		(27,329)	–
Change in fair value of investment securities		18,242	(4,083)
Allowance for bad and doubtful debts		333	80
Loss (gain) on disposal of property, plant and equipment		233	(424)
Gain on partial repurchase of the bonds		(2,067)	–
Gain on disposal of a subsidiary		–	(458,358)
Equity-settled share-based payment expenses		1,599	2,591
Interest income		(2,588)	(3,288)
Finance costs		167,261	100,005
Operating cash flows before movements in working capital		635,303	475,032
Decrease (increase) in properties for sale		262,059	(90,308)
Increase in other inventories		(763)	(359)
Increase in debtors, deposits and prepayments		(139,883)	(10,293)
Increase in utility and other deposits paid		(3,370)	(4,093)
Increase in investment securities		(503,952)	(24,471)
Increase in creditors and accruals		126,062	6,262
Increase in rental deposits received		1,276	583
(Decrease) increase in sales deposits received		(275,926)	120,806
Cash generated from operations		100,806	473,159
Income tax paid		(39,217)	(83,637)
Net cash from operating activities		61,589	389,522
Investing activities			
Deposit paid for acquisition of hotel properties under development		(232,774)	–
Acquisition of property, plant and equipment		(87,196)	(95,918)
Development expenditure on hotel properties		(782,926)	(866,164)
Net cash inflow from disposal of a subsidiary	34	15,000	764,278
Net proceeds from disposal of property, plant and equipment		250	578
Interest received		2,588	3,288
Placement of pledged bank deposits		(27,882)	(5,438)
Release of pledged bank deposits		–	206,265
Mature of time deposit with maturity over 3 months		12,500	–
Placement of time deposit with maturity over 3 months		–	(12,500)
Net cash used in investing activities		(1,100,440)	(5,611)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Financing activities			
Proceeds from issuance of bonds, net of transaction cost		1,050,172	–
Repurchase of bonds		(48,172)	–
Dividends paid		(38,562)	(280,000)
New bank borrowings raised		2,989,317	769,961
Repayments of bank borrowings		(2,268,700)	(539,808)
Interest paid		(184,763)	(135,594)
Net cash from (used in) financing activities		1,499,292	(185,441)
Increase in cash and cash equivalents		460,441	198,470
Cash and cash equivalents at beginning of the year		729,519	533,647
Effect of foreign exchange rate changes		1,318	(2,598)
Cash and cash equivalents at end of the year		1,191,278	729,519
Represented by:			
Bank balances and cash		1,191,278	729,519

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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".

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the 2014 annual report issued by the Company.

The principal activities of the Group are hotel operation and management, property investment, property development and property trading.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. Basis of Preparation of Consolidated Financial Statements

In preparing the 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\$345,082,000 as at 31 March 2014. 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 consolidated financial statements have been prepared on a going concern basis.

3. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year 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 Interests 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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

3. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see notes 7 and 20 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group’s statement of comprehensive income is renamed as the 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. Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle ²
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) - Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, with certain exceptions.

³ Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 January 2016.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

3. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 will not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

4. Significant Accounting Policies

The 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 explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the predecessor Hong Kong Companies Ordinance, Cap. 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Interests in joint operations (Continued)

When a group entity sells or contributes assets to a joint operation in which a group entity is a joint operator, the Group is considered to be selling or contributing assets to the other parties to the joint operation, and gains and losses resulting from the sale or contribution are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity purchases assets from a joint operation in which a group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Property, plant and equipment

Property, plant and equipment (other than hotel properties under development) are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than hotel properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on hotel properties under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

When owner occupation of property, plant and equipment have ceased from use and are developed for sale in the course of ordinary activities, the property, plant and equipment are transferred to properties held for sale at their carrying amount.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognised.

Inventories

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Other inventories

Other inventories comprising food and beverages are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Properties under development

Hotels under development held for owner's operation are stated at cost less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. No depreciation is provided on the cost of the buildings until hotel operation commences.

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation for the leasehold land is included as part of the costs of the buildings under construction during the construction period. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sale under current assets. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Interests in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors, pledged deposits, time deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

The Group's financial assets at FVTPL comprise financial assets held for trading.

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
- on initial recognition it is a part of a portfolio of identified 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.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in "other gains or losses" line item. Fair value is determined in the manner described in note 7.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities at FVTPL includes financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near future; or
- on initial recognition it is a part of a portfolio of identified 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.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in "other gains and losses" line item.

Other financial liabilities

Other financial liabilities (including creditors and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Bonds

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when derivative contracts are 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 case 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 for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedging 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 is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derivative financial instruments and hedging (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 under the heading of 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 hedge 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 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, when 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 when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services provided in the normal course of business, net of discounts and related taxes.

- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.
- Revenue from sale of properties is recognised when the relevant properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for "Leasing" above.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expenses when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

Shares options granted to employees

The fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under "Hedge accounting" above).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

4. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and associate, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

5. Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value measurements and valuation processes

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors of the Company.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed in notes 7 and 20.

Deferred tax

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Company determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

6. Capital Risk Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of borrowings less cash and cash equivalents and equity attributable to equity holders of the Group, comprising capital, reserves and retained profits.

The Group regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts.

The Group's overall strategy remains unchanged from prior year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

7. Financial Instruments

a. Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
Financial assets		
Investment securities	514,264	28,554
Derivative financial instruments designated as hedging instruments	20,062	–
Loans and receivables		
Trade and other debtors	160,149	92,344
Pledged deposits	167,911	140,029
Time deposits	–	12,500
Bank balance and cash	1,191,278	729,519
	1,519,338	974,392
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other creditors	267,915	135,066
Secured bank borrowings	4,616,885	3,870,628
Bonds	1,002,691	–
	5,887,491	4,005,694
Derivative financial instruments	–	9,516

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk.

The management monitors and manages the financial risk of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank deposits and bank borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates risk for its variable rate borrowings at the end of the reporting period. The sensitivity analysis does not consider the exposure of the bank deposits because the impact is not significant. The variable-rate borrowings carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), People's Bank of China ("PBOC") Prescribed Interest Rate, London Interbank Offered Rates ("LIBOR"), Singapore Dollars Swap Offered Rate ("S\$ SOR") and Malaysia Base Lending Rates ("Malaysia BLR").

The analysis is prepared assuming that the bank borrowings outstanding at the end of the reporting periods were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in the interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year would decrease or increase by HK\$16,905,000 (2013: HK\$11,451,000) and the interest capitalised to the Group's hotels and properties under development would increase/decrease by HK\$2,405,000 (2013: HK\$5,234,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the respective group companies has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group has no significant concentration of credit risk over its trade debtors, with exposure spread over a number of counterparties and customers. The management of the respective companies reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's concentration of credit risk by geographical locations of customers are mainly in Singapore and Malaysia (2013: Hong Kong and Malaysia) which accounted for 54% and 20% (2013: 44% and 43%) of trade receivables, respectively, as at 31 March 2014.

The credit risk for bank deposits is limited because the counterparties are financial institutions with high credit ratings.

Liquidity risk

The Group's liquidity requirements for operation and its compliance with lending covenants is monitored closely by the management of the respective companies, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows. For derivative instruments that settle on a net basis, undiscounted net cash outflows are presented.

	Weighted average interest rate %	On demand or within one year HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
At 31 March 2014							
Financial liabilities							
- Trade and other creditors	N/A	267,915	-	-	-	267,915	267,915
- Secured bank borrowings at variable interest rate	3.23	2,196,731	376,261	2,228,110	137,469	4,938,571	4,616,885
- Bonds	6.17	60,776	121,551	1,073,701	-	1,256,028	1,002,691
		2,525,422	497,812	3,301,811	137,469	6,462,514	5,887,491
	Weighted average interest rate %	On demand or within one year HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
At 31 March 2013							
Financial liabilities							
- Trade and other creditors	N/A	135,066	-	-	-	135,066	135,066
- Secured bank borrowings at variable interest rate	3.21	3,349,882	319,834	194,715	140,489	4,004,920	3,870,628
		3,484,948	319,834	194,715	140,489	4,139,986	4,005,694
Derivative financial instruments	N/A	680	-	-	8,836	9,516	9,516

The amounts included above for variable interest rate instruments for financial liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank loans with a repayment on demand clause with carrying amount of HK\$1,424,711,000 (2013: HK\$1,084,297,000) as at 31 March 2014 are included in the "on demand or within one year" time band in the above maturity analysis but repayments are expected to be in accordance with the loan repayment schedule which are fall due in September 2033. Taking into account the Group's financial position, the directors believe that it is not probable that the counterparties will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows of the "variable interest rate financial liabilities" in the above analysis would be as follows:

	On demand or within one year HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total undiscounted cashflow HK\$'000	Carrying amount HK\$'000
At 31 March 2014	986,963	1,327,637	2,458,284	305,519	5,078,403	4,616,885
At 31 March 2013	2,561,129	843,204	595,369	140,489	4,140,191	3,870,628

c. Fair value of financial instruments

The fair values of the Group's financial assets and financial liabilities excluding certain financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments 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.

Financial instruments	Fair value as at 31 March 2014 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
Listed debt securities classified as investment securities in the consolidated statement of financial position	128,098	Level 1	Quoted prices in active markets
Investment funds classified as investment securities in the consolidated statement of financial position	386,166	Level 2	Redemption value quoted by the investment relevant funds with reference to the underlying assets (mainly listed securities) of the funds
Cross currency swaps classified as derivative financial instruments designated as hedging instruments in the consolidated statement of financial position	20,062	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 exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

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

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

8. Segment Information

Information reported to the Group's chief operating decision maker ("CODM"), who are the executive directors of the Company, for the purposes of resource allocation and performance assessment is focused on revenue and operating results from each of the five geographical locations of operations namely, Hong Kong, Malaysia, People's Republic of China other than Hong Kong ("PRC"), Singapore, and United Kingdom ("UK"). This is also the basis upon which the Group is organised and managed.

Hong Kong	– Hotel development, hotel operation and management, and securities and financial products investments
Malaysia	– Hotel operation and management, and residential property development
PRC	– Hotel development, hotel operation, and leasing of investment properties
Singapore	– Hotel operation and management, residential property development, and leasing of investment properties
UK	– Hotel development

The accounting policies adopted in preparing the segment information are the same as the accounting policies described in note 4. Segment profit represents the profit before taxation earned by each segment.

(a) Segment revenue and results

In prior year, the property development and securities and financial products investments operation were insignificant and, therefore, they were not separately reported to the Group's CODM. During the current year, with the expansion of the property development and securities and financial products investments operation, the related financial information has been separately reported to the CODM and considered as a separate reportable segment. Accordingly, comparative information of property development and securities and financial products investments, has been re-presented.

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

	Segment revenue		Segment profit (loss)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hotel operations and management/property investment:				
Hong Kong	716,364	744,712	229,273	696,575
Malaysia	310,003	288,140	58,890	45,486
PRC	169,959	120,090	(69,913)	(43,675)
Singapore (note)	74,108	–	131,141	(9,878)
UK	–	–	(11,571)	979
	1,270,434	1,152,942	337,820	689,487
Property development:				
Singapore	498,392	–	131,506	(3,488)
Securities and financial products investments:				
Hong Kong	17,024	–	(54,635)	6,324
	1,785,850	1,152,942	414,691	692,323

Note: The segment profit of Singapore for the year ended 31 March 2014 includes fair value gain arising on transfers from completed properties for sale to investment properties amounting to HK\$130,870,000.

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

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

8. Segment Information (Continued)**(b) Segment assets**

The following is an analysis of the Group's segment assets and non-current assets (excluding pledged deposits and deferred tax assets) by geographical location at the end of the reporting period:

	Non-current assets		Segment assets	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hotel operations and management/property investment:				
Hong Kong	3,359,073	2,931,242	3,964,449	3,427,144
Malaysia	916,674	957,658	1,071,002	1,077,778
PRC	2,153,703	1,933,121	2,302,657	2,075,849
Singapore	749,602	572,378	795,066	586,381
UK	884,209	482,260	934,554	558,740
	8,063,261	6,876,659	9,067,728	7,725,892
Property development:				
Singapore	–	–	85,227	357,372
Securities and financial products investments:				
Hong Kong	–	–	1,117,690	212,925
	8,063,261	6,876,659	10,270,645	8,296,189

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

Information about segment liabilities is not regularly reviewed by the CODM. Accordingly, no such information is presented.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

8. Segment Information (Continued)

(c) Other information

	For the year ended 31 March 2014					Consolidated HK\$'000
	Hong Kong HK\$'000	Malaysia HK\$'000	PRC HK\$'000	Singapore HK\$'000	UK HK\$'000	
Allowance for bad and doubtful debts	-	(333)	-	-	-	(333)
Depreciation and amortisation	(78,968)	(24,771)	(73,707)	(19,028)	-	(196,474)
Change in fair value of derivative financial instruments	-	-	-	676	-	676
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	27,329	-	-	-	-	27,329
Interest income	1,963	141	462	-	22	2,588
Finance costs	(111,087)	(14,867)	(29,535)	(11,772)	-	(167,261)
Additions to property, plant and equipment	459,008	7,709	56,441	16,471	333,553	873,182
Loss on disposal of property, plant and equipment	(233)	-	-	-	-	(233)
Fair value gain arising on transfers from completed properties for sale to investment properties	-	-	-	130,870	-	130,870

	For the year ended 31 March 2013					Consolidated HK\$'000
	Hong Kong HK\$'000	Malaysia HK\$'000	PRC HK\$'000	Singapore HK\$'000	UK HK\$'000	
Allowance for bad and doubtful debts	-	(80)	-	-	-	(80)
Depreciation and amortisation	(70,983)	(27,268)	(39,150)	(478)	-	(137,879)
Change in fair value of derivative financial instruments	(8,836)	-	-	529	-	(8,307)
Interest income	2,646	278	362	-	2	3,288
Finance costs	(57,693)	(16,020)	(26,292)	-	-	(100,005)
Additions to property, plant and equipment	417,830	18,341	159,341	148,768	285,356	1,029,636
Gain on disposal of property, plant and equipment	-	424	-	-	-	424
Gain on disposal of a subsidiary	458,358	-	-	-	-	458,358

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

9. Revenue

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

	2014 HK\$'000	2013 HK\$'000
Hotel room revenue, food and beverage	1,221,814	1,105,394
Sales of properties	498,392	–
Rental income from properties	48,620	47,548
Interest income from securities and financial products investments	17,024	–
	1,785,850	1,152,942

10. Pre-Opening Expenses

Pre-opening expenses represent costs or operating losses incurred in connection with start-up activities prior to the grand opening of hotels. These primarily include staff cost and utility charges.

11. Other Gains and Losses

	2014 HK\$'000	2013 HK\$'000
Other gains and losses include:		
Fair value gain arising on transfers from completed properties for sale to investment properties (note 20)	130,870	–
Change in fair value of investment securities	(18,242)	4,083
Change in fair value of derivative financial instruments	676	(8,307)
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	27,329	–
Gain on partial repurchase of the bonds (note 30)	2,067	–
Net foreign exchange (loss) gain	(122)	2,022
Allowance for bad and doubtful debts	(333)	(80)
(Loss) gain on disposal of property, plant and equipment	(233)	424
Others	(1,838)	–
	140,174	(1,858)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

12. Finance Costs

	2014 HK\$'000	2013 HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	110,110	118,911
– not wholly repayable within five years	22,822	12,888
Amortisation of front-end fee	12,836	10,170
Interest on bonds	62,279	–
Less: net interest income from cross currency swap contracts	(10,572)	–
Others	1,140	3,795
	198,615	145,764
Less: amount capitalised to hotels properties under development and properties for sale under development	(31,354)	(45,759)
	167,261	100,005

13. Income Tax Expense

	2014 HK\$'000	2013 HK\$'000
Current year income tax		
Hong Kong	34,104	40,284
Other jurisdictions		
– Singapore	24,869	–
– Malaysia	3,922	4,423
	62,895	44,707
Deferred taxation (note 31)	(24,772)	160
	38,123	44,867

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

13. Income Tax Expense (Continued)

Income tax expense is reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March 2014					Total HK\$'000
	Hong Kong HK\$'000	Malaysia HK\$'000	PRC HK\$'000	Singapore HK\$'000	UK HK\$'000	
Profit (loss) before taxation	174,638	58,890	(69,913)	262,647	(11,571)	414,691
Applicable income tax rate	16.5%	25%	25%	17%	23%	
Tax at the applicable income tax rate	28,815	14,723	(17,478)	44,650	(2,661)	68,049
Tax effect of expenses not deductible for tax purpose	7,403	1,991	3,949	2,326	2,661	18,330
Tax effect of income not taxable	(40)	(1,567)	(1,586)	(21,946)	–	(25,139)
Tax effect of tax losses not recognised	242	–	16,954	–	–	17,196
Utilisation of tax loss previously not recognised	(5,205)	(12,571)	(1,839)	–	–	(19,615)
Tax effect of tax losses recognised	–	(26,817)	–	–	–	(26,817)
(Over) underprovision of income tax of prior years	(1,376)	122	–	–	–	(1,254)
Tax effect of deductible temporary difference unrecognised	7,085	482	–	–	–	7,567
Others	(33)	–	–	(161)	–	(194)
Income tax expense for the year	36,891	(23,637)	–	24,869	–	38,123

	Year ended 31 March 2013					Total HK\$'000
	Hong Kong HK\$'000	Malaysia HK\$'000	PRC HK\$'000	Singapore HK\$'000	UK HK\$'000	
Profit (loss) before taxation	702,899	45,486	(43,675)	(13,366)	979	692,323
Applicable income tax rate	16.5%	25%	25%	17%	24%	
Tax at the applicable income tax rate	115,978	11,372	(10,919)	(2,272)	235	114,394
Tax effect of expenses not deductible for tax purpose	5,135	1,959	2,232	–	110	9,436
Tax effect of income not taxable	(77,835)	(1,518)	(429)	–	(345)	(80,127)
Tax effect of tax losses not recognised	808	–	5,813	2,272	–	8,893
Utilisation of tax loss previously not recognised	(3,417)	(6,989)	(1,043)	–	–	(11,449)
Underprovision of income tax of prior years	396	43	–	–	–	439
Tax effect of deductible temporary difference unrecognised	1,461	1,979	–	–	–	3,440
Others	84	(243)	–	–	–	(159)
Income tax expense for the year	42,610	6,603	(4,346)	–	–	44,867

Details of the deferred taxation are set out in note 31.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

14. Profit for the Year

	2014 HK\$'000	2013 HK\$'000
Profit for the year is arrived at after charging:		
Auditor's remuneration	5,174	4,608
Staff costs		
Directors' emoluments (note 17(a))	6,206	6,091
Other staff		
Salaries and other benefits	345,267	284,924
Retirement benefit scheme contributions	23,739	18,354
Share-based payment expenses	757	1,265
	375,969	310,634
Operating lease payments	6,208	5,558
Depreciation	187,003	129,234
Amortisation of prepaid lease payments	10,035	9,765
Less: amount capitalised to hotels under development and properties for sale under development	(564)	(1,120)
	9,471	8,645
and crediting:		
Rental income	48,620	47,548
Less: direct outgoings	(2,911)	(3,575)
	45,709	43,973
Bank interest income	2,588	3,288

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

15. Dividends

	2014 HK\$'000	2013 HK\$'000
Dividend recognised as distribution during the year:		
2014 interim dividend of HK2 cents per share (2013: 2013 interim dividend of HK4 cents per share)	41,514	80,000
2013 final dividend of HK8 cents per share (2013: 2012 final dividend of HK10 cents per share)	160,000	200,000
	201,514	280,000

A final dividend for the year ended 31 March 2014 of HK5 cents per share, amounting to HK\$105,000,000 in aggregate, have been proposed by directors and is subject to the approval of the shareholders in the forthcoming annual general meeting.

16. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is based on the following data:

Earnings	2014 HK\$'000	2013 HK\$'000
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the year attributable to shareholders of the Company	376,568	647,456
Number of shares	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	2,033,415	2,000,000

The computation of diluted earnings per share for both years 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 for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

17. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

(a) Directors' emoluments

The emoluments paid or payable to each of the directors of the Company were as follows:

Name of directors	For the year ended 31 March 2014					Total HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary incentive payments HK\$'000 (Note a)	Retirement benefit schemes contributions HK\$'000	Share- based payment expenses HK\$'000	
<i>Executive directors</i>						
Ms. CHIU, Wing Kwan Winnie	-	2,180	930	15	187	3,312
Mr. LAI, Wai Keung	-	1,210	380	15	131	1,736
<i>Non-executive directors</i>						
Tan Sri Dato' CHIU, David	-	-	-	-	-	-
Mr. HOONG, Cheong Thard	-	-	-	-	233	233
Mr. CHAN, Chi Hing	-	-	-	-	291	291
<i>Independent non-executive directors</i>						
Mr. SHEK, Lai Him Abraham	160	-	-	-	-	160
Mr. TO, Peter	160	-	-	-	-	160
Dr. LIU, Ngai Wing	160	-	-	-	-	160
Mr. ANGELINI, Giovanni	154	-	-	-	-	154
	634	3,390	1,310	30	842	6,206

Name of directors	For the year ended 31 March 2013					Total HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary incentive payments HK\$'000 (Note a)	Retirement benefit schemes contributions HK\$'000	Share- based payment expenses HK\$'000	
<i>Executive directors</i>						
Ms. CHIU, Wing Kwan Winnie	-	1,910	758	15	294	2,977
Mr. LAI, Wai Keung	-	1,100	367	15	206	1,688
<i>Non-executive directors</i>						
Tan Sri Dato' CHIU, David	-	-	-	-	-	-
Mr. HOONG, Cheong Thard	-	-	-	-	367	367
Mr. CHAN, Chi Hing	-	-	-	-	459	459
Mr. Mok Kwai Pui Bill (retired on 31 August 2012)	-	-	-	-	-	-
<i>Independent non-executive directors</i>						
Mr. SHEK, Lai Him Abraham	150	-	-	-	-	150
Mr. TO, Peter	150	-	-	-	-	150
Dr. LIU, Ngai Wing	150	-	-	-	-	150
Mr. ANGELINI, Giovanni	150	-	-	-	-	150
	600	3,010	1,125	30	1,326	6,091

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

17. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)**(a) Directors' emoluments** (Continued)

Notes:

- (a) The discretionary incentive payments are discretionary and are determined with reference to the Group's and director's personal performance.
- (b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company and FECIL under the share option schemes adopted by the Company and FECIL. Details of the share option schemes are disclosed in note 40.
- (c) Ms. CHIU, Wing Kwan Winnie is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2013: one) was a director whose emolument is disclosed above. The emoluments of the remaining four (2013: four) individuals were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	7,337	7,160
Performance-based incentive payments	1,145	674
Contributions to retirement benefit scheme	45	35
Share-based payment expenses	149	235
	8,676	8,104

The performance-based incentive payments are determined by reference to the revenue of certain subsidiaries and the Group.

The employees' emoluments were within the following bands:

	Number of employees	
	2014	2013
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	4	3
	4	4

No emolument was paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and no directors waived any of their emoluments for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

18. Property, Plant and Equipment

	Hotel properties		Leasehold improvements, furniture, fixtures and equipment HK\$'000	Total HK\$'000
	Completed HK\$'000	Under development HK\$'000		
COST				
At 1 April 2012	3,446,499	1,762,288	301,280	5,510,067
Additions	–	933,718	95,918	1,029,636
Transfer on completion of development	351,625	(411,169)	59,544	–
Disposal of a subsidiary (note 34)	(294,936)	–	(36,927)	(331,863)
Disposals	–	–	(14,218)	(14,218)
Exchange alignment	(4,089)	(1,122)	(1,812)	(7,023)
At 31 March 2013	3,499,099	2,283,715	403,785	6,186,599
Additions	–	814,844	58,338	873,182
Transfer on completion of development	1,685,087	(2,055,150)	370,063	–
Disposals	–	–	(2,774)	(2,774)
Exchange alignment	(41,629)	64,447	(10,106)	12,712
At 31 March 2014	5,142,557	1,107,856	819,306	7,069,719
DEPRECIATION				
At 1 April 2012	352,604	–	82,765	435,369
Provided for the year	82,409	–	46,825	129,234
Eliminated upon disposal of a subsidiary (note 34)	(7,477)	–	(5,144)	(12,621)
Eliminated on disposals	–	–	(14,064)	(14,064)
Exchange alignment	(2,612)	–	(1,384)	(3,996)
At 31 March 2013	424,924	–	108,998	533,922
Provided for the year	122,597	–	64,406	187,003
Eliminated on disposals	–	–	(2,291)	(2,291)
Exchange alignment	(25,734)	–	(7,736)	(33,470)
At 31 March 2014	521,787	–	163,377	685,164
CARRYING VALUES				
At 31 March 2014	4,620,770	1,107,856	655,929	6,384,555
At 31 March 2013	3,074,175	2,283,715	294,787	5,652,677

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

18. Property, Plant and Equipment (Continued)

The carrying amounts of the properties shown above comprise:

	2014 HK\$'000	2013 HK\$'000
Leasehold land and buildings in Hong Kong:		
Long leases	360,854	369,517
Medium-term leases	2,711,825	2,420,526
Freehold land and buildings outside Hong Kong	1,586,426	1,234,431
Buildings on leasehold land outside Hong Kong:		
Long leases	325,062	370,645
Medium-term leases	744,459	962,771
	5,728,626	5,357,890

Leasehold lands are depreciated over the term of the lease of land. Buildings are depreciated on a straight-line basis over their remaining useful lives of 25 to 50 years, or the remaining term of the lease of land, whichever is the shorter.

Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK\$20,584,000 (2013: HK\$87,426,000).

The Group is in the process of obtaining the title of certain completed properties located in Malaysia with carrying amount of HK\$305,306,000 (2013: HK\$312,344,000).

Properties with carrying amount of HK\$4,893,680,000 (2013: HK\$4,852,942,000) are under charge to secure bank borrowings of the relevant group entities.

19. Prepaid Lease Payments

	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	604,171	605,962
Additions	–	–
Amortisation	(10,035)	(9,765)
Exchange alignment	(5,217)	7,974
At the end of the year	588,919	604,171

The carrying value represents leasehold land outside Hong Kong:

Long-term lease with lease period of 99 years	307,626	313,042
Medium-term lease with lease period of 35 years	281,293	291,129
	588,919	604,171

Analysed for reporting purposes as:

Non-current asset	574,164	589,330
Current asset	14,755	14,841
	588,919	604,171

Leasehold lands are under charge to secure bank borrowings of the relevant group entities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

20. Investment Properties

	2014 HK\$'000	2013 HK\$'000
FAIR VALUE		
At the beginning of the year	412,500	405,900
Transfer from completed properties for sales	188,802	–
Exchange adjustments	(306)	6,600
At the end of the year	600,996	412,500

The carrying amounts of the investment properties shown above comprise:

	2014 HK\$'000	2013 HK\$'000
Land and buildings situation in the PRC under medium-term leases	412,500	412,500
Land and buildings situation in Singapore under long leases	188,496	–
	600,996	412,500

The investment properties which are stated at fair value are under charge to secure bank borrowings of the relevant group entities.

During the current year, 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 31 March 2014 and at the date of transfer from completed properties for sale to investment properties are based on the valuation carried out on those dates by the following independent qualified professional valuers not connected with the Group:

Location of the investment properties held by the Group	Independent qualified professional valuers	Qualification
PRC	DTZ Debenham Tie Leung Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Ltd.	Member of the Singapore Institute of Surveyors and Valuers

The fair values of the investment properties situated in the PRC at 31 March 2013 are based on the valuation carried out on those dates by the following independent qualified professional valuer not connected with the Group:

Location of the investment properties held by the Group	Independent qualified professional valuer	Qualification
PRC	DTZ Debenham Tie Leung Limited	Member of the Hong Kong Institute of Surveyors

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

20. Investment Properties (Continued)

The major inputs used in the fair value measurement of the Group's investment properties as at 31 March 2014 are set out below:

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property - Property I-1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.5% for retail portion. Market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, ranging from RMB75 to RMB197 per square metre ("sqm") per month.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property - Property I-2	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 8.5% and 4.5% for retail portion and office portion, respectively. Market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, ranging from RMB46 to RMB66 per sqm per month for retail portion, and ranging from RMB41 to RMB45 per sqm per month for office portion.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property - Property I-3	Level 3	Market Comparison Method The key input is: Market unit rate	Market unit rate, taking into account the time, location, and individual factors, such as frontage, level, and size, between the comparables and the property, of S\$47,664 per sqm.	The higher the market unit rate, the higher the fair value.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the management has taken into consideration the highest and best use of the properties.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

21. Interest in an Associate

	2014 HK\$'000	2013 HK\$'000
Cost of investments, unlisted	76,533	76,533

Particulars of the associate at 31 March 2014 and 31 March 2013 are as follows:

Name of associate	Form of legal entity	Proportion of registered capital held by the Group	Place of establishment and operations	Principal activities
Cosmopolitan Resort (Zhuji) Limited	Sino-Foreign Joint Venture	25%	PRC	Property development

No revenue, profit or loss has been derived from the associate. Costs incurred by the associate during the year are directly related to the development of the underlying projects and have been capitalised in the financial statements of the associate.

22. Investment Securities

	2014 HK\$'000	2013 HK\$'000
Investments held for trading:		
Listed debt securities (note 7.c.)	128,098	28,554
Investment funds (note 7.c.)	386,166	–
	514,264	28,554

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

23. Pledged Deposits/Time Deposits/Bank Balances and Cash

Pledged deposits carry fixed interest at rates ranging from 0.05% to 0.50% (2013: 0.10% to 0.59%) per annum.

Pledged deposits included in non-current assets are pledged to secure bank borrowings repayable after five years whereas those included in current assets are pledged to secure bank borrowings repayable within one year.

Bank deposits with maturity of less than three months and bank balances carry floating interest at market rates ranging from 0% to 1.28% (2013: 0% to 2.86%) per annum.

At 31 March 2013, time deposits with maturity over 3 months carried fixed interest at 3.08% per annum.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

24. Joint Operation

During the year ended 31 March 2012, a subsidiary entered into an agreement with a related company to jointly develop certain portion of the Group's freehold land with fair value, as agreed between the parties, of Malaysian Ringgit ("RM") 65,000,000 (equivalent to HK\$165,000,000). The related company is responsible for the provision of technical, commercial and financial management of the development on the land and marketing the properties on completion of their development and bears all the related costs and expenses of the development. The development activities and the sales of the completed properties are directed by the related company's board of directors, of which the Group and the related company have equal number of representatives throughout the joint operation period. The Group and the related company will share the profit or loss (representing revenue from sale less the fair value of the land, development costs and marketing expenses of the completed properties) from the development on a 50:50 basis.

Assets with a carrying amount of RM8,800,000, equivalent to HK\$21,030,000 (2013: RM8,800,000, equivalent to HK\$22,138,000) recognised in the consolidated financial statements as at 31 March 2014 in relation to the joint operation, representing the cost of the freehold land previously classified as property, plant and equipment, are included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

25. Properties for Sale

Properties for/under development for sale amounting to HK\$21,030,000 (2013: HK\$22,138,000) are expected to be completed and realised after one year from the end of the reporting period.

The carrying amount includes freehold land of RM8,800,000, equivalent to HK\$21,030,000 (2013: RM8,800,000, equivalent to HK\$22,138,000) transferred from property, plant and equipment in the prior year for joint development as detailed in note 24.

26. Debtors, Deposits and Prepayments

	2014 HK\$'000	2013 HK\$'000
Trade debtors	145,504	57,922
Advance to contractors	5,909	2,930
Prepayments and other receivables	91,300	44,772
Balance of proceeds from disposal of a subsidiary (note 34)	–	15,000
	242,713	120,624

The following is an aged analysis of the trade debtors presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2014 HK\$'000	2013 HK\$'000
0 - 60 days	63,898	52,577
61 - 90 days	1,291	2,019
Over 90 days	80,315	3,326
	145,504	57,922

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

26. Debtors, Deposits and Prepayments (Continued)

The trade debtors aged over 60 days are past due but are not impaired.

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.

Included in trade debtors is an amount of S\$12,040,000 (equivalent to HK\$74,169,000) which represents the portion of the proceeds that have been settled by the buyers and are being held in escrow account. 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.

In determining the recoverability of trade debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each reporting period. There is no concentration of credit risk due to the large and unrelated customer base. The management believes that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

Allowance for doubtful debts on the trade debtors and the movement during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Balance at beginning of the year	664	591
Impairment losses recognised	333	82
Amounts written off as uncollectible	(539)	–
Amounts recovered during the year	–	(2)
Exchange alignment	(29)	(7)
Balance at end of the year	429	664

27. 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 30. Upon issuance of the bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flows 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 with principal amount of RMB39,660,000 as described in note 30, 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 year. The Group then cancelled partial amounts of the cross currency swap contracts and redesignated the remaining 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 notional amount of the cross currency swap contracts of RMB810,000,000 in aggregate and pay interest semi-annually at fixed rates ranging from 4.952% to 4.97% per annum based on the notional amounts of US\$130,555,987 in aggregate, with a maturity of five years due on 3 April 2018.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

27. Derivative Financial Instruments Designated as Hedging Instruments (Continued)

Major terms of cross currency swap contracts at 31 March 2014 are set out below:

1)	Date of contract:	25 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB476,500,000
	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 on US\$76,817,669 semi-annually
	Principal exchanged amount:	US\$76,817,669
2)	Date of contract:	27 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB333,500,000
	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 on US\$53,738,318 semi-annually
	Principal exchanged amount:	US\$53,738,318

During the year, the fair value gains arising from the cross currency swap contracts of HK\$28,898,000 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 period when the hedged item is recognised in profit or loss.

28. Creditors and Accruals

	2014 HK\$'000	2013 HK\$'000
Trade creditors	39,945	32,164
Construction cost and retention payable	135,423	94,569
Reservation deposits and receipts in advance	39,697	33,461
Other payable and accrued charges	156,745	84,422
	371,810	244,616

The following is an aged analysis of the trade creditors:

	2014 HK\$'000	2013 HK\$'000
0 - 60 days	28,776	22,599
61 - 90 days	1,757	1,311
Over 90 days	9,412	8,254
	39,945	32,164

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

29. Secured Bank Borrowings

	2014 HK\$'000	2013 HK\$'000
Bank loans	4,637,316	3,881,455
Less: front-end fee	(20,431)	(10,827)
	4,616,885	3,870,628
Analysis for reporting purpose as		
Current liabilities	2,119,978	3,287,936
Non-current liabilities	2,496,907	582,692
	4,616,885	3,870,628
The loans repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	857,053	2,459,716
More than one year but not exceeding two years	915,698	398,473
More than two years but not exceeding five years	2,604,580	884,297
More than five years	259,985	138,969
	4,637,316	3,881,455

The carrying amounts of the bank borrowings include an amount of HK\$1,264,035,000 (2013: HK\$839,047,000) which is not repayable within one year based on scheduled repayment dates has however been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

The range of effective interest rates of the bank loans is 1.96% to 8.19% (2013: 1.45% to 8.00%) per annum. The bank loans denominated in various currencies and carrying interest at prevailing market rates are analysed below.

Currencies	Interest rates	2014 HK\$'000	2013 HK\$'000
HK\$	HIBOR plus 1.65% to HIBOR plus 3.00% (2013: HIBOR plus 1.50% to HIBOR plus 3.00%)	3,094,262	2,518,330
RMB	100% of 1 year PBOC Prescribed Interest Rate to 125% of 1 to 3 year PBOC Prescribed Interest Rate (2013: 110% of 1 year PBOC Prescribed Interest Rate to 125% of 1 to 3 year PBOC Prescribed Interest Rate)	636,699	482,749
British pounds	LIBOR plus 2.80% (2013: LIBOR plus 2.80%)	257,360	119,718
S\$	S\$ SOR plus 1.85% (2013: S\$ SOR plus 1.85%)	383,492	459,665
RM	Malaysia BLR plus 1.25% to 1.50% (2013: Malaysia BLR plus 1.25% to 1.50%)	265,503	300,993
		4,637,316	3,881,455

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

30. Bonds

	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	–	–
Issue of bonds	1,062,500	–
Transaction cost	(12,328)	–
Interest charged during the year	62,279	–
Interest paid during the year	(61,263)	–
Repurchase during the year	(50,239)	–
Exchange adjustments	1,742	–
At the end of the year	1,002,691	–

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.

The principal terms of the bonds:

- a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the bonds, the Bonds are transferable without restrictions.
- b) Unless previously redeemed or purchased and cancelled, the Company will redeem each bonds at 100% at its principal amount together with unpaid accrued interest on the maturity date.
- c) At any time the Company may, having given not less than 30 nor more than 60 days' notice to the bondholders in accordance with the terms and conditions of the bonds (which notice shall be irrevocable) redeem all, and not some only, of the bonds at their principal amount together with interest accrued to the date fixed for redemption on the redemption date as a result of any change in, or amendment to, the applicable tax laws or regulations of the Cayman Islands or Hong Kong.
- d) When a change of control occurs with respect to the Company, the bond holder of each bonds will have the right at such holder's option, to require the Company to redeem all or some only of that holder's bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.
- e) The bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

Details of the issue of the bonds were disclosed in the Company's circular dated 25 March 2013.

During the current year, the Company partially repurchased a principal amount of RMB39,660,000 (equivalent to HK\$49,972,000) of the 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 partial repurchase of the bonds of HK\$2,067,000 was recognised in profit or loss (note 11).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

31. Deferred Tax Assets/Liabilities

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the year are as follows:

	Accelerated tax depreciation HK\$'000	Fair value adjustment of hotel properties HK\$'000	Revaluation of investment properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2012	58,215	38,886	8,858	(11,395)	94,564
Disposal of a subsidiary	(5,265)	–	–	5,265	–
Charge (credit) to profit or loss	8,947	(1,245)	–	(7,542)	160
At 31 March 2013	61,897	37,641	8,858	(13,672)	94,724
Charge (credit) to profit or loss	10,787	(1,245)	–	(34,314)	(24,772)
At 31 March 2014	72,684	36,396	8,858	(47,986)	69,952

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 HK\$'000	2013 HK\$'000
Deferred tax assets	(32,938)	(5,000)
Deferred tax liabilities	102,890	99,724
	69,952	94,724

At 31 March 2014, the Group had unused tax losses of HK\$489,688,000 (2013: HK\$509,590,000) available to offset against future profits. A deferred tax asset of HK\$47,986,000 (2013: HK\$13,672,000) has been recognised in respect of HK\$225,262,000 (2013: HK\$82,861,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$264,426,000 (2013: HK\$426,729,000) due to the unpredictability of future profit streams. Tax loss can be carried forward indefinitely.

As at 31 March 2014, the Group has deductible temporary differences in relation to accelerated depreciation of property, plant and equipment amounted to HK\$323,378,000 (2013: HK\$278,511,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

32. Share Capital

	Number of ordinary shares of HK\$0.1 each HK\$'000	Nominal value HK\$'000
Authorised:	5,000,000,000	500,000
Issued and fully paid:		
At the beginning of the year	2,000,000,000	200,000
Issue of shares in lieu of cash dividends	97,983,352	9,798
At the end of the year	2,097,983,352	209,798

On 18 December 2013, the Company issued and allotted 22,288,149 new fully paid shares of HK\$0.1 each at HK\$1.558 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2014 interim dividend pursuant to the scrip dividend scheme announced by the Company on 26 November 2013. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

On 19 September 2013, the Company issued and allotted 75,695,203 new fully paid shares of HK\$0.1 each at HK\$1.694 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 final dividend pursuant to the scrip dividend scheme announced by the Company on 18 June 2013. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

33. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2013, the carrying amount represented the fair value of interest rate cap, interest rate swap and cross currency swap contracts entered into by the Group.

The interest rate cap and the interest rate swap contracts were entered into by the Group for the purpose of reducing its exposure to the risk of interest rate fluctuation of the bank borrowings outstanding at the end of the reporting period. The interest rate cap and interest rate swap contracts were not accounted for under hedge accounting. The major terms of the interest rate cap and interest rate swap contracts at 31 March 2013 are set out below:

Interest rate cap contract

Date of contract:	19 September 2008
Effective date:	25 September 2008
Notional amount:	Aggregate total of HK\$1,900,000,000
Maturity:	September 2013 with an option of early termination by the Group
Interest payment:	Pay interest at 3 months HIBOR with a maximum capped at 7.5% per annum and receive interest at 3 months HIBOR with upfront payment

Interest rate swap contract

Date of contract:	28 July 2010
Effective date:	7 October 2010
Notional amount:	S\$10,000,000
Maturity:	December 2013
Interest payment:	Pay interest at a fixed rate of 1.46% and receive interest at 3 months S\$ SOR

The cross currency swap contracts were entered into by the Group for the purpose of reducing its exposure to the currency exchange rate fluctuation in relation to the bonds issued on 3 April 2013 as set out in note 30. The major terms of the cross currency swap contracts at 31 March 2013 are set out below:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

33. Derivative Financial Instruments (Continued)**Cross currency swap contracts**

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 on US\$80,606,158 semi-annually
	Principal exchanged amount:	US\$80,606,158
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 on US\$56,397,035 semi-annually
	Principal exchanged amount:	US\$56,397,035

At 31 March 2013, the cross currency swap contracts were not accounted for under hedge accounting. These derivatives were designated as hedging instruments upon issuance of the bonds during the current year, details of which are set out in note 27.

34. 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	319,242
Inventories	92
Deposits and prepayments	2,495
Bank balances and cash	428
Creditors and accruals	(909)
Net assets disposed of	321,348
Gain on disposal:	
Consideration (note)	801,532
Transaction and other direct cost incurred	(21,826)
Consideration received and receivable	779,706
Net assets disposed of	(321,348)
Gain on disposal	458,358
Net cash inflow arising from disposal of a subsidiary	
Consideration received and receivable, net of transaction cost	779,706
Bank balances and cash disposed of	(428)
	779,278

Note: Pursuant to the supplementary agreement entered in relation to this transaction, included in the total consideration of HK\$801,532,000, 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 26. The amount was subsequently received on 3 April 2013.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

35. Charges On Assets

Bank borrowings with aggregate carrying amount of HK\$4,637,316,000 (2013: HK\$3,881,455,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group together with a floating charge over other assets of the property owning subsidiaries and benefits accrued to those properties:

	2014 HK\$'000	2013 HK\$'000
Property, plant and equipment	4,893,680	4,852,942
Prepaid lease payments	588,919	604,171
Investment properties	600,996	412,500
Properties for sale	28,409	353,141
Bank deposits	167,911	140,029
	6,279,915	6,362,783

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.

36. 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 year 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 consolidated financial statements.

37. Capital Commitments

	2014 HK\$'000	2013 HK\$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted for but not provided in the consolidated financial statements	153,281	768,622
– authorised but not contracted for	22,750	27,673

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38. Operating Lease Arrangements**The Group as lessor**

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014	2013
	HK\$'000	HK\$'000
Within one year	44,608	43,336
In the second to fifth years inclusive	115,764	108,379
Over five years	46,733	54,182
	207,105	205,897

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014	2013
	HK\$'000	HK\$'000
Within one year	6,192	4,523
In the second to fifth years inclusive	2,501	4,216
	8,693	8,739

Leases are negotiated and rentals are fixed for terms ranging from one to three years.

Included in the above are HK\$3,548,580 (2013: HK\$6,054,000) future minimum lease payments under non-cancellable operating lease with Parent Entities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

39. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund under which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contributions are made based on a certain percentage of the salaries of the employees in the United Kingdom to the defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

Total retirement benefit expense charged to profit or loss for the year amounted to HK\$23,769,000 (2013: HK\$18,384,000).

40. Share Option Schemes

(a) Share option scheme of the Company

The Company's share option scheme was adopted pursuant to a resolution passed on 10 September 2010 (the "Share Option Scheme") for the purpose of providing incentives or rewards to directors and employees of the Company and any of its subsidiaries and Parent Entities 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 of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Company and any of its subsidiaries. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, (i) the total number of shares to be issued under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual, and associates, in any 12-month period is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK\$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, which must be a business day; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

As at 31 March 2014, the number of options which remained outstanding under the Share Option Scheme was 18,018,174 (2013: 18,563,628) which, if exercised in full, represents 0.85% (2013: 0.92%) of the enlarged capital of the Company. 10,810,887 (2013: 7,425,438) share options were vested and exercisable at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

40. Share Option Schemes (Continued)**(a) Share option scheme of the Company** (Continued)

Details of share options, which were granted on 11 October 2010 at an exercise price of HK\$2.20 per share, are as follows:

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	11.10.2010 to 10.10.2011	11.10.2011 to 10.10.2014	2.20
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20

No options were granted during the year ended 31 March 2014 and no options granted were exercised during the years ended 31 March 2013 and 31 March 2014. Movements of the share options are as follows:

Grantee	Option type	At	Lapsed during the year ended	At	Lapsed during the year ended	At
		1.4.2012	31.3.2013	31.3.2013	31.3.2014	31.3.2014
<i>Directors</i>						
Ms. CHIU, Wing Kwan Winnie	Tranche 1	454,545	–	454,545	–	454,545
	Tranche 2	454,545	–	454,545	–	454,545
	Tranche 3	454,545	–	454,545	–	454,545
	Tranche 4	454,545	–	454,545	–	454,545
	Tranche 5	454,547	–	454,547	–	454,547
		2,272,727	–	2,272,727	–	2,272,727
Mr. LAI, Wai Keung	Tranche 1	318,181	–	318,181	–	318,181
	Tranche 2	318,181	–	318,181	–	318,181
	Tranche 3	318,181	–	318,181	–	318,181
	Tranche 4	318,181	–	318,181	–	318,181
	Tranche 5	318,185	–	318,185	–	318,185
		1,590,909	–	1,590,909	–	1,590,909
Mr. HOONG, Cheong Thard	Tranche 1	567,272	–	567,272	–	567,272
	Tranche 2	567,272	–	567,272	–	567,272
	Tranche 3	567,272	–	567,272	–	567,272
	Tranche 4	567,272	–	567,272	–	567,272
	Tranche 5	567,275	–	567,275	–	567,275
		2,836,363	–	2,836,363	–	2,836,363
Mr. CHAN, Chi Hing	Tranche 1	709,090	–	709,090	–	709,090
	Tranche 2	709,090	–	709,090	–	709,090
	Tranche 3	709,090	–	709,090	–	709,090
	Tranche 4	709,090	–	709,090	–	709,090
	Tranche 5	709,094	–	709,094	–	709,094
		3,545,454	–	3,545,454	–	3,545,454

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

40. Share Option Schemes (Continued)

(a) Share option scheme of the Company (Continued)

Grantee	Option type	At	Lapsed during the year ended	At	Lapsed during the year ended	At
		1.4.2012	31.3.2013	31.3.2013	31.3.2014	31.3.2014
Mr. MOK, Kwai Pui Bill (note)	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)	–	–	–
<i>Other employees in aggregate</i>	Tranche 1	1,772,721	(109,090)	1,663,631	(109,090)	1,554,541
	Tranche 2	1,772,721	(109,090)	1,663,631	(109,090)	1,554,541
	Tranche 3	1,772,721	(109,090)	1,663,631	(109,090)	1,554,541
	Tranche 4	1,772,721	(109,090)	1,663,631	(109,090)	1,554,541
	Tranche 5	1,772,745	(109,094)	1,663,651	(109,094)	1,554,557
		8,863,629	(545,454)	8,318,175	(545,454)	7,772,721
		22,654,536	(4,090,908)	18,563,628	(545,454)	18,018,174

Note: Mr. MOK, Kwai Pui Bill ceased to be a director of the Company upon his retirement at the conclusion of the Company's annual general meeting held on 31 August 2012.

The fair value of the options at the date of grant determined using the Binomial model is approximately HK\$18,001,000. During the year, the Group recognised a total expense of approximately HK\$1,599,000 (2012: HK2,591,000) in relation to the options granted.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

40. Share Option Schemes (Continued)**(b) 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 ("FECIL Share Option Scheme") was approved by FECIL 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 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 in FECIL.

Without prior approval from FECIL's shareholders, (i) the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of FECIL then in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual, and associates, in any 12-month period is not permitted to exceed 1% of the shares of FECIL then in issue.

Options granted will be taken up upon payment of HK\$1. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. The exercise price is determined by the directors of FECIL, and will not be less than the highest of (i) the closing price of FECIL's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of FECIL's share.

Details of share options, which 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, of FECIL are as follows:

Options granted on 21 October 2004

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 20.10.2014	2.075
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 20.10.2014	2.075
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 20.10.2014	2.075

Options granted on 8 May 2009

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	08.05.2009 to 15.09.2009	16.09.2009 to 15.09.2019	1.500
Tranche 2	08.05.2009 to 15.09.2010	16.09.2010 to 15.09.2019	1.500
Tranche 3	08.05.2009 to 15.09.2011	16.09.2011 to 15.09.2019	1.500
Tranche 4	08.05.2009 to 15.09.2012	16.09.2012 to 15.09.2019	1.500

Options granted on 27 March 2013

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	27.3.2013 to 28.2.2014	1.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 28.2.2015	1.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	1.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	1.3.2017 to 28.2.2020	2.550

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

40. Share Option Schemes (Continued)

(b) Share option scheme of FECIL (Continued)

The movements of the share options under the FECIL scheme during the two years are as follows:

Grantee	Date of grant	Option type	At 1.4.2012	Granted during the year ended 31.3.2013	Exercised during the year ended 31.3.2013	At 31.3.2013	Exercised during the year ended 31.3.2014	At 31.3.2014
Mr. LAI, Wai Keung	21.10.2004	Tranche 3	300,000	–	–	300,000	(300,000)	–
		Tranche 4	475,000	–	–	475,000	(100,000)	375,000
		Tranche 5	525,000	–	–	525,000	–	525,000
			1,300,000	–	–	1,300,000	(400,000)	900,000
Mr. HOONG, Cheong Thard	8.5.2009	Tranche 1	1,850,000	–	–	1,850,000	(1,850,000)	–
		Tranche 2	1,850,000	–	–	1,850,000	(150,000)	1,700,000
		Tranche 3	1,850,000	–	–	1,850,000	–	1,850,000
		Tranche 4	1,850,000	–	–	1,850,000	–	1,850,000
	27.3.2013	Tranche 1	–	750,000	–	750,000	–	750,000
		Tranche 2	–	1,000,000	–	1,000,000	–	1,000,000
		Tranche 3	–	1,250,000	–	1,250,000	–	1,250,000
		Tranche 4	–	2,000,000	–	2,000,000	–	2,000,000
			7,400,000	5,000,000	–	12,400,000	(2,000,000)	10,400,000
Mr. CHAN, Chi Hing	21.10.2004	Tranche 3	500,000	–	–	500,000	(500,000)	–
		Tranche 4	1,800,000	–	–	1,800,000	(1,800,000)	–
		Tranche 5	2,000,000	–	–	2,000,000	(2,000,000)	–
	27.3.2013	Tranche 1	–	525,000	–	525,000	–	525,000
		Tranche 2	–	700,000	–	700,000	–	700,000
		Tranche 3	–	875,000	–	875,000	–	875,000
		Tranche 4	–	1,400,000	–	1,400,000	–	1,400,000
				4,300,000	3,500,000	–	7,800,000	(4,300,000)
Mr. MOK, Kwai Pui Bill (Note)	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)	–	–	–
Other employees in aggregate	21.10.2004	Tranche 3	200,000	–	–	200,000	–	200,000
		Tranche 4	400,000	–	–	400,000	–	400,000
			600,000	–	–	600,000	–	600,000
			18,600,000	8,500,000	(5,000,000)	22,100,000	(6,700,000)	15,400,000
Weighted average exercise price			1.846	2.55	2.075	2.065	1.902	2.136
Number of options exercisable at the end of the year						13,600,000		8,175,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

40. Share Option Schemes (Continued)**(b) Share option scheme of FECIL** (Continued)

Note: Mr. Mok, Kwai Pui Bill ceased to be a director of the Company upon his retirement at the conclusion of the Company's annual general meeting held on 31 August 2012.

The Group's directors' and employees' entitlement to the FECIL options relate to their services to a number of companies within FECIL including the Company and its subsidiaries. The value of the share option has not been allocated amongst individual companies as the allocation of the services of their directors and employees to the various group companies in FECIL is not feasible.

41. Related Party Transactions

- (a) The Group has rented properties from the Parent Entities. Rental expense during the year amounted to HK\$2,505,000 (2013: HK\$1,252,400).
- (b) During the year, the Group entered into four hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. There was no hotel management services income generated under these contracts during the year.
- (c) Remuneration paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 17.

42. Summarised Financial Information of the Company

	2014 HK\$'000	2013 HK\$'000
Investments in subsidiaries	308,110	271,338
Derivative financial instruments designated as hedging instruments	20,062	–
Amounts due from subsidiaries	4,561,171	3,255,543
Other assets	270,278	299,458
Total assets	5,159,621	3,826,339
Amount due to subsidiaries	1,162,324	940,167
Derivative financial instruments	–	8,836
Bonds	1,002,691	–
Other liabilities	56,039	207
Total liabilities	2,221,054	949,210
Net assets	2,938,567	2,877,129
Share capital	209,798	200,000
Reserves (Note)	2,728,769	2,677,129
Total equity	2,938,567	2,877,129

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

42. Summarised Financial Information of the Company (Continued)

Note:

The movement of equity is as follows:

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Hedge reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2012	200,000	2,237,153	7,173	–	394,943	2,839,269
Profit and total comprehensive income for the year	–	–	–	–	315,269	315,269
Dividends (note 15)	–	–	–	–	(280,000)	(280,000)
Recognition of equity-settled share based payment expenses	–	–	2,591	–	–	2,591
Lapse of share options transferred to retained profits	–	–	(1,161)	–	1,161	–
At 31 March 2013	200,000	2,237,153	8,603	–	431,373	2,877,129
Profit for the year	–	–	–	–	96,832	96,832
Fair value adjustments on cross currency swap contracts designated as cash flows hedges (note 27)	–	–	–	28,898	–	28,898
Reclassification of hedge reserve to profit or loss (note 27)	–	–	–	(27,329)	–	(27,329)
Total comprehensive income for the year	–	–	–	1,569	96,832	98,401
Dividends (note 15)	–	–	–	–	(201,514)	(201,514)
Share issued in lieu of cash dividend, net of expenses	9,798	153,154	–	–	–	162,952
Recognition of equity-settled share based payments expenses	–	–	1,599	–	–	1,599
Lapse of share options transferred to retained profits	–	–	(249)	–	249	–
At 31 March 2014	209,798	2,390,307	9,953	1,569	326,940	2,938,567

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

43. Particulars of Principal Subsidiaries

Particulars of the principal subsidiaries, which are wholly-owned by the Company, at the end of the reporting period are as follows:

Name of company	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital*	Principal activities
<i>Direct subsidiaries:</i>			
Charter Joy Limited	Hong Kong("HK")	2 shares of HK\$2 (note)	Hotel operation
Complete Delight Limited	British Virgin Islands ("BVI")/HK	1 share of US\$1	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK\$10,000 (note)	Hotel operation
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of RM1 each	Hotel operation
Double Advance Group Limited	BVI/HK	1 share of US\$1	Hotel operation
Grand Expert Limited	HK	10,000 shares of HK\$10,000	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK\$1 (note)	Loan financing
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S\$1	Hotel management and consultancy services
Dorsett Hospitality International Services Limited	HK	2 shares of HK\$2 (note)	Hotel management
Tang Hotel Investments Pte. Ltd.	Singapore	2 shares of S\$1 each	Investment holding and development of residential property and hotel
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK\$10,000 (note)	Hotel operation

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2014

43. Particulars of Principal Subsidiaries (Continued)

Name of company	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital*	Principal activities
<i>Indirect subsidiaries:</i>			
Ching Chu (Shanghai) Real Estate Development Co., Ltd.#	PRC	US\$36,000,000*	Hotel management services
Elite Region Limited	BVI/UK	1 share of US\$1	Hotel development
Esmart Management Limited	HK	2 shares of HK\$2 (note)	Hotel management services
Everkent Development Limited	HK	2 shares of HK\$2 (note)	Hotel operation
Marvel Green Limited	BVI/UK	1 share of US\$1	Hotel development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 shares of RM1 each	Hotel operation
Novel Orient Investments Limited	HK	1 share of HK\$1 (note)	Hotel development
Panley Limited	HK	1 share of HK\$1 (note)	Hotel operation
Richfull International Investment Limited	HK	1 share of HK\$1 (note)	Bar operation
Ruby Way Limited	HK	2 shares of HK\$2 (note)	Hotel operation
Subang Jaya Hotel Development Sdn. Bhd.	Malaysia	245,000,000 shares of RM1 each	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Hotel operation
Tang Suites Pte. Ltd.	Singapore	1,000,000 shares of S\$1 each	Development of residential property
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Hotel operation
九江帝盛酒店管理有限公司#	PRC	US\$16,000,000	Hotel development
武漢遠東帝豪酒店管理有限公司#	PRC	US\$29,800,000*	Hotel operation
武漢港澳中心物業管理有限公司##	PRC	RMB500,000*	Property management services
遠東帝豪酒店管理(成都)有限公司#	PRC	US\$58,000,000*	Hotel development
成都帝盛酒店有限公司#	PRC	RMB100,000*	Hotel operation
上海帝盛酒店有限公司 (formerly known as 麗悅酒店管理 (上海)有限公司)#	PRC	RMB2,000,000*	Hotel operation

Wholly-owned foreign enterprise

Domestic wholly-owned enterprise

Note: There is no par value for these shares upon commencement of the new Hong Kong Companies Ordinance on 3 March 2014.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

List of Principal Properties

Name of property and location	Lot number	Group's interest	Site area (m ²)
Hong Kong			
1. Cosmopolitan Hotel Hong Kong Nos. 387-397 Queen's Road East Wan Chai	IL 1578RP	100%	1,093
2. Silka West Kowloon, Hong Kong No. 48 Anchor Street Tai Kok Tsui	KIL 6374	100%	357
3. Cosmo Hotel Hong Kong Nos. 375-377 Queen's Road East Wan Chai	IL 1578 s.Ass1	100%	380
4. Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	100%	377
5. Silka Far East, Hong Kong Nos. 135-143 Castle Peak Road Tsuen Wan	Lot No. 2158 in DD 449	100%	632
6. Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	KIL 7429, 9701, 9705, 9727, 9769 & 9944	100%	502
7. Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	KIL 8050 RP	100%	514
8. Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	KTIL 162	100%	929
9. Dorsett Tsuen Wan, Hong Kong No. 659 Castle Peak Road Kwai Chung	KCTL 193	100%	2,323
10. Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	KCTL 167	100%	1,312

List of Principal Properties (continued)

Approximate gross floor area (m²)	Type	Stage of completion	Expected completion date
15,895	H	Completed	Existing
3,210	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
11,147	H	Completed	Existing
21,467	H	Completed	Existing
12,688	H	Under development	2015

List of Principal Properties (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
China			
1. Dorsett Grand Chengdu No. 168 Xiyulong Street Qingyang District Chengdu Sichuan Province	N/A	100%	5,866
2. Dorsett Wuhan No. 118 Jiang Han Road Hong Kong & Macau Centre Hankou Wuhan Hubei Province	N/A	100%	5,339
3. Dorsett Shanghai No. 800 Hua Mu Road Pudong New Area Shanghai	N/A	100%	3,990
4. Dorsett Zhongshan No. 107 Zhongshan Yi Road West District Zhongshan Guangdong Province	N/A	100%	11,170
5. Dorsett Grand Zhuji Wuxie Town, Zhuji Zhejiang Province	N/A	25%	60,736
6. Lushan Resort Wenquan Zhen Xingzi Xian Jiujiang City Jiangxi Province	N/A	100%	42,868
Overseas			
1. Dorsett Regency Kuala Lumpur 172, Jalan Imbi 55100 Kuala Lumpur Malaysia	Lot 1300 Seksyen 0067 held under Title No. GRN 49963 Town and District of Kuala Lumpur Wilayah Persekutuan KL	100%	1,270
2. Dorsett Grand Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Lot Nos 4244 and 4245 held under title was GRN 38842 and 38843 Mukim of Damansara District of Petaling Selangor	100%	37,782
3. Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL No. 207531888, Town of Labuan Federal Territory of Labuan	100%	6,071

List of Principal Properties (continued)

Approximate gross floor area (m2)	Type	Stage of completion	Expected completion date
67,617	H	Completed	Existing
67,307	H	Completed	Existing
18,149	H	Completed	Existing
42,635	H	Under development	2017
36,905	H	Under development	2017
35,220	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H & R	Completed	Existing
21,565	H	Completed	Existing

List of Principal Properties (continued)

Name of property and location	Lot number	Group's interest	Site area (m ²)
4. Silka Maytower Hotel & Serviced Residences No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur	Lot No. 301 Section 40 held under Title No. GRN 54118 Town and District of Kuala Lumpur Wilayah Persekutuan	100%	2,162
5. Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim Plentong Johor Bahru State of Johor	Lot No. 66270 held under Title No. GRN 358714 Mukim of Plentong District of Johor Bahru	100%	4,370
6. Dorsett Singapore 333 New Bridge Road Singapore	Lot Nos 777W & 782P Town Subdivision (TS)	100%	4,650
7. Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London	N/A	100%	3,100
8. Dorsett City, London 9 Aldgate High Street London	N/A	100%	1,127
9. Dorsett Shepherds Bush 2, London 56 Shepherd's Bush Green London	N/A	100%	836

List of Principal Properties (continued)

Approximate gross floor area (m2)	Type	Stage of completion	Expected completion date
5,623	H	Completed	Existing
8,804	H	Completed	Existing
16,226	H&R	Completed	Existing
14,651	H	Completed	Existing
9,720	H	Under development	2016
5,574	H	Under development	2016

H - Hotel
R - Residential

Financial Summary

	2014 HK\$'000	For the year ended 31 March			2010 HK\$'000
		2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	
Revenue	1,785,850	1,152,942	1,096,097	867,100	616,253
Cost of properties sold	(350,911)	–	–	–	–
Operating costs	(438,769)	(364,672)	(326,826)	(296,648)	(213,944)
Depreciation and amortisation	(196,474)	(137,879)	(118,545)	(98,166)	(68,325)
Management fee	–	–	–	–	(2,239)
Gross profit	799,696	650,391	650,726	472,286	331,745
Other income	4,088	5,811	3,955	3,036	3,162
Administrative expenses	(348,410)	(294,267)	(263,738)	(208,626)	(166,886)
Management fee	–	–	–	–	(28,169)
Pre-opening expenses	(13,596)	(26,107)	(8,651)	(1,403)	(6,517)
Other gains and losses	140,407	(2,282)	2,313	(43)	(1,052)
(Loss)/gain on disposal of property, plant and equipment	(233)	424	379,465	25	(52)
Gain on disposal of a subsidiary	–	458,358	–	81,385	–
Listing expenses	–	–	–	(22,506)	–
Finance costs	(167,261)	(100,005)	(90,703)	(88,430)	(76,612)
Profit before taxation	414,691	692,323	673,367	235,724	55,619
Income tax expense	(38,123)	(44,867)	(68,275)	(27,320)	(9,806)
Profit for the year	376,568	647,456	605,092	208,404	45,813

	2014 HK\$'000	For the year ended 31 March			2010 HK\$'000
		2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	
Profit before taxation	414,691	692,323	673,367	235,724	55,619
Interest income	(2,588)	(3,288)	(1,652)	(1,725)	(2,467)
Finance costs	167,261	100,005	90,703	88,430	76,612
Depreciation and amortisation	196,474	137,879	118,545	98,166	68,325
EBITDA	775,838	926,919	880,963	420,595	198,089
Pre-opening expenses	13,596	26,107	8,651	1,403	6,517
Management fees	–	–	–	–	30,408
Change in fair value of investment properties	(130,870)	–	(1,818)	(2,612)	(3,486)
Change in fair value of financial assets at fair value through profit or loss	18,242	(4,083)	–	–	–
Change in fair value of derivative financial instruments	(676)	8,307	1,911	1,949	6,577
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	(27,329)	–	–	–	–
Other non-recurring items ⁽¹⁾	–	(458,358)	(380,288)	(58,879)	–
Net operating profit	648,801	498,892	509,419	362,456	238,105
Net operating margin ⁽²⁾	36%	43%	46%	42%	39%

	2014 HK\$'000	At 31 March			2010 HK\$'000
		2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	
ASSETS AND LIABILITIES					
Total assets	10,270,645	8,296,189	7,564,366	6,892,305	6,340,759
Total liabilities	(6,128,217)	(4,510,366)	(4,144,569)	(3,995,571)	(6,156,754)
	4,142,428	3,785,823	3,419,797	2,896,734	184,005

Notes:

- (1) Other non-recurring items consist of gain from disposal of the Group's interest in HKSAR Hotel in the last financial year.
- (2) Net operating margin = Net operating profit/revenue.

Glossary

“AGM”	the forthcoming annual general meeting of the Company to be convened and held on 28 August 2014 at 10:00 a.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen’s Road East, Wan Chai, Hong Kong
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company” or “Dorsett”	Dorsett Hospitality International Limited, a company incorporated under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Committee”	the corporate governance committee of the Company
“Director(s)”	director(s) of the Company
“Executive Committee”	the executive committee of the Company
“Executive Director(s)”	executive director(s) of the Company
“FECIL”	Far East Consortium International Limited, a company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange, the indirect Controlling Shareholder and a substantial shareholder of the Company within the meaning of Part XV of the SFO
“FECIL Group” or “Parent Entities”	FECIL and its subsidiaries (other than the Group)
“FY”	the financial year
“Group” or “Dorsett Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Listing Date”	11 October 2010, the date on which dealings in the Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LFL”	Like for like comparison, excluding results from hotels which did not have full year operation for both the current financial year and previous financial year
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Non-executive Director(s)”	non-executive director(s) of the Company
“Permitted Mixed Development”	(i) the development of any hotel within Plaza Damas 3 and Cheras Sentral, both in Malaysia, which is currently being developed by one of Tan Sri Dato’ CHIU, David’s associates (as defined in the Listing Rules), Malaysia Land Properties Sdn. Bhd., and (ii) a mixed development project (i.e. comprising both a residential and commercial development), which does not include a hotel development as part of its development plans

Glossary (continued)

“PRC” or “China”	the People’s Republic of China and, for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC
“Previous Year” or “FY2013”	the financial year of the Company from 1 April 2012 to 31 March 2013
“Prospectus”	the prospectus dated 28 September 2010 published by the Company
“Remuneration Committee”	the remuneration committee of the Company
“Restricted Activity”	hotel investment, operation, management and development (save for any Permitted Mixed Development)
“RevPAR”	revenue per available room, room revenue of a hotel or hotels (including related service charges) during a period divided by the Total Available Room Nights of such hotel or hotels during the same period
“S\$”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Year” or “FY2014”	the financial year of the Company from 1 April 2013 to 31 March 2014
“%”	per cent.

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