



# 遠東發展有限公司

Far East Consortium International Limited

Incorporated in the Cayman Islands with limited liability  
於開曼群島註冊成立之有限公司

Stock Code 股份代號：035



## 2014 ANNUAL REPORT 年報

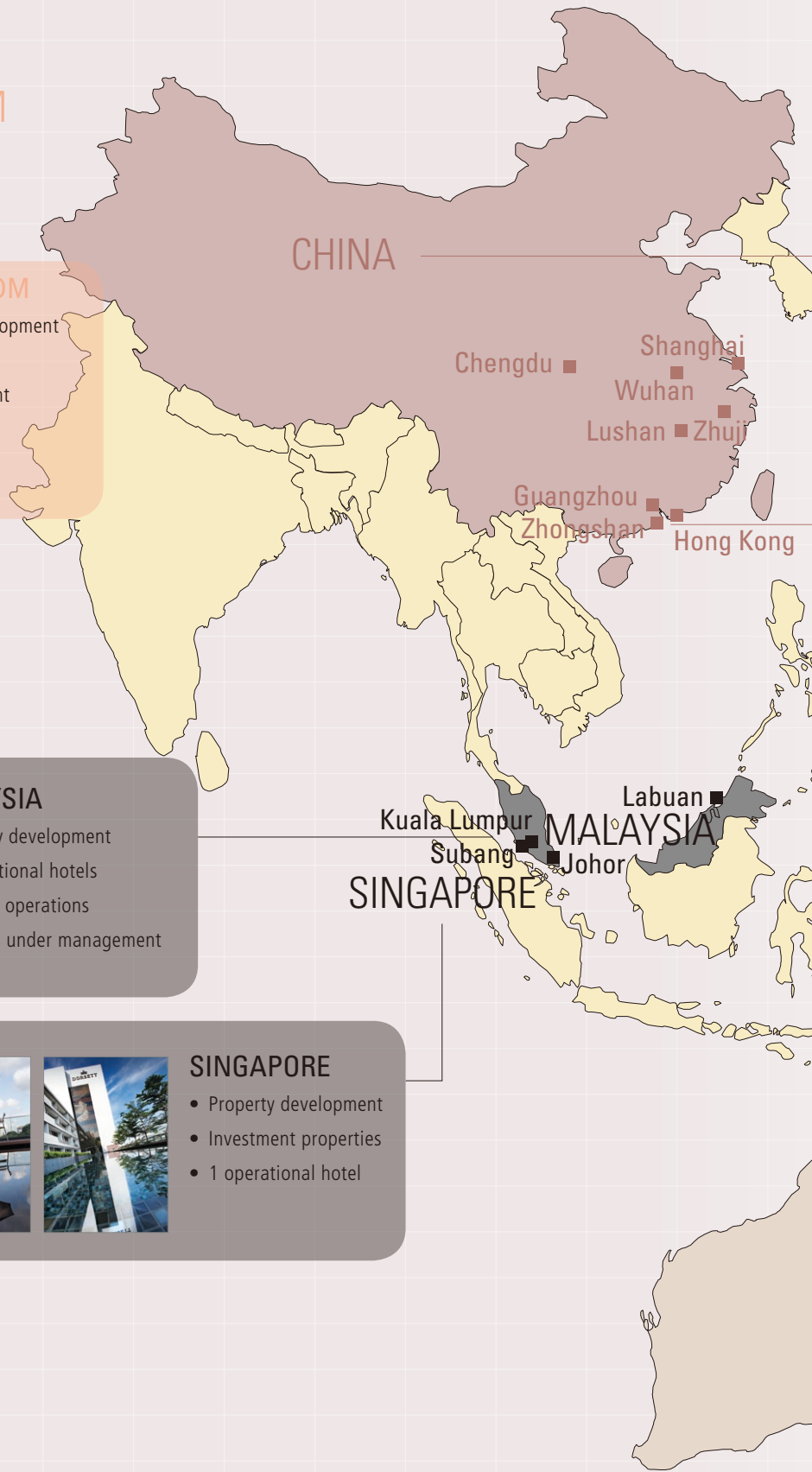


## UNITED KINGDOM



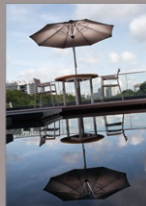
### UNITED KINGDOM

- 2 hotels under development
- 1 operational hotel
- Property development



### MALAYSIA

- Property development
- 5 operational hotels
- Carpark operations
- 4 hotels under management

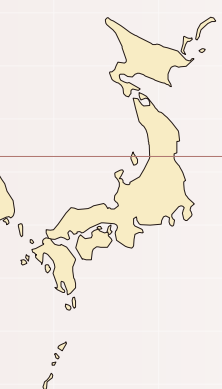


### SINGAPORE

- Property development
- Investment properties
- 1 operational hotel

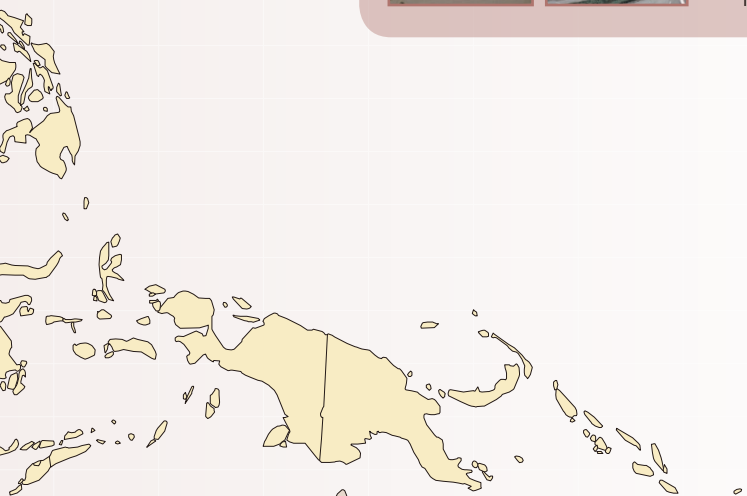
# DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

FEC has a geographically diverse footprint across the Asia Pacific and Europe



## MAINLAND CHINA

- Property development
- Investment properties
- 4 operational hotels and 2 hotels under development



## HONG KONG

- Property development
- Investment properties
- 11 operational hotels and 1 hotel under development



AUSTRALIA



## AUSTRALIA & NEW ZEALAND

- Property development
- Investment properties
- Carpark operations and facility management



NEW ZEALAND

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

David CHIU, Tan Sri Dato', B.Sc.  
(Chairman and Chief Executive Officer)  
Chris Cheong Thard HOONG, B.ENG., ACA  
Denny Chi Hing CHAN, EMBA  
Dennis CHIU, B.A.  
Craig Grenfell WILLIAMS, B.ENG. (CIVIL)

### NON-EXECUTIVE DIRECTOR

Daniel Tat Jung CHIU

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Wai CHAN  
Peter Man Kong WONG, J.P.  
Kwong Siu LAM

### AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)  
Peter Man Kong WONG  
Kwong Siu LAM

### NOMINATION COMMITTEE

David CHIU (Chairman)  
Kwok Wai CHAN  
Peter Man Kong WONG  
Kwong Siu LAM

### REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)  
David CHIU  
Peter Man Kong WONG

### EXECUTIVE COMMITTEE

David CHIU  
Chris Cheong Thard HOONG  
Denny Chi Hing CHAN  
Dennis CHIU  
Craig Grenfell WILLIAMS  
Boswell Wai Hung CHEUNG

### MANAGING DIRECTOR

Chris Cheong Thard HOONG

## CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

## AUTHORISED REPRESENTATIVES

David CHIU  
Boswell Wai Hung CHEUNG

## LEGAL ADVISORS

Woo, Kwan, Lee & Lo  
Reed Smith Richards Butler  
Maples and Calder  
HWL Ebsworth Lawyers  
Lo & Lo

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

## PRINCIPAL BANKERS

### HONG KONG

Bank of Communications Co., Ltd.  
Dah Sing Bank, Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China  
(Asia) Limited  
Nanyang Commercial Bank, Limited  
Public Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Wing Hang Bank, Limited

### MALAYSIA

Public Bank Berhad

### SINGAPORE

The Hongkong and Shanghai Banking  
Corporation Limited

## AUSTRALIA

Australia and New Zealand Banking Group  
Limited  
Bank of Western Australia  
Commonwealth Bank of Australia Limited  
Westpac Banking Corporation

## MAINLAND CHINA

Agricultural Bank of China Limited  
Bank of China Limited  
China Construction Bank Corporation  
China Merchants Bank  
Dah Sing Bank (China) Limited  
DBS Bank (China) Limited  
HSBC Bank (China) Company Limited  
Industrial and Commercial Bank of China  
Limited  
Wing Hang Bank (China) Limited

## PLACE OF INCORPORATION

Cayman Islands

## REGISTERED OFFICE

P.O. Box 1043, Ground Floor,  
Caledonian House, Mary Street,  
George Town,  
Grand Cayman, Cayman Islands,  
British West Indies

## PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,  
121 Des Voeux Road Central,  
Hong Kong

## SHARE REGISTRAR

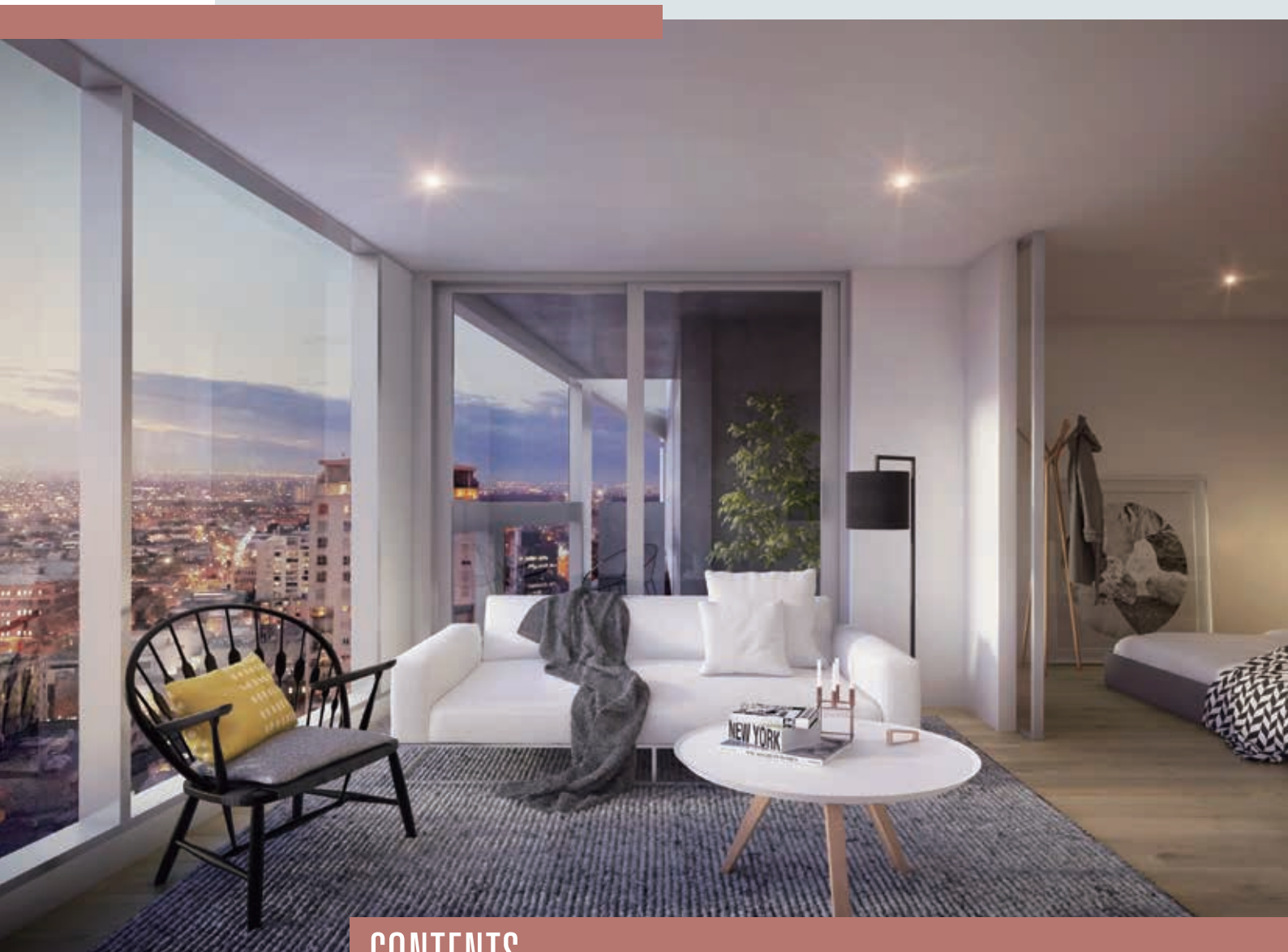
Tricor Standard Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## LISTING INFORMATION

Ordinary Shares (Code: 035)  
Convertible Bonds 2015 (Code: 4317)  
5.875% CNY Bonds 2016 (Code: 85915)  
The Stock Exchange of Hong Kong Limited

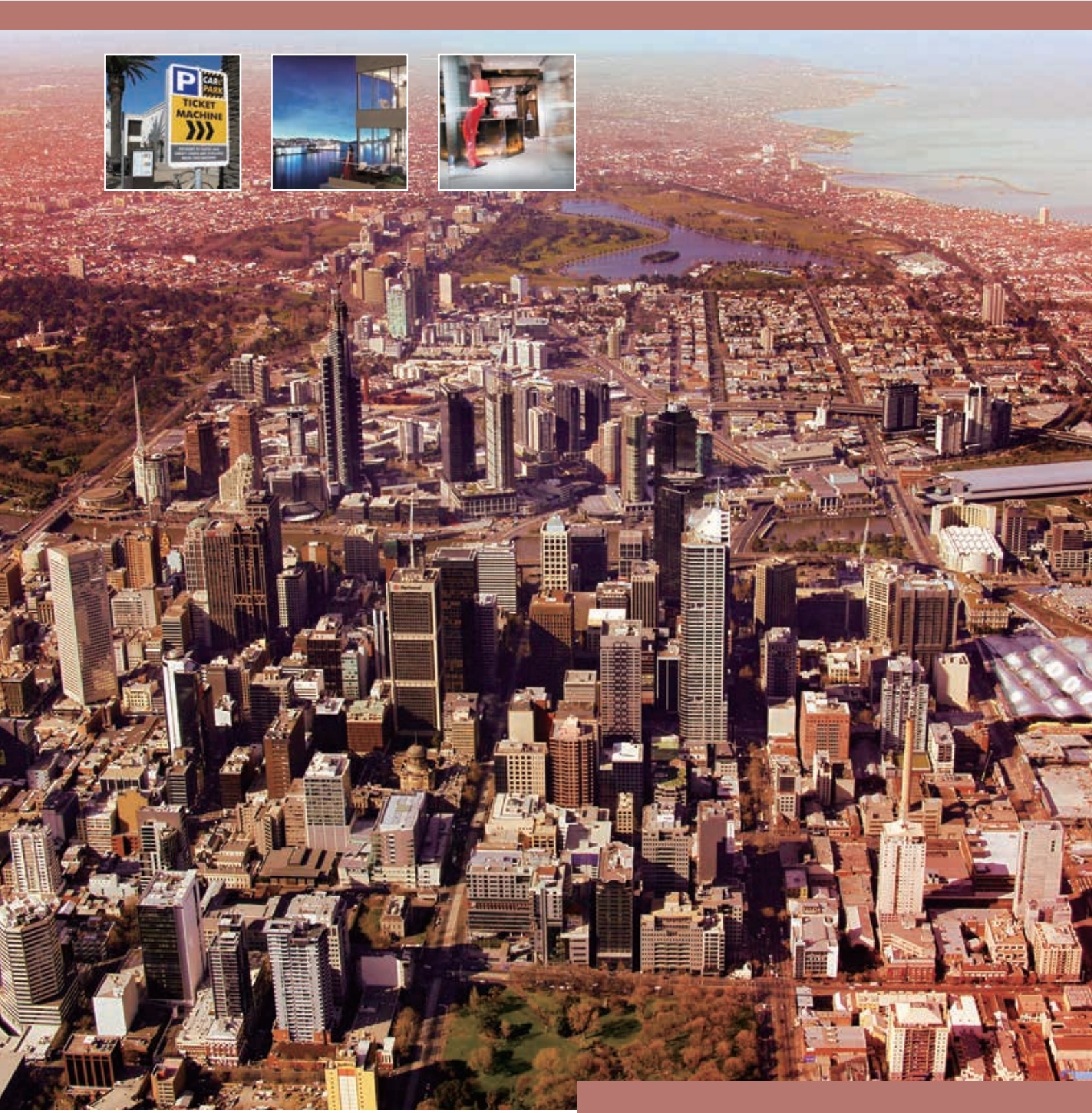
## WEBSITE

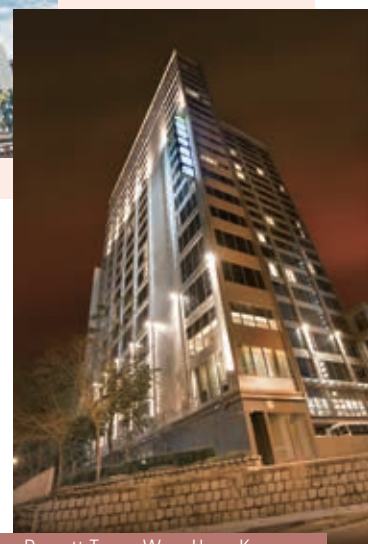
<http://www.fecil.com.hk>



## CONTENTS

4	Chairman and Chief Executive Officer's Statement
6	Managing Director's Report
12	Profile of Directors and Senior Management
17	Five-Year Financial Summary
18	Management Discussion and Analysis
35	Directors' Report
49	Corporate Governance Report
58	Independent Auditor's Report
59	Consolidated Statement of Profit or Loss
60	Consolidated Statement of Profit or Loss and Other Comprehensive Income
61	Consolidated Statement of Financial Position
63	Consolidated Statement of Changes In Equity
65	Consolidated Statement of Cash Flows
67	Notes to the Consolidated Financial Statements
144	List of Principal Properties
162	Glossary





Dorsett Tsuen Wan, Hong Kong

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

It is with great pride that Far East Consortium International Limited ("Company", together with its subsidiaries, the "Group") achieved another record year in term of financial performance following consistent growth in the last several years.

Despite government's cooling measures in number of countries where we operate, namely, Mainland China, Hong Kong and Singapore, the Group managed to generate growth in both revenue and earnings, due to the strength on diversity of our businesses. I am particularly proud that not only have we consistently created value for our shareholders, our experience and depth of knowledge in operating different regions has increased significantly. It is this hard-earned expertise that sets us apart from the competition and allows us to deliver quality products at highly competitive prices.

Our regional diversity now covers 3 continents with presence in Hong Kong, Mainland China, Malaysia, London and Australia with our focus expanding to encompass the residential market, targeting the rising middle class segment. Our residential products are designed to meet the needs of first time home buyers and young families, a growing group in the region.

Our hotel division, Dorsett Hospitality International Limited, continues to generate exciting returns, built on the attributes of the Company's strong track record and dedicated management team. With Hong Kong still leading the way as a desirable destination for China's growing middle class, I believe our focus on the three and four star segment of the market is as relevant now than ever.

While maintaining its steady growth as always by way of increase in number of self-owned car parks and car parks under management, our car park division is now expanding its scope of business into facility and building management and has obtained a number of management contracts in Australia. In the same time, the division is actively exploring opportunity to expand its operation geographically in particular in Malaysia.

Going forward, although global interest rate is likely to remain low in the near term, which will be supportive of the property market generally, the Group will remain vigilant for possible risks and shocks which could be triggered by a change in monetary and interest rate policies by central governments. We will adopt a prudent approach in balance sheet management and seek to reduce development risk by pre-selling our residential pipeline.

Standing on solid foundations that we have built over the years, I have every confidence that the Group's long-term prospects are bright. Our inherent strength will allow us to weather storms, advance our value and the growth of tomorrow. On behalf of the Group, I would like to thank all those who provide the core of our success: our shareholders, our partners, our employees and our customers.

**David CHIU**  
*Chairman and Chief Executive Officer*

# STRENGTH IN DIVERSITY







# MANAGING DIRECTOR'S REPORT

I am pleased to report that Far East Consortium International Limited achieved another record year in the financial year ended 31 March 2014 with revenue of approximately HK\$4.1 billion. Net profit attributable to shareholders reached HK\$914 million, an increase of 1.2% as compared with last financial year ended 31 March 2013. Adjusting for a net tax write back of HK\$144 million in the last financial year, profit attributable to shareholders increased by 20.4% for the financial year ended 31 March 2014.

Earnings per share for the financial year ended 31 March 2014 was HK51 cents, an increase of 2.0% as compared with last financial year. The growth in earnings enables the board to declare a higher final dividend of HK12 cents per share; taking the total for the financial year ended 31 March 2014 to HK15 cents per share, an increase of 15.3%, compared with HK13 cents for the last financial year ended 31 March 2013.

Dorsett recorded a hotel revaluation surplus (before minority interest) of approximately HK\$11.0 billion (HK\$9.5 billion as at 31 March 2013). This is attributable, in part, to the completion of Dorsett Tsuen Wan in Hong Kong during the year. As hotel assets were recorded at cost, the revaluation surplus was not recognized in the Company's consolidated financial statements. Adjusting for hotel revaluation surplus and minority interest, net asset value per share reached HK\$9.12, representing an increase of 7.9% as compared with HK\$8.45 as at 31 March 2013.



# MANAGING DIRECTOR'S REPORT

Consistent with the development of the Group's business, its asset value grew further as compared with that as at 31 March 2013. Adjusting for hotel revaluation surplus, total assets reached HK\$32.9 billion and net asset reached HK\$20.9 billion, representing an increase of 14.1% and 12.3% respectively as compared with that as at 31 March 2013. Despite the growth in development pipeline and asset base, the Group maintained a healthy net gearing ratio of 31.7%<sup>(i)</sup> as at 31 March 2014 (24.1% as at 31 March 2013).

The Group's strategy of achieving a balanced business portfolio is taking shape, with hotel division accounting for approximately 31.7% of consolidated revenue, property development 51.3%, and car park division 15.1%.

## PROPERTY DEVELOPMENT DIVISION

The Property Development Division recorded revenue of approximately HK\$2.1 billion (including sales in connection with Dorsett Residences Singapore of HK\$498 million which was part of Dorsett's revenue) for the financial year ended 31 March 2014.

During the financial year ended 31 March 2014, the Group launched 4 projects in total. Total sellable floor areas amounted to approximately 1,000,000 sq. ft.. Among these projects are Manhattan at Upper West Side in Melbourne, 684 Clear Water Bay in Hong Kong and View Pavilion in Shanghai. The Group also soft launched Dorsett Residence Bukit Bintang in Kuala Lumpur. Together with the other launched projects, the cumulative contracted presale value amounted to approximately HK\$4.7 billion as at 31 March 2014.

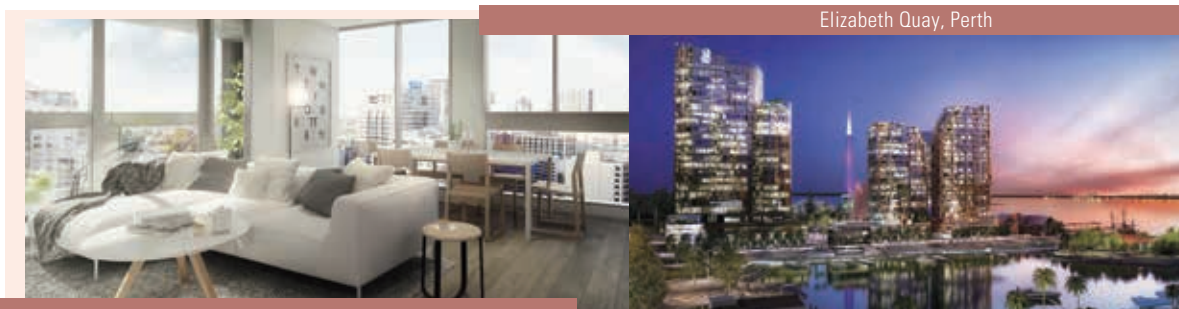
During Financial year ended 31 March 2014, the Group acquired the following 4 residential sites, of which total sellable floor areas added to the development pipeline is approximately 2.83 million sq. ft..

	Cost	Approximate Sellable Floor Area
The FIFTH site, Melbourne	AU\$10 million	280,000
250 Spencer Street, Melbourne	AU\$75 million	2,200,000
Sha Tau Kok site, Hong Kong	HK\$143 million	100,000
50 Marsh Wall, Canary Wharf, London	GBP16.65 million	250,000 <sup>(ii)</sup>

*Notes:*

(i) *Net gearing ratio calculated by dividing total debt and borrowings less cash and investment securities balances by carrying amount of total equity and revaluation surplus on hotel assets.*

(ii) *subject to planning approval*

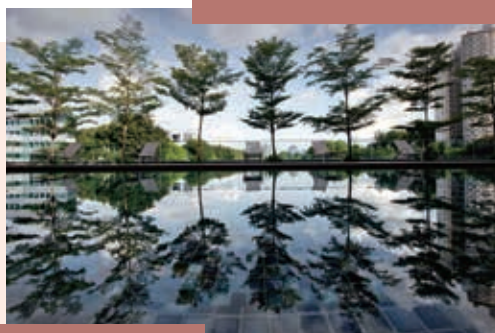


Elizabeth Quay, Perth

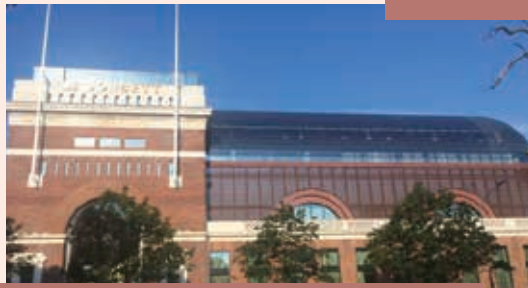
Post year end, the Group announced the hotel and residential development in Perth, known as Elizabeth Quay. The development will comprise a 200 rooms Ritz Carlton Hotel and residential apartments with sellable floor areas of approximately 320,000 sq. ft.. The Group also acquired 2 additional residential development sites which are located at Tai Wai, Hong Kong and at Manilla Street, Canary Wharf, London.

The Group's current development pipeline is very healthy and diversified. In the financial year ending 31 March 2015, the Group expects to launch 5 projects. These projects are Eivissa Crest (launched in June 2014) in Hong Kong, Phase 16 California Garden in Shanghai, Royal Riverside in Guangzhou, The FIFTH in Melbourne (launched in June 2014) and the residential development in the Elizabeth Quay site in Perth. The launches are subject to receiving the relevant authorities' presale consents and market conditions. Total sellable floor area of these 5 projects amounted to approximately 2 million sq. ft..

Consistent with the Group's overall strategic plan to expand its development pipeline and increase its recurring income base, on 23 June 2014, the Group signed a binding memorandum of understanding ("MOU") with Chow Tai Fook Enterprises Limited ("CTF") and Echo Entertainment Group Limited ("Echo") to create a consortium to bid for the development of an entertainment precinct and integrated resort at the Queen's Wharf Brisbane site in Australia. As part of the agreement, the Group and CTF will each contribute 25% of the capital to the development of the integrated resort, and together, will undertake the residential and related components of the development. Echo will contribute 50% of the capital of the integrated resort and act as the operator under a gaming operator agreement.



## MANAGING DIRECTOR'S REPORT (CONTINUED)



Dorsett Shepherds Bush, London



Dorsett Singapore

### HOTEL

The Group, through its 74.07% owned listed subsidiary, Dorsett Hospitality International Limited, ("Dorsett", together with its subsidiaries, "Dorsett Group") operates hotels business in Hong Kong, Malaysia, Mainland China, United Kingdom and Singapore.

The operational performance of Dorsett continued to record steady growth for the financial year ended 31 March 2014.

For the financial year ended 31 March 2014, Dorsett recorded revenue of approximately HK\$1.3 billion (excluding sales of HK\$498 million in connection with Dorsett Residences Singapore), representing an increase of 11.6% as compared with the last financial year.

For the financial year ended 31 March 2014, 57.0% of Dorsett's revenues was generated from Hong Kong, a key market and an important revenue contributor. The overall hotel performance for the year was affected by an increase in hotel room supply in Hong Kong market and the renovation of the flagship hotels in Hong Kong, namely the Cosmopolitan Hotel and the Lan Kwai Fong Hotel@Kau U Fong.

Dorsett continued to expand its hotel portfolio and network coverage with new hotel sites added to its development pipeline. In August 2013, Dorsett acquired a hotel in Jiangxi province in Mainland China which is close to the famous tourist destinations Lushan National Park in Jiujiang city. The hotel commenced operation in June 2014. In September 2013, Dorsett further acquired the "Walkabout" pub and restaurant building, which is located next to the Dorsett Shepherds Bush in London. The building will be redeveloped into hotel suites to complement the operation of Dorsett Shepherds Bush which commenced operation in June 2014.

The Group continues to monitor the market and will apply its strategy of recycling capital by disposing smaller hotel should opportunities arise. The addition of new hotel rooms will continue to drive the growth to the Group's recurring income business stream.

### CAR PARK AND FACILITY MANAGEMENT DIVISION

The division recorded a healthy organic growth with revenue increased by 8.1% to HK\$613 million.

As at 31 March 2014, the Group managed 21 self owned car parks with 5,700 car park bays and also managed 284 third party car parks with 47,700 car park bays.

The division is expanding its business to include facility and building management in Australia. During the financial year ended 31 March 2014, the Group obtained more than 10 building management contracts in Australia. The division is also exploring opportunities in Malaysia and recently signed a number of management contracts for car parks and retail facilities in the country. The division intends to further expand its operations geographically.



## INVESTMENT PROPERTY

The Group's investment property portfolio comprises mainly retail and office buildings in Melbourne, Shanghai, Hong Kong and Singapore. For the financial year ended 31 March 2014, revenues from the Group's property investment amounted to approximately HK\$59 million. The division has provided a stable and recurrent source of income to the group over the years.

The Group recognized a gain of HK\$259 million from the compulsory acquisition of Pearl's Centre in Singapore during the year.

## PROSPECT

The macro-economic environment for the property sector remains challenging as a result of the tightening measures in Mainland China, Hong Kong and South East Asia.

However, the Group's regionalisation strategy has resulted in a more balanced business mix and mitigated some risks associated with specific government tightening policies. The Group was also able to time its acquisition to take advantage of property cycles in different regions.

The Group has built a solid foundation in the past few years with clear medium term growth visibility. With the presales that the Group has locked in, and our pipeline projects, performance from property development is expected to be strong in the coming years.

The newly added hotels and the pipeline hotels will strengthen the recurring income stream of the Group. The car park and facility management division will also continue to grow as the division expands its operations and its geographic coverage.

Going forward, the Group will continue to take active steps to strengthen its residential property development pipeline and hotel portfolio and will also seek suitable expansion opportunities, such as the recently announced joint bid for the Queen's Wharf Brisbane development project in Australia. With a strong pipeline, the Group is well-positioned to continue to deliver long term shareholder value through dividend distribution and net asset value creation as demonstrated consistently in the past years.

### **Chris Cheong Thard HOONG**

*Managing Director*

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## **TAN SRI DATO' DAVID CHIU, B.SC.** **(EXECUTIVE DIRECTOR, CHAIRMAN AND CHIEF EXECUTIVE OFFICER)**

Tan Sri Dato' David CHIU, aged 60, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of various subsidiaries of the Company. Besides, he is a non-executive director of Dorsett Hospitality International Limited (formerly known as Kosmopolito Hotels International Limited, stock code: 2266, a subsidiary of the Company) and the chairman of the board of directors of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

In regard to his devotion to community services in China and Hong Kong, 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, a honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a counsellor of China-United States Exchange Foundation, a honorary chairman of Guangdong Chamber of Foreign Investors, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a member of Friends of Hong Kong Association Ltd, a member of Pacific Basin Economic Council and a director of three Ju Ching Chu Schools in Hong Kong. In Malaysia, Tan Sri Dato' David Chiu was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013. He is the brother of Mr. Dennis CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

### **MR. CHRIS CHEONG THARD HOONG, B.ENG., ACA** **(EXECUTIVE DIRECTOR AND MANAGING DIRECTOR)**

Mr. HOONG, aged 45, was appointed as an Executive Director of the Company in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 1371). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he is currently a non-executive director of the company. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is a director of various subsidiaries of the Company. He is also a non-executive director of Dorsett Hospitality International Limited (stock code: 2266, a subsidiary of the Company), a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange and a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

### **MR. DENNY CHI HING CHAN, EMBA** **(EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER)**

Mr. CHAN, aged 50, was appointed as an Executive Director of the Company in August 2012. He has been the Group's Chief Operating Officer since March 2004. He is responsible for the Hong Kong and the Mainland China based activities with emphasis on the commercial management, property and hotel development and investment, and project development. He also leads the sales and marketing team to oversee the strategy planning on the real estate business in Hong Kong and Mainland China. He joined the Company in 1990 as the Group Chief Accountant and promoted as the Group Financial Controller in 2002. From 1990 to 2003, he was responsible for the Group's financial, treasury and accounting functions. Mr. CHAN is a director of various subsidiaries of the Company. He is a non-executive director of Dorsett Hospitality International Limited (stock code: 2266, a subsidiary of the Company) and an independent non-executive director of Hidili Industry International Development Limited (stock code: 1393).

Prior to joining the Group, he was an audit manager of a big four international accounting firm with over ten years of audit experience. He has extensive experience in accounting and auditing of Hong Kong listed companies.

Mr. CHAN graduated from the City University of Hong Kong with an Executive Master Degree in Business Administration. He is a member of the Hong Kong Institute of Project Management and a fellow member of the Hong Kong Institute of Directors. He is also a member of China Real Estate Chamber of Commerce Hong Kong Chapter.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### MR. DENNIS CHIU, B.A. (EXECUTIVE DIRECTOR)

Mr. CHIU, aged 55, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. Mr. CHIU is a non-executive director of Fortune Oil PLC, a company listed on the stock exchange in London and a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

### MR. CRAIG GRENFELL WILLIAMS, B.ENG. (CIVIL) (EXECUTIVE DIRECTOR)

Mr. WILLIAMS, aged 62, was appointed as an Executive Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the Past President of the St. Kilda Road Campaign Inc. He is a director of various subsidiaries of the Company and a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

### MR. DANIEL TAT JUNG CHIU (NON-EXECUTIVE DIRECTOR)

Mr. CHIU, aged 53, was appointed as a Director of Far East Consortium Limited (the predecessor of the Company) in 1984. He has extensive experience in Mainland China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and Mainland China. Mr. CHIU is the major shareholder and vice chairman of Fortune Oil PLC, a company listed on the stock exchange in London. He is the founder of Harrow International School. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Dennis CHIU (Executive Director of the Company).

### MR. KWOK WAI CHAN (INDEPENDENT NON-EXECUTIVE DIRECTOR)

Mr. CHAN, aged 55, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities Institute and an associate member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).



**MR. PETER MAN KONG WONG, J.P.**  
**(INDEPENDENT NON-EXECUTIVE DIRECTOR)**

Mr. WONG, aged 65, was appointed as an Independent Non-executive Director of the Company in May 2007. He graduated from the University of California at Berkeley with a Bachelor of Science Degree and was an awardee of the “Young Industrialist Award of Hong Kong” in 1988. He has over 38 years of experience in industrial, commercial and public service. Mr. WONG is the chairman of M.K. Corporation Limited, North West Development Limited, Cultural Resources Development Co., Silk Road Hotel Management Co Ltd. and Silk Road Travel Management Ltd. He is an independent non-executive director of China Travel International Investment Hong Kong Limited (stock code: 308), Chinney Investments, Limited (stock code: 216), Glorious Sun Enterprises Limited (stock code: 393), MGM China Holdings Limited (stock code: 2282), New Times Energy Corporation Limited (stock code: 166), Sino Hotels (Holdings) Limited (stock code: 1221) and Sun Hung Kai & Co, Limited (stock code: 86). He is also a non-executive director of Hong Kong Ferry (Holdings) Company Limited (stock code: 50). Mr. WONG is a deputy of the 12th National People’s Congress of Mainland China. Mr. WONG was awarded the HKSAR Bronze Bauhinia Star in 2003.

**MR. KWONG SIU LAM**  
**(INDEPENDENT NON-EXECUTIVE DIRECTOR)**

Mr. LAM, aged 80, was appointed as an Independent Non-executive Director of the Company in September 2011. He was the delegate of the 10th National People’s Congress. Mr. LAM currently serves as the Vice Chairman of BOC International Holdings Limited, the Honorary Chairman of Hong Kong Federation of Fujian Association, the Life Honorary Chairman of Hong Kong Fukien Chamber of Commerce, the Vice Chairman of Fujian Hong Kong Economic Co-operation, the Life Honorary Chairman of the Chinese General Chamber of Commerce, Adviser of the Hong Kong Chinese Enterprises Association and the Honorary President of the Chinese Bankers Club of Hong Kong. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as “BOCI Capital Limited”) since July 2002. Currently, he is an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688), Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Properties Company Limited (stock code: 1628). Mr. LAM was awarded the HKSAR Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### **MR. BOSWELL WAI HUNG CHEUNG** **(CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY)**

Mr. CHEUNG, aged 43, joined the Company as Chief Financial Officer and Company Secretary in September 2010. He is responsible for all financial functions, company secretarial compliances and investors' relationship of the Company. Currently, he is also a director of certain subsidiaries of the Company, and an audit committee member of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

Prior to joining the Company, Mr. CHEUNG was chief operating officer and company secretary of Fook Woo Group Holdings Limited (now named as Integrated Waste Solutions Group Holdings Limited, stock code: 923), senior financial strategy advisor of China Pacific Insurance (Group) Co., Ltd. (stock code: 2601), an executive director and a non-executive director of Bright International Group Limited (now named as Dejin Resources Group Company Limited, stock code: 1163), and also held audit posts in Deloitte Touche Tohmatsu and Ernst & Young.

Mr. CHEUNG graduated in Scotland with a Bachelor's degree in Accounting in 1992, obtained a Master degree of Business Administration from University of Leicester in England in 1995 and a Master degree of Professional Accounting in 2007. Mr. CHEUNG is a Chartered Marketer of the Chartered Institute of Marketing in the United Kingdom, a non-practicing member of the HKICPA and a qualified accountant of CPA Australia.

# FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 March				
	2010	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Revenue	2,342,235	1,654,446	1,760,951	3,732,172	4,066,494
Profit before taxation	492,856	555,029	717,656	1,023,979	1,245,886
Income tax credit (expense)	(134,484)	(108,548)	(103,131)	54,391	(219,851)
Profit for the year	358,372	446,481	614,525	1,078,370	1,026,035
Earnings per Share	18 cents	21 cents	23 cents	50 cents	51 cents
<b>ASSETS AND LIABILITIES</b>					
	At 31 March				
	2010	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	13,135,051	15,168,734	16,393,315	19,418,094	21,985,291
Total liabilities	(6,913,272)	(7,249,941)	(7,893,306)	(10,267,634)	(12,034,461)
Minority interests	6,221,779	7,918,793	8,500,009	9,150,460	9,950,830
	(95,780)	(892,205)	(1,048,389)	(1,137,930)	(1,200,927)
Shareholders' funds	6,125,999	7,026,588	7,451,620	8,012,530	8,749,903

Note: The figures for the prior year 2009/10 have been restated pursuant to the adoption of the applicable Hong Kong Financial Reporting Standards.

# MANAGEMENT DISCUSSION AND ANALYSIS





# MANAGEMENT DISCUSSION AND ANALYSIS



The FIFTH, Melbourne

## FINANCIAL HIGHLIGHTS

- Revenue increased by 8.9% to approximately HK\$4.1 billion and gross profits increased by 51.2% to approximately HK\$1.6 billion.
- Cumulative contracted presale value of properties under development amounted to approximately HK\$4.7 billion as at 31 March 2014.
- Net assets attributable to shareholders was HK\$4.73 per share as at 31 March 2014. Adjusting for hotel revaluation surplus, net assets attributable to shareholders increased from HK\$8.45 per share to HK\$9.12 per share<sup>(i)</sup>.
- Net gearing ratio was at 31.7%<sup>(ii)</sup> and total cash and investment securities balances was at approximately HK\$3.2 billion as at 31 March 2014.
- Net profit attributable to shareholders increased by 1.2% to approximately HK\$914 million. Earnings per share amounted to HK\$0.51. Adjusting for a one-time net tax write back of HK\$144 million for the year ended 31 March 2013, net profit attributable to shareholders increased by 20.4%.
- Final dividend of HK\$0.12 per share was recommended for the year ended 31 March 2014 (2013: HK\$0.11 per share).

### Notes:

(i) Revaluation surplus on hotel assets of approximately HK\$10,954 million as at 31 March 2014 (HK\$9,459 million as at 31 March 2013) was not recognized in the Company's consolidated financial statements, but adjusted for calculation of net asset value per share and the net gearing ratio.

(ii) Net gearing ratio calculated by dividing total debt and borrowings less cash and investment securities balances by carrying amount of total equity and revaluation surplus on hotel assets.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

	For the year ended 31 March		Change
	2014 HK\$ million	2013 HK\$ million	
Revenue			
Sales of properties	2,087	1,946	7.2%
Hotel operations and management	1,287	1,153	11.6%
Car park operations and facility management	613	567	8.1%
Leasing of properties	59	62	(4.8%)
Others	20	4	
<b>Total Revenue</b>	<b>4,066</b>	<b>3,732</b>	<b>8.9%</b>
Gross Profit			
Sales of properties	729	231	215.6%
Hotel operation and management	652	650	0.3%
Car park operations and facility management	129	112	15.2%
Leasing and others	43	34	26.5%
<b>Total Gross Profit</b>	<b>1,553</b>	<b>1,027</b>	<b>51.2%</b>
Profit before tax	1,246	1,024	21.7%
Profit attributable to shareholders	914	903	1.2%
Earnings per share	HK51 cents	HK50 cents	
Dividend per share	HK15 cents	HK13 cents	

*Note: Sales of properties was adjusted to include sales and gross profit margin in connection with Dorsett Residences Singapore of HK\$498 million and of HK\$147 millions respectively, which was part of Dorsett's revenue and gross profit.*



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



### 1. ANNUAL RESULTS

The Company's consolidated revenue for the financial year ended 31 March 2014 was approximately HK\$4,066 million, an increase of 8.9% as compared with last financial year.

Revenue from sales of properties amounted to approximately HK\$2,087 million for the financial year ended 31 March 2014, an increase of 7.2% as compared with last financial year. Dorsett Residences, Singapore, The Royal Crest, Shanghai, Upper West Side (Stage 2), Melbourne and the remaining units in Upper West Side (Stage 1), Melbourne contributed primarily to the sales of properties during the year.

Revenue from hotel operations and management contributed approximately HK\$1,287 million to the Company's total revenue this year while car park operations and facility management contributed approximately HK\$613 million to the Company's total revenue, an increase of 11.6% and 8.1% respectively compared to the last financial year. Revenue relating to property investment decreased by approximately HK\$3 million.

Gross profit and net profit before tax of the Company for the financial year ended 31 March 2014 were approximately HK\$1,553 million and HK\$1,246 million respectively, an increase of 51.2% and 21.7% respectively as compared with last financial year.

Net profit attributable to shareholders of the Company for the financial year ended 31 March 2014 amounted to approximately HK\$914 million, an increase of 1.2% as compared with last financial year.

For the financial year ended 31 March 2013, approximately HK\$458 million gain was recognized from the disposal of a subsidiary holding Dorsett Hotel Kennedy Town, located in Hong Kong and there was a net tax write back of approximately HK\$144 million. Neither item was repeated in the financial year ended 31 March 2014. Despite of these, the Group recorded an increase in net profit before tax and profit after tax primarily due to increase in completion of residential development projects and higher profit margin from residential development and a gain of approximately HK\$259 million from the compulsory acquisition of Pearl's Centre, Singapore by the Singapore authority.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 2. LIQUIDITY AND FINANCIAL RESOURCES

The following table sets out the Group's bank and cash balances, balances relating to investment securities (which were considered as cash equivalent items due to its easily-monetized nature), bank loans and borrowings and equity as at 31 March 2014.

	As at 31.3.2014 HK\$ million	As at 31.3.2013 HK\$ million
Bank loans, bonds and borrowings <sup>(i)</sup>		
Due within 1 year	2,848	3,636
Due 1 – 2 years	2,717	1,797
Due 2 – 3 years	2,881	1,756
Due more than 3 years	1,393	755
	9,839	7,944
Investment securities	(1,060)	(290)
Bank and cash balances	(2,147)	(3,167)
Net debts <sup>(ii)</sup>	6,632	4,487
Carrying amount of the total equity	9,951	9,150
Add: hotel revaluation surplus	10,954	9,459
Total equity adjusting for hotel revaluation surplus	20,905	18,609
Net gearing ratio	31.7%	24.1%

*Notes:*

(i) Based on scheduled repayment date set out in the loan agreement.

(ii) Total bank loans, bonds and borrowings less investment securities, bank and cash balances.

In order to better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable fixed income securities during the year. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Adjusting for the unrecognized hotel revaluation surplus, the Group's total consolidated equity as at 31 March 2014 was approximately HK\$20,905 million, an increase of 12.3% as compared with that as at 31 March 2013. Compared with the net debt as at 31 March 2014, the net gearing ratio of the Group was 31.7%.

The carrying amounts of the borrowings in the consolidated statement of financial position as at 31 March 2014 include an amount of approximately HK\$1,463 million (as at 31 March 2013: HK\$1,115 million) which were not repayable within one year. However, where counterparties have discretionary right to demand immediate repayment, such borrowings have been shown as current liabilities.

A number of residential projects are due for completion post financial year end and this has generated and will generate significant cashflow stream to the Group. Together with the available credit facilities, the Group believes that it has sufficient financial capacity to meet all the Group's funding and operational needs of its business.

### 3. NET ASSET VALUE PER SHARE

	As at 31 March 2014 HK\$ million	As at 31 March 2013 HK\$ million
Equity attributable to shareholders of the Company	8,750	8,013
Add: Hotel revaluation surplus (adjusted for minority shareholders' interests)	8,114	6,929
Total net asset value	16,864	14,942
No. of shares issued (million)	1,850	1,769
Net asset value ("NAV") per share	HK\$9.12	HK\$8.45

Adjusting for revaluation surplus on hotel assets as at 31 March 2014 of approximately HK\$10,954 million (HK\$9,459 million as at 31 March 2013) and minority shareholders' interests, NAV per share for the Company as at 31 March 2014 was approximately HK\$9.12.

#### 4. CAPITAL COMMITMENTS

	For the year	
	2014	2013
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of		
hotel properties	153,281	768,622
Others	107,679	12,180
	260,960	780,802
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	22,750	27,673
Others	16,474	16,474
	39,224	44,147
	300,184	824,949



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



### BUSINESS REVIEW

#### 1. PROPERTY DEVELOPMENT AND INVESTMENT

Property development and property investment is one of the Group's 3 core businesses.

The Group has a diversified portfolio in residential property development in Australia, Shanghai, Guangzhou, Hong Kong, London, Kuala Lumpur and Singapore. To carry out property developments in the various markets, the Group has established strong local teams in each of these markets. The regionalization approach to this business allows the Group to take advantage of the property cycles in the different market. This strategy has resulted in a relatively low land cost base for the Group's development projects. Most of the Group's property developments are focused in mass residential market where the Group can benefit from the growing affluence of the middle class.

During the financial year ended 31 March 2014, the Group acquired 4 residential development sites, namely (i) The FIFTH site and (ii) The 250 Spencer Street site, both of which are located in central business district of Melbourne adjacent to the Group's Upper West Side development, (iii) the Sha Tau Kok residential site, Hong Kong, which was acquired through a government tender and (iv) a residential development site in Marsh Wall, Canary Wharf, London. The 4 acquisitions, which amounted to approximately HK\$1 billion, are expected to add approximately 4,000 apartments to the Group's development pipeline. As at 31 March 2014, the sellable floor areas in the Group's property development pipeline reached approximately 11 million sq. ft., which is sufficient for the Group's development in the coming 6 to 7 years. Post financial year end, the Group acquired 2 additional residential development sites which are located in Tai Wai, Hong Kong and in Manilla Street, Canary Wharf, London. The Group also reached an agreement to acquire a development site in Elizabeth Quay in Perth, Australia.

During the financial year ended 31 March 2014, the Group launched presales/soft marketing of 4 new residential development projects with total sellable floor areas of approximately 1 million sq. ft.. These projects are Upper West Side (Stage 4) in Melbourne, View Pavilion in Shanghai, Dorsett Residences Bukit Bintang in Kuala Lumpur and 684 Clearwater Bay Road in Hong Kong.

A subsidiary that owned 684 Clearwater Bay Road project was sold during the financial year and the gain was recognized as gain on disposal of a subsidiary during the financial year. As for Dorsett Residences Bukit Bintang, as only bookings for sale were taken during the soft marketing, no contracted presale was recorded. The Group expects actual presale will be recorded in the coming financial year.

A breakdown of contracted presale value of residential properties under development as at 31 March 2014 is set out below:

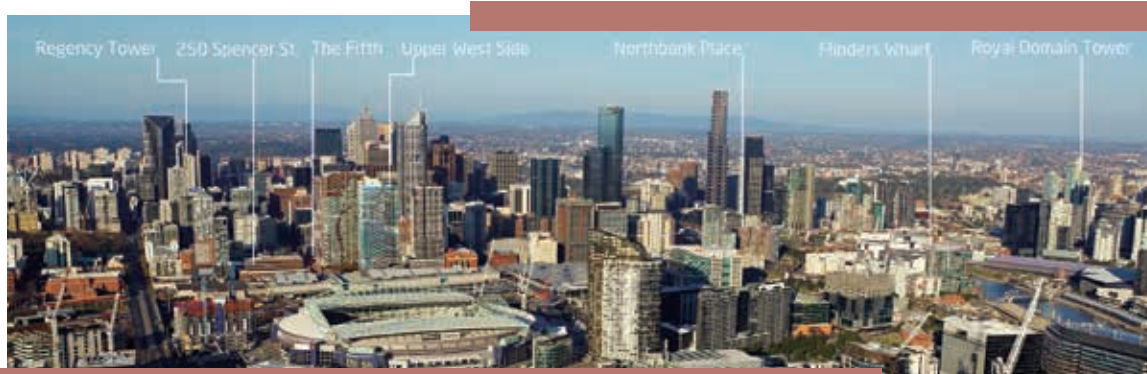
Developments	Location	Contracted presale value (HK\$ million)
Upper West Side Stage 2	Melbourne	1,248
Upper West Side Stage 3	Melbourne	826
Upper West side Stage 4	Melbourne	1,512
Star Ruby	Hong Kong	518
Sevilla Crest	Hong Kong	206
View Pavilion	Shanghai	393
Total presale value as at 31 March 2014		4,703

Note: Dorsett Waterfront, Malaysia which is a joint venture arrangement is excluded from the table above.

As at 31 March 2014, total cumulative contracted presale value of residential properties underdevelopment amounted to approximately HK\$4,703 million. Completion and delivery of the developments are expected to take place in the next 3 years. As revenue will only be recognized when sales of property development are completed, the above presale was not reflected in the consolidated income statement.

Currently the Group has a total of 22 active residential development projects with approximately 6.4 million sq. ft. in sellable floor areas under various stages of development across the regions.

Five new projects are earmarked for presale for the financial year ending 31 March 2015. These are (i) Eivissa Crest in Hong Kong, (ii) The FIFTH in Melbourne, (iii) Royal Riverside in Guangzhou, (iv) California Garden Phase 16 in Shanghai and (v) the residential development in the Elizabeth Quay Site in Perth. Total sellable areas of these 5 projects are expected to be approximately 2 million sq. ft.. Together with the inventory in the launched projects, total value of sellable units amounted to approximately HK\$17 billion.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



250 Spencer Street, Melbourne

**Australia**

Upper West Side project is a high rise residential development, located at central business district in Melbourne phased in 4 stages. Stage 1 was completed in financial year ended 31 March 2013. Stage 2 (“Madison at Upper West Side”) consisting 584 apartments have been sold and handed over to purchasers starting from March 2014. Stage 3 (“Midtown at Upper West Side”) and Stage 4 (“Manhattan at Upper West Side”) consisting of 282 apartments and 641 apartments respectively are under construction and are expected to be completed in financial year ending 31 March 2016 and 2017 respectively. As at 31 March 2014, presale value of Stage 3 and Stage 4 were approximately HK\$826 million and HK\$1,512 million respectively, representing approximately 98% and 71% of the presale value of the developments respectively.

In April 2013, a piece of land (to be developed and named as “The FIFTH”) with site area of approximately 12,000 sq. ft. adjacent to the current Upper West Side development was added to the residential development portfolio. The FIFTH has a total of approximate 400 apartments and the soft launch of the project has commenced.

In June 2013, the Group acquired another piece of land (known as The 250 Spencer Street Site), located next to the Upper West Side development with site area of approximately 1.176 hectare. The 250 Spencer Street Site is currently with a planning permit for residential development with a total sellable area of approximately 2.2 million sq. ft.. The project is expected to consist of approximately 3,000 residential apartments and will be developed in phases.

Post financial year end in June 2014, the Group was selected to be the developer of a prestigious residential and hotel project in Elizabeth Quay, Perth. The mixed use project is expected to consist of 2 towers comprising a 5 star Ritz Carlton hotel and residential and commercial units. Subject to planning permit approval, the residential component of the development is expected to consist of approximately 320,000 sq. ft. in sellable floor area.

Consistent with the Group’s overall strategic plan to expand its development pipeline and increase its recurring income base, on 23 June 2014, The Group signed a binding memorandum of understanding (“MOU”) with Chow Tai Fook Enterprises Limited (“CTF”) and Echo Entertainment Group Limited (“Echo”) to create a consortium to bid for the development of an entertainment precinct and integrated resort at the Queen’s Wharf Brisbane site. Under the MOU, the consortium will develop and jointly submit a proposal for the Queen’s Wharf Brisbane project. As part of the agreement, CTF and the Group will each contribute twenty five per cent of the capital to the development of the integrated resort and together, will also undertake the residential and related components of the broader Queen’s Wharf Brisbane development. Echo will contribute fifty per cent of the capital to the development of the integrated resort and act as the operator under a long dated gaming operator agreement.

**Mainland China**

In Shanghai, California Garden is a township development, comprising a diversified portfolio of residences including low rise apartments, high rise apartments and town houses. During the financial year ended 31 March 2014, one of the phases in California Garden, namely The Royal Crest which consists of 288 residential apartments (approximately 270,000 sq. ft. in sellable area) was completed.

Currently, in California Garden, 3 residential developments consisting of approximately 1,000 units including residential apartments and town houses with total sellable area of approximately 1.3 million sq. ft. are under construction. View Pavilion which consists of 306 apartments was launched with the other phases (Phase 16 and The Royal Crest II) to be followed.

View Pavilion is expected to be completed in financial year ending 31 March 2015. As at 31 March 2014, the presale value of View Pavilion was approximately HK\$393 million, representing approximately 37% of the development.

Phase 16 consists of 479 apartments and 90 town houses and The Royal Crest II consists of 180 apartments and 42 town houses. Phase 16 and The Royal Crest II are expected to be completed in financial year ending 31 March 2016 and 2017 respectively.

In Guangzhou, Royal Riverside is a 5 residential buildings development with approximately 600 high rise apartments. Total sellable area is approximately 700,000 sq. ft.. The development is expected to be completed in financial year ending 31 March 2016. Presale is expected to commence in financial year ending 31 March 2015.

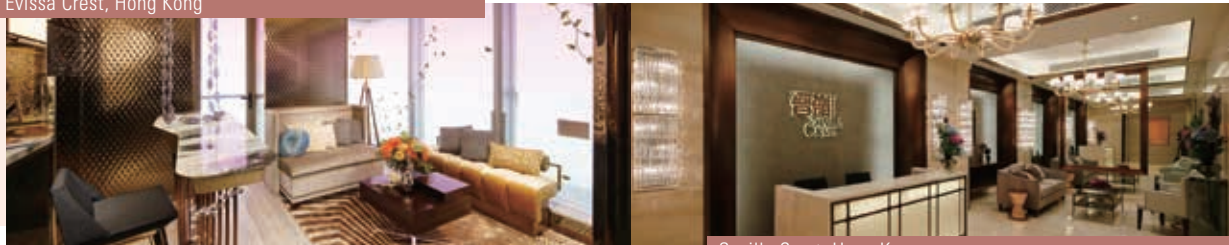
Phase 16, California Garden, Shanghai



View Pavilion, California Garden, Shanghai

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Evisia Crest, Hong Kong



Sevilla Crest, Hong Kong

**Hong Kong**

The Group has been actively building its development pipeline in Hong Kong. The Group continues to increase its land bank through acquisition of redevelopment sites as well as participating in government tender.

Following the acquisition of a residential redevelopment site in Wong Tai Sin, Kowloon which consists of approximately 70,000 sq. ft. in sellable floor area in November 2012, the Group acquired a residential development site located at Sha Tau Kok, New Territories through a government tender in October 2013 at the price of HK\$143 million. This development consists of approximately 100,000 sq. ft. in sellable area with a plan of no less than 240 low rise apartments. Post financial year end in April 2014, the Group acquired another residential development site at Tai Wai through government tender at the price of HK\$148 million. Gross floor areas of the Tai Wai development is approximately 47,000 sq. ft.. All of these newly acquired residential development sites are now under various stages of planning and development.

Star Ruby is a residential property development located at Hunghom, Kowloon. This development comprises of 124 high rise apartments with approximately 45,000 sq. ft. in sellable area. As at 31 March 2014, presale value reached approximately HK\$518 million, representing approximately 75% of the development. Completion is expected to take place in financial year ending 31 March 2015.

Sevilla Crest is a residential property development located at Sham Shui Po, Kowloon. This residential development consists of approximately 30,000 sq. ft. in sellable floor area. As at 31 March 2014, presale value reached approximately HK\$206 million, representing 42% of the development. Completion is expected to take place in financial year ending 31 March 2015.

Evisia Crest located at Hill Road, Hong Kong Island, consists of 106 residential apartments with approximately 36,000 sq. ft. in sellable floor area. The project was launched for presale in May 2014 and completion is expected to take place in financial year ending 31 March 2016.

A planning approval was obtained from Town Planning Board for a residential development located in Fung Lok Wai, Yuen Long in November 2013. This residential development consists of a total floor area of approximately 1.6 million sq. ft.. The Group has 25.33% interests in the development. This development is currently under planning stage.

Star Ruby, Hong Kong





Marsh Wall, London



### ***London, United Kingdom***

A residential development site in Marsh Wall, Canary Wharf was acquired in January 2014 at the price of GBP16.7 million. Subject to planning permit approval, the Group intends to build a residential tower with approximately 250,000 sq. ft. in sellable floor area on the site. In June 2014, the Group also entered into an agreement to acquire a site adjacent to the Marsh Wall site at the price of GBP6.5 million. Both sites are currently under planning stage. Leveraging on the momentum of the growth of the development pipeline and the expertise it has developed, the Group will continue to acquire and increase its landbank in London.

### ***Malaysia***

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development, which consists of 252 high rise apartments with approximately 220,000 sq. ft. in sellable area, was soft launched in October 2013. Completion is expected to take place in financial year ending 31 March 2017.

### ***Investment Properties***

The Group's investment properties comprise mainly retail and office buildings located in Shanghai, Hong Kong and Australia. As at 31 March 2014, investment properties were valued at approximately HK\$2.7 billion. A fair value gain of approximately HK\$234 million was recorded in respect of the Group's investment properties during the financial year ended 31 March 2014. It was mainly attributable to the completion of retail properties located at Dorsett Residences in Singapore and stage 1 of Upper West Side in Melbourne, Australia.

Dorsett Bukit Bintang, Kuala Lumpur



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 2. HOTEL OPERATIONS AND MANAGEMENT – DORSETT HOSPITALITY INTERNATIONAL LIMITED

The Group, through its 74.07% owned listed subsidiary, Dorsett, operates its hotel business. The following table shows the operating data of its owned hotels during the financial year.

	For the year ended	
	31 March	
	2014	2013
<b>Hong Kong</b>		
Occupancy rate	93.9%	93.3%
Average room rate (HK\$)	942	997
RevPAR (HK\$)	885	930
<b>Mainland China</b>		
Occupancy rate	54.3%	70.2%
Average room rate (HK\$)	573	549
RevPAR (HK\$)	311	385
<b>Malaysia</b>		
Occupancy rate	68.8%	68.4%
Average room rate (HK\$)	519	498
RevPAR (HK\$)	357	341
<b>Singapore</b>		
Occupancy rate	67.2%	–
Average room rate (HK\$)	1,275	–
RevPAR (HK\$)	857	–
<b>Group Total</b>		
Occupancy rate	76.7%	81.5%
Average room rate (HK\$)	786	799
RevPAR (HK\$)	603	651



For the financial year ended 31 March 2014, the average room rate (“ARR”) of owned hotels in Hong Kong decreased by 5.5% while the occupancy (“OCC”) recorded a marginal increase of 0.6% points. The revenue per available room (“RevPAR”) was HK\$885, down by 4.8% from the last financial year. Hong Kong is the key market and revenue contributor which was adversely affected mainly by increased supply of room inventories and the renovation of the flagship hotels in Hong Kong, namely the Cosmopolitan Hotel and the Lan Kwai Fong Hotel. Despite these challenges, concerted sales and marketing efforts to expand the distribution channel and the ongoing strategy to adjust its guest profile has enabled the operation in Hong Kong to withstand the pressure and the group is expected to continue to produce solid results.

In Mainland China, ARR increased by 4.4% but the OCC declined by 15.9% points for the financial year ended 31 March 2014, mainly due to the lower OCC of the newly opened Dorsett Grand Chengdu and hence the RevPAR declined by 19.2%. The Group expects that the operation of Dorsett Grand Chengdu will improve in the coming years and contribute positively to the overall performance of the region.

In Malaysia, RevPAR performance continued its momentum of steady growth by 4.7% to HK\$357 largely attributable to the strong performance of Dorsett Grand Labuan and Dorsett Grand Subang. The OCC performance improved by 0.4% points to 68.8% and the ARR improved by 4.2% to HK\$519 as compared with last financial year.

Dorsett Singapore was opened in the end of March 2013. RevPar reached HK\$857. The OCC and ARR performance were 67.2% and HK\$1,275 respectively. The Singapore performance had produced positive contributions to the Group for the year ended 31 March 2014 and the Group expects it will continue its strong contribution in the coming years.

Dorsett continued to expand its hotel portfolio and its network coverage.

In August 2013, Dorsett acquired a hotel property in Jiangxi province, Mainland China at the price of RMB176 million. The hotel property is located within the vicinity of the famous Lushan National Park in Jiujiang city, which is one of the most famous tourist destinations in Mainland China. The hotel consisting of 297 rooms commenced its operation in June 2014.

In line with Dorsett’s “Chinese Wallet” strategy to capture the market share for the increasing outbound Chinese travelers, in September 2013, Dorsett acquired the “Walkabout” pub and restaurant building, which is located next to the Dorsett Shepherds Bush in London. Dorsett intended to convert the property into hotel rooms which would complement the operation of its Dorsett Shepherds Bush which consists of 317 rooms and commenced its operation in June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In Hong Kong, Dorsett Tsuen Wan commenced its operation in February 2014. The hotel consists of 547 rooms. As at 31 March 2014, Dorsett operated 18 owned hotels (9 in Hong Kong, 5 in Malaysia, 3 in Mainland China and 1 in Singapore) with approximately 5,400 rooms and had 7 owned hotels in the development pipeline (1 in Hong Kong, 3 in Mainland China, 3 in United Kingdom). When all the pipeline hotels became operational, the Group would operate 25 owned hotels with approximately 7,400 rooms.

As at 31 March 2014, Dorsett managed 2 third party hotels under management contracts in Hong Kong with approximately 237 rooms. In November 2013, Dorsett entered into management contracts to manage 4 hotels with total of approximately 1,000 rooms in Malaysia. The management contracts will provide the platform for further expansion of Dorsett Group's network in South East Asia and provide steady income stream in the future.

### 3. CAR PARK OPERATIONS AND FACILITY MANAGEMENT

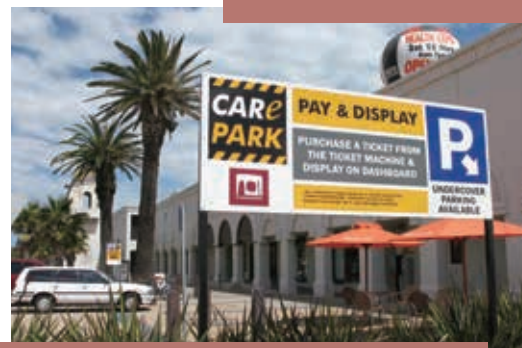
The Group's car park and facility management business includes car park ownership and operations and property management services.

The division is involved in managing both third party owned car parks and self owned car parks. For the financial year ended 31 March 2014, revenue generated from this operations reached approximately HK\$613 million, representing an increase of 8.1%, as compared with that of last financial year. The car park operations achieved steady growth and are expected to continue to contribute the recurring income of the Group.

As at 31 March 2014, the portfolio consisted 305 car parks with approximately 53,400 car parking bays under management. Of these, 21 were self owned car parks (19 in Australia and 2 in Kuala Lumpur) and comprises approximately 5,700 car parking bays (approximately 3,500 in Australia and 2,200 in Kuala Lumpur). The remaining car park portfolio consists of approximately 47,700 car park bays in Australia and New Zealand, which are under management contracts entered into with third party car park owners. Third-party owners included local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

During the financial year ended 31 March 2014, the Group added a net total of 26 car parks under management with an increase of approximately 3,300 car parking bays.

This division is expanding its geographical coverage which will strengthen the Group's recurring income business. During the financial year ended 31 March 2014, the division expanded its operation to include property management services via an acquisition of a Melbourne-based company. Currently the division has 10 property management contracts in Australia (mainly in Brisbane, Melbourne and Adelaide) and 1 contract in Johor Bahru, Malaysia.



# DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are engaged in property development and investment, hotel operation and management, car park operation, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures at 31 March 2014 are set out in notes 50, 21 and 22 to the consolidated financial statements, respectively.

## RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 59.

An interim dividend of HK3 cents per Share amounting to approximately HK\$55,132,516 was paid to the Shareholders during the year. The Directors recommended the payment of a final dividend for the year of HK12 cents (2013: HK11 cents) per Share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid to the Shareholders whose names appear on the Company's Register of Members on 11 September 2014. The Proposed Final Dividend will be paid in the form of a scrip dividend with Shareholders 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 Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2014 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 on the Stock Exchange for the 5 trading days prior to and including 11 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 22 September 2014. Dividend warrants and/or new share certificates will be posted on or around 24 October 2014.

## CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:—

### (A) FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE 2014 AGM

As set out above, the 2014 AGM is scheduled to be held on Thursday, 28 August 2014. For determining the entitlement to attend and vote at the 2014 AGM, the Register of Members of the Company will be closed from Tuesday, 26 August 2014 to Thursday, 28 August 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2014 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 25 August 2014.

## DIRECTORS' REPORT (CONTINUED)

### (B) FOR DETERMINING THE ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

As stated above, the Proposed Final Dividend is subject to the approval of Shareholders at the 2014 AGM. For determining the entitlement to the Proposed Final Dividend, the Register of Members of the Company will also be closed from Monday, 8 September 2014 to Thursday, 11 September 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 5 September 2014.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 17.

### DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to Shareholders at 31 March 2014, amounted to approximately HK\$651,024,000 (2013: HK\$676,528,000), representing the retained profits.

### INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2014. The increase in fair value of investment properties, which has been credited directly to consolidated income statement, amounted to HK\$29,994,000.

Details of these and other movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$873,182,000 on development and refurbishment of hotel properties.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17.

### MAJOR PROPERTIES

Details of the major properties of the Group at 31 March 2014 are set out on pages 144 to 161.

### SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 38 to the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

### EXECUTIVE DIRECTORS

Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)

Mr. Chris Cheong Thard HOONG

Mr. Denny Chi Hing CHAN

Mr. Dennis CHIU

Mr. Craig Grenfell WILLIAMS

### NON-EXECUTIVE DIRECTOR

Mr. Daniel Tat Jung CHIU

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Wai CHAN

Mr. Peter Man Kong WONG

Mr. Kwong Siu LAM

Pursuant to the provisions of the Articles, Mr. Craig Grenfell WILLIAMS, Mr. Daniel Tat Jung CHIU and Mr. Kwong Siu LAM shall retire by rotation at the 2014 AGM and are eligible to offer themselves for re-election in the meeting. Mr. Daniel Tat Jung CHIU has indicated to the Company that he will not offer himself for re-election and will therefore retire at the 2014 AGM whereas Mr. Craig Grenfell WILLIAMS and Mr. Kwong Siu LAM will offer themselves for re-election at the 2014 AGM.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2014 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

## DIRECTORS' REPORT (CONTINUED)

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

### CONTINUING CONNECTED TRANSACTIONS

#### HOTEL MANAGEMENT CONTRACT

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

The contracts have an initial term of three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.

The annual fees receivable by Subang Jaya pursuant to the terms and conditions of the above hotel management contracts comprise:

- Base management fees – 1.5% on the annual adjusted gross revenues of the hotels
- Incentive fees – 6% on the annual gross operating profit of the hotels

The Company is the Controlling Shareholder of Dorsett. Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an Associate of Tan Sri Dato' David CHIU, who is an executive Director, Chairman and Controlling Shareholder of the Company. 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 HK\$1.0 million and more than 0.1% but less than 5% for at least one of the applicable percentage ratios of the Company, the Transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

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

The Independent Non-executive Directors have reviewed the continuing connected transactions and confirmed that the Transaction has 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 agreement governing them on the 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 Rule 14A.38 of the Listing Rules. A copy of the auditor's letter will be provided by the Company to the Stock Exchange.

- (i) has received the approval of the Board;
- (ii) has been entered into in accordance with the relevant agreement governing the Transactions; and
- (iii) has not exceeded the cap disclosed in the announcement of the Company dated 26 November 2013.

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 46 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

As at 31 March 2014, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

### A. THE COMPANY

#### A.1 Long position in the ordinary shares

Name of director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	14,384,757	0.78%
	Interest of spouse	582,830 <sup>(i)</sup>	0.03%
	Interest of controlled corporations	765,447,787 <sup>(i)</sup>	41.39%
Chris Cheong Thard HOONG	Beneficial owner	2,093,033	0.11%
	Joint interest	404,245 <sup>(ii)</sup>	0.02%
Denny Chi Hing CHAN	Beneficial owner	2,800,000	0.15%
Dennis CHIU	Beneficial owner	3,111	0.00%
	Interest of controlled corporations	5,458,621 <sup>(iii)</sup>	0.30%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 <sup>(iv)</sup>	0.21%

**DIRECTORS' REPORT (CONTINUED)***Notes:*

- (i) 765,434,763 shares were held by Sumptuous Assets Limited and 13,024 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 582,830 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) 404,245 shares were held by Mr. Chris Cheong Thard HOONG jointly with his wife.
- (iii) 1,581,403 shares were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 3,877,218 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iv) These shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and were entirely duplicated and included in the interest of controlled corporations of Mr. Dennis CHIU.

\* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2014.

**A.2 Long position in the underlying shares – physically settled unlisted equity derivatives**

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	10,400,000	0.56%
Denny Chi Hing CHAN	Beneficial owner	3,500,000	0.19%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in the below section headed "Share Option Scheme".

\* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 31 March 2014.

**A.3 Debentures**

As at 31 March 2014, Tan Sri Dato' David CHIU owned the 5.875% CNY Bonds 2016 issued by the Company in the principal amount of CNY30,700,000 through his controlled corporation, Precious Stone Properties Limited.

## B. ASSOCIATED CORPORATIONS

### B.1 Long position in the ordinary shares

Name of director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
David CHIU	Dorsett	Interest of spouse	8,861 <sup>(i)</sup>	0.00%
		Interest of controlled corporations	1,562,124,494 <sup>(i)</sup>	74.46%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 <sup>(ii)</sup>	25.00%
Chris Cheong Thard HOONG	Dorsett	Joint Interest	4,242 <sup>(iii)</sup>	0.00%
Denny Chi Hing CHAN	Dorsett	Beneficial owner	3,000	0.00%
Dennis CHIU	Dorsett	Beneficial owner	31	0.00%
		Interest of controlled corporations	79,380 <sup>(iv)</sup>	0.00%
Daniel Tat Jung CHIU	Dorsett	Interest of controlled corporation	58,158 <sup>(v)</sup>	0.00%
Craig Grenfell WILLIAMS	Care Park	Beneficiary of a discretionary trust	825 <sup>(vi)</sup>	8.25%

*Notes:*

- (i) 8,244,844 shares in Dorsett were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,553,879,650 shares in Dorsett were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 42.2% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in Dorsett. 8,861 shares in Dorsett were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.
- (iii) These shares were held by Mr. Chris Cheong Thard HOONG jointly with his wife.
- (iv) 21,222 shares in Dorsett were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 58,158 shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (v) These shares in Dorsett were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and were entirely duplicated and included in the interest of controlled corporations of Mr. Dennis CHIU.
- (vi) These shares in Care Park were held by Chartbridge Pty Ltd in its capacity as the trustee of The Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of The Craig Williams Family Trust, was deemed to be interested in these shares.

\* The percentage represents the number of ordinary shares interested divided by the respective associated corporations' issued shares as at 31 March 2014.

## DIRECTORS' REPORT (CONTINUED)

**B.2 Long position in the underlying shares of Dorsett – physically settled unlisted equity derivatives**

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of Dorsett's issued share capital*
Chris Cheong Thard HOONG	Beneficial owner	2,836,363	0.14%
Denny Chi Hing CHAN	Beneficial owner	3,545,454	0.17%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in the below section headed "Share Option Scheme".

\* The percentage represents the number of underlying shares interested divided by Dorsett's issued shares as at 31 March 2014.

Save as disclosed above, none of the directors of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2014.

**SHARE OPTION SCHEME****(A) FECIL SHARE OPTION SCHEMES**

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's old share option scheme adopted on 28 August 2002 was expired on 28 August 2012. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the shareholders of the Company on 31 August 2012.

## DIRECTORS' REPORT (CONTINUED)

The following table discloses movements in the Company's share option during the year:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2014	Exercise period*	
			Outstanding at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year			
<b>Directors</b>									
Chris Cheong Thard HOONG	08.05.2009	1.500	1,850,000	-	(1,850,000)	-	-	16.09.2009-15.09.2019	
			1,850,000	-	(150,000)	-	1,700,000	16.09.2010-15.09.2019	
			1,850,000	-	-	-	1,850,000	16.09.2011-15.09.2019	
			1,850,000	-	-	-	1,850,000	16.09.2012-15.09.2019	
	27.03.2013	2.550	750,000	-	-	-	750,000	01.03.2014-28.02.2020	
			1,000,000	-	-	-	1,000,000	01.03.2015-28.02.2020	
			1,250,000	-	-	-	1,250,000	01.03.2016-28.02.2020	
			2,000,000	-	-	-	2,000,000	01.03.2017-28.02.2020	
				12,400,000	-	(2,000,000)	-	10,400,000	
	Denny Chi Hing CHAN	21.10.2004	2.075	500,000	-	(500,000)	-	-	01.01.2007-20.10.2014
1,800,000				-	(1,800,000)	-	-	01.01.2008-20.10.2014	
2,000,000				-	(2,000,000)	-	-	01.01.2009-20.10.2014	
27.03.2013		2.550	525,000	-	-	-	525,000	01.03.2014-28.02.2020	
			700,000	-	-	-	700,000	01.03.2015-28.02.2020	
			875,000	-	-	-	875,000	01.03.2016-28.02.2020	
			1,400,000	-	-	-	1,400,000	01.03.2017-28.02.2020	
				7,800,000	-	(4,300,000)	-	3,500,000	
<b>Other employees in aggregate</b>	21.10.2004	2.075	250,000	-	-	-	250,000	01.11.2004-20.10.2014	
			425,000	-	(100,000)	-	325,000	01.01.2006-20.10.2014	
			1,075,000	-	(600,000)	-	475,000	01.01.2007-20.10.2014	
			2,275,000	-	(700,000)	-	1,575,000	01.01.2008-20.10.2014	
			2,975,000	-	(500,000)	-	2,475,000	01.01.2009-20.10.2014	

## DIRECTORS' REPORT (CONTINUED)

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2014	Exercise period*
			Outstanding at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year		
<b>Other employees in aggregate</b> (continued)	25.08.2006	3.290	450,000	-	-	-	450,000	01.01.2009–24.08.2016
			500,000	-	-	-	500,000	01.01.2010–24.08.2016
	27.03.2013	2.550	1,125,000	-	-	-	1,125,000	01.03.2014–28.02.2020
			1,500,000	-	-	-	1,500,000	01.03.2015–28.02.2020
			1,875,000	-	-	-	1,875,000	01.03.2016–28.02.2020
			3,000,000	-	-	-	3,000,000	01.03.2017–28.02.2020
			15,450,000	-	(1,900,000)	-	13,550,000	
<b>Total</b>			35,650,000	-	(8,200,000)	-	27,450,000	

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at the date of this annual report, the total number of Shares available for issue under FECIL Share Option Schemes is 156,975,707, representing approximately 8.48% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 48 to the consolidated financial statements.

**(B) DORSETT SHARE OPTION SCHEME**

Dorsett Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Dorsett Share Option Scheme include directors of Dorsett (including executive directors, non-executive directors and independent non-executive directors) and employees of the Dorsett and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of Dorsett considers, in its sole discretion, have contributed or will contribute to the Group.

## DIRECTORS' REPORT (CONTINUED)

Details of the movement of share options under Dorsett Share Option Scheme during the year were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 31.03.2014	Exercise period*
			Outstanding at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Outstanding at 31.03.2014		
<b>Directors of Dorsett</b>									
Winnie Wing Kwan CHIU	11.10.2010	2.20	454,545	-	-	-	454,545	11.10.2011-10.10.2014	
			454,545	-	-	-	454,545	11.10.2012-10.10.2015	
			454,545	-	-	-	454,545	11.10.2013-10.10.2016	
			454,545	-	-	-	454,545	11.10.2014-10.10.2017	
			454,547	-	-	-	454,547	11.10.2015-10.10.2018	
			2,272,727	-	-	-	2,272,727		
Wai Keung LAI	11.10.2010	2.20	318,181	-	-	-	318,181	11.10.2011-10.10.2014	
			318,181	-	-	-	318,181	11.10.2012-10.10.2015	
			318,181	-	-	-	318,181	11.10.2013-10.10.2016	
			318,181	-	-	-	318,181	11.10.2014-10.10.2017	
			318,185	-	-	-	318,185	11.10.2015-10.10.2018	
			1,590,909	-	-	-	1,590,909		
Chris Cheong Thard HOONG	11.10.2010	2.20	567,272	-	-	-	567,272	11.10.2011-10.10.2014	
			567,272	-	-	-	567,272	11.10.2012-10.10.2015	
			567,272	-	-	-	567,272	11.10.2013-10.10.2016	
			567,272	-	-	-	567,272	11.10.2014-10.10.2017	
			567,275	-	-	-	567,275	11.10.2015-10.10.2018	
			2,836,363	-	-	-	2,836,363		
Denny Chi Hing CHAN	11.10.2010	2.20	709,090	-	-	-	709,090	11.10.2011-10.10.2014	
			709,090	-	-	-	709,090	11.10.2012-10.10.2015	
			709,090	-	-	-	709,090	11.10.2013-10.10.2016	
			709,090	-	-	-	709,090	11.10.2014-10.10.2017	
			709,094	-	-	-	709,094	11.10.2015-10.10.2018	
			3,545,454	-	-	-	3,545,454		

## DIRECTORS' REPORT (CONTINUED)

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 31.03.2014	Exercise period*
			Outstanding at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 31.03.2014		
<b>Other employees in aggregate</b>	11.10.2010	2.20	1,663,631	–	–	(109,090)	1,554,541	11.10.2011–10.10.2014	
			1,663,631	–	–	(109,090)	1,554,541	11.10.2012–10.10.2015	
			1,663,631	–	–	(109,090)	1,554,541	11.10.2013–10.10.2016	
			1,663,631	–	–	(109,090)	1,554,541	11.10.2014–10.10.2017	
			1,663,651	–	–	(109,094)	1,554,557	11.10.2015–10.10.2018	
			8,318,175	–	–	(545,454)	7,772,721		
<b>Total</b>			18,563,628	–	–	(545,454)	18,018,174		

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

No share options were cancelled during the year. Further information on Dorsett Share Option Scheme and the options granted by Dorsett is set out in note 48 to the consolidated financial statements.

As at the date of this annual report, the total number of shares of Dorsett available for issue under Dorsett Share Option Scheme is 181,981,826, representing approximately 8.67% of the issued share capital of Dorsett as at the date of this annual report.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2014, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
Sumptuous Assets Limited	Beneficial owner	765,434,763 <sup>(i)</sup> (long position)	41.38%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.70%
	Interest of controlled corporations	140,942,693 <sup>(ii)</sup> (long position)	7.62%
	Interest of spouse	1,624,301 <sup>(ii)</sup> (long position)	0.09%

### Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2014.

Save as disclosed above, as at 31 March 2014, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## DIRECTORS' REPORT (CONTINUED)

### DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$6,944,000.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the year.

### EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2014, the number of employees of the Group was approximately 3,100.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted FECIL Share Option Schemes as an incentive to Directors and eligible participants, details of the schemes are set out in note 48 to the consolidated financial statements.

### CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 49 to 57.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2014.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

### AUDITOR

A resolution will be submitted to the 2014 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**David CHIU**

*Chairman and Chief Executive Officer*

26 June 2014

# CORPORATE GOVERNANCE REPORT

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2014.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code during the year ended 31 March 2014, except for the deviations from Code Provisions A.2.1 and E.1.2. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of Code Provisions are summarized below.

### A. THE BOARD

#### A.1 RESPONSIBILITIES AND DELEGATION

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions entered into by the senior management team.

#### A.2 BOARD COMPOSITION

The Board currently comprises nine Directors, five of whom are Executive Directors, one is Non-executive Director and three are Independent Non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2014, the Company has met the Listing Rules requirements of having three Independent Non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the three Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent Non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

### A.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

### A.4 APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

Each Director, including the Independent Non-executive Directors, is engaged for a term of 3 years, subject to renewal upon expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clauses 106 and 107 of the Articles, Mr. Craig Grenfell WILLIAMS (Executive Director), Mr. Daniel Tat Jung CHIU (Non-executive Director) and Mr. Kwong Siu LAM (Independent Non-executive Director) shall retire by rotation at the 2014 AGM and are eligible to offer themselves for re-election in the meeting. Mr. Daniel Tat Jung CHIU has indicated to the Company that he will not offer himself for re-election and will therefore retire at the 2014 AGM whereas Mr. Craig Grenfell WILLIAMS and Mr. Kwong Siu LAM will offer themselves for re-election at the 2014 AGM.

The Board recommended the re-appointment of Mr. Craig Grenfell WILLIAMS and Mr. Kwong Siu LAM standing for re-election at the 2014 AGM. The Company's circular, sent together with this annual report, contains detailed information of Mr. Craig Grenfell WILLIAMS and Mr. Kwong Siu LAM, as required by the Listing Rules.

### A.5 TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives comprehensive introduction on the first occasion of his appointment so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their study and reference.

During the year ended 31 March 2014, the Company has provided (i) reading materials on regulatory updates to all its Directors, namely, Tan Sri Dato' David CHIU, Mr. Chris Cheong Thard HOONG, Mr. Denny Chi Hing CHAN, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Daniel Tat Jung CHIU, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM; and (ii) regular briefing to its Directors on corporate governance and updates on the Listing Rules. Besides, Mr. Denny Chi Hing CHAN, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM have attended other seminars and training sessions arranged by other professional firms/institutions.

## A.6 BOARD MEETINGS

### **A.6.1 Board Practices and Conduct of Meetings**

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material 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. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**A.6.2 Directors' Attendance Records**

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2014 are set out below:

Name of Director	Attendance/Number of Meetings				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Tan Sri Dato' David CHIU	2/4	N/A	1/1	1/1	0/1
Mr. Chris Cheong Thard HOONG	4/4	N/A	N/A	N/A	1/1
Mr. Denny Chi Hing CHAN	3/4	N/A	N/A	N/A	1/1
Mr. Dennis CHIU	3/4	N/A	N/A	N/A	0/1
Mr. Craig Grenfell WILLIAMS	3/4	N/A	N/A	N/A	0/1
Mr. Daniel Tat Jung CHIU	0/4	N/A	N/A	N/A	0/1
Mr. Kwok Wai CHAN	4/4	2/2	1/1	1/1	1/1
Mr. Peter Man Kong WONG	4/4	2/2	1/1	1/1	0/1
Mr. Kwong Siu LAM	3/4	2/2	N/A	1/1	0/1

In addition, the Chairman of the Board also held meeting with the Independent Non-executive Directors without the presence of Executive Directors during the year.

**A.7 MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions in the Company. All the Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2014.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

**A.8 CORPORATE GOVERNANCE FUNCTIONS**

The Board is responsible for performing the corporate governance functions set out in the Code Provision D.3.1 of the CG Code. During the year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code, (ii) reviewed and monitored the training and continuous professional development of Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## B. BOARD COMMITTEES

As at 31 March 2014, the Board has established 4 Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website (except for the written terms of reference of the Executive Committee). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All 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 a total of 6 members, namely, Tan Sri Dato' David CHIU, Mr. Chris Cheong Thard HOONG, Mr. Denny Chi Hing CHAN, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Mr. Boswell Wai Hung CHEUNG. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

### B.2 AUDIT COMMITTEE

The Audit Committee currently comprises a total of 3 members, being the 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Audit Committee is Mr. Kwok Wai CHAN 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 primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2014, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2013, the related accounting principles and practices adopted by the Company and the relevant audit findings;
- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2013 and the related accounting principles and practices adopted by the Company;
- Review and discussion of financial reporting and internal control system of the Group;
- Discussion and recommendation of the re-appointment of external auditor; and
- Review of the arrangements for employees to raise concerns about possible improprieties.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2014 are set out in section A.6.2 above.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### B.3 REMUNERATION COMMITTEE

The Remuneration Committee currently comprises a total of 3 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 2 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the directors and the senior management (i.e. the model described in the Code Provision B.1.2(c)(ii) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 March 2014, the Remuneration Committee has reviewed the remuneration packages of the Executive Directors and senior management and made recommendation to the Board. The attendance records of each Committee member at the Remuneration Committee meetings held during the year ended 31 March 2014 are set out in section A.6.2 above.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the senior management for the year ended 31 March 2014 falls within the band from HK\$1,000,000 to HK\$2,000,000.

Details of the remuneration of each of the Directors of the Company for the year ended 31 March 2014 are set out in note 15 to the consolidated financial statements.

### B.4 NOMINATION COMMITTEE

The Nomination Committee currently comprises a total of 4 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendation to the Board; to consider the retirement and re-election of the Directors of the Company and to make relevant recommendation to the Board; and to assess the independence of Independent Non-executive Directors of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.



The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the provision of A.5.6 of the CG Code, a Board diversity policy was adopted by the Company in 2013, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

During the year ended 31 March 2014, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company;
- Recommendation of the re-appointment of those Directors standing for re-election at the 2013 annual general meeting of the Company; and
- Assessment of the independence of all the Independent Non-executive Directors of the Company.

The attendance records of each Committee member at the Nomination Committee meetings held during the year ended 31 March 2014 are set out in section A.6.2 above.

## C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Company's Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2014.

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 Company's Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of Shareholders and the Group's assets and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks. During the year ended 31 March 2014, the Board has conducted a review of the effectiveness of the internal control system of the Company.

## E. COMPANY SECRETARY

During the year ended 31 March 2014, Mr. Boswell Wai Hung CHEUNG, the Company Secretary, has taken no less than 15 hours of relevant professional training. Biographical details of Mr. CHEUNG are set out in the section headed "Profile of Directors and Senior Management" in this annual report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

**F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION**

The statement of the external auditor of the Company about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2014 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Group's external auditor in respect of audit services and non-audit services for the year ended 31 March 2014 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable HK\$
Audit services – audit fee for the year ended 31 March 2014	11,400,000
Non-audit services – professional fee in connection with the review of interim account and tax advisory services	2,814,000
<b>TOTAL:</b>	<b>14,214,000</b>

**G. 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 strategies 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.fecil.com.hk](http://www.fecil.com.hk), 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 and investors may send written enquiries or requests to the Company as follows:

Address: 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong  
(For the attention of the Chief Financial Officer)

Fax: (852) 2815 0412

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

Code provision E.1.2 of the CG Code stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Tan Sri Dato' David CHIU, the Chairman and Chief Executive Officer of the Company, was unable to attend the annual general meeting held on 29 August 2013 due to his unavoidable business engagement. In view of his absence, Tan Sri Dato' David CHIU had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with Shareholders.

## H. SHAREHOLDER RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

- (i) Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.
- (ii) If a Shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the year under review, the Company has not made any changes to its Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Articles for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fecil.com.hk](http://www.fecil.com.hk)) after each Shareholders' meeting.

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 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

26 June 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	8	4,066,494	3,732,172
Cost of sales and services		(2,298,312)	(2,547,512)
Depreciation and amortisation of hotel and car park assets		(215,210)	(158,010)
Gross profit		1,552,972	1,026,650
Other income		41,176	16,282
Gain on disposal of a subsidiary	40	66,652	458,358
Other gains and losses	9	484,767	217,844
Administrative expenses			
– Hotels operation and management		(317,335)	(274,499)
– Others		(221,092)	(211,622)
Pre-opening expenses			
– Hotels operation and management		(13,596)	(26,107)
Selling and marketing expenses		(69,714)	(85,646)
Share of results of associates		6,360	73,656
Share of results of joint ventures		(2,904)	(2,904)
Finance costs	10	(281,400)	(168,033)
Profit before tax		1,245,886	1,023,979
Income tax (expense) credit	11	(219,851)	54,391
Profit for the year	12	1,026,035	1,078,370
Attributable to:			
Shareholders of the Company		914,057	903,046
Non-controlling interests		111,978	175,324
		1,026,035	1,078,370
Earnings per share	13		
Basic (HK cents)		51	50
Diluted (HK cents)		51	50

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	1,026,035	1,078,370
Other comprehensive (expense) income for the year		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(162,406)	16,228
Revaluation increase on available-for-sale investments	694	3,190
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	51,550	(7,593)
Reclassification to profit or loss on disposal of available-for-sale investments	2,768	(2,838)
Reclassification of hedging reserve to profit or loss	(27,329)	(6,000)
Other comprehensive (expense) income for the year	(134,723)	2,987
Total comprehensive income for the year	891,312	1,081,357
Total comprehensive income attributable to:		
Shareholders of the Company	782,291	906,092
Non-controlling interests	109,021	175,265
	891,312	1,081,357

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>Non-current Assets</b>			
Investment properties	16	2,677,607	2,431,917
Property, plant and equipment	17	7,406,966	6,653,119
Prepaid lease payments	18	579,274	595,036
Other assets	19	–	296,250
Goodwill	20	68,400	68,400
Interests in associates	21	316,184	315,608
Interests in joint ventures	22(a)	43,956	47,115
Investment securities	23	11,477	146,604
Derivative financial instruments designated as hedging instruments	36	35,122	–
Deposits for acquisition of property, plant and equipment		391,826	133,864
Amounts due from associates	24	70,774	70,744
Amount due from a joint venture	47	27,295	27,295
Amount due from an investee company	47	119,995	119,995
Other receivables	25	17	45
Pledged deposits	26	2,831	34,788
Deferred tax assets	37	33,644	5,000
		<b>11,785,368</b>	<b>10,945,780</b>
<b>Current Assets</b>			
Properties for sale	27		
Completed properties		56,734	295,582
Properties for/under development		5,598,333	4,142,719
Other inventories		9,896	9,034
Prepaid lease payments	18	15,947	16,034
Debtors, deposits and prepayments	28	653,594	412,836
Other receivables	25	685,751	142,365
Tax recoverable		21,312	87,212
Investment securities	23	1,011,640	137,982
Derivative financial instruments	32	2,238	5,354
Pledged deposits	26	173,989	141,516
Restricted bank deposits	26	62,568	257,117
Deposit in a financial institution	26	78,591	100,000
Time deposits	26	–	12,500
Bank balances and cash	26	1,829,330	2,620,653
		<b>10,199,923</b>	<b>8,380,904</b>
Assets classified as held for sale	29	–	91,410
		<b>10,199,923</b>	<b>8,472,314</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

At 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>Current Liabilities</b>			
Creditors and accruals	30	1,137,842	837,209
Customers' deposits received	30	515,027	958,346
Obligations under finance leases	31	3,159	158
Amounts due to related companies	47	45,785	62,660
Amounts due to associates	47	11,358	12,453
Amounts due to non-controlling shareholders of subsidiaries	47	29,422	30,070
Convertible bonds	34	32,978	–
Derivative financial instruments	32	1,841	20,290
Tax payable		208,502	185,506
Secured bank and other borrowings	33	4,252,487	4,713,839
		6,238,401	6,820,531
<b>Net Current Assets</b>		3,961,522	1,651,783
<b>Total Assets less Current Liabilities</b>		15,746,890	12,597,563
<b>Non-current Liabilities</b>			
Secured bank and other borrowings	33	3,270,918	1,904,089
Obligations under finance leases	31	4,001	1,010
Convertible bonds	34	–	31,169
Bonds	35	2,252,691	1,250,000
Derivative financial instruments designated as hedging instruments	36	–	7,593
Deferred tax liabilities	37	268,450	253,242
		5,796,060	3,447,103
<b>Net Assets</b>		9,950,830	9,150,460
<b>Capital and Reserves</b>			
Share capital	38	184,951	176,891
Share premium		2,802,276	2,617,925
Reserves		5,762,676	5,217,714
Equity attributable to shareholders of the Company		8,749,903	8,012,530
Non-controlling interests	39	1,200,927	1,137,930
<b>Total Equity</b>		9,950,830	9,150,460

The consolidated financial statements on pages 59 to 143 were approved and authorised for issue by the Board of Directors on 26 June 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to equity holders of the Company											Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	195,976	2,822,611	2,500	13,808	(4,056)	428,224	12,424	–	1,478,901	2,501,232	7,451,620	1,048,389	8,500,009	
Profit for the year	–	–	–	–	–	–	–	–	–	903,046	903,046	175,324	1,078,370	
Exchange differences arising on translation of foreign operations	–	–	–	–	–	16,287	–	–	–	–	16,287	(59)	16,228	
Revaluation increase on available-for-sale investments	–	–	–	–	3,190	–	–	–	–	–	3,190	–	3,190	
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	–	(7,593)	–	–	(7,593)	–	(7,593)	
Reclassification to profit or loss on disposal of available-for-sale investments	–	–	–	–	(2,838)	–	–	–	–	–	(2,838)	–	(2,838)	
Reclassification of hedging reserve to profit or loss	–	–	–	–	–	–	–	(6,000)	–	–	(6,000)	–	(6,000)	
Other comprehensive income for the year	–	–	–	–	352	16,287	–	(13,593)	–	–	3,046	(59)	2,987	
Total comprehensive income for the year	–	–	–	–	352	16,287	–	(13,593)	–	903,046	906,092	175,265	1,081,357	
Shares issued in lieu of cash dividend	3,415	50,664	–	–	–	–	–	–	–	–	54,079	–	54,079	
Repurchase of shares, net of expenses	(23,000)	(265,225)	23,000	–	–	–	–	–	–	(23,000)	(288,225)	–	(288,225)	
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	(3,097)	–	(3,097)	(12,254)	(15,351)	
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	–	2,135	–	–	–	2,135	2,591	4,726	
Shares issued upon exercise of share options	500	9,875	–	–	–	–	–	–	–	–	10,375	–	10,375	
Lapse of share options transferred to retained profits	–	–	–	–	–	–	–	–	–	1,161	1,161	(1,161)	–	
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(121,610)	(121,610)	–	(121,610)	
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(74,900)	(74,900)	
At 31 March 2013	176,891	2,617,925	25,500	13,808	(3,704)	444,511	14,559	(13,593)	1,475,804	3,260,829	8,012,530	1,137,930	9,150,460	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the year ended 31 March 2014

	Attributable to equity holders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Hedging reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year	-	-	-	-	-	-	-	-	-	914,057	914,057	111,978	1,026,035
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(159,042)	-	-	-	-	(159,042)	(3,364)	(162,406)
Revaluation increase on available-for-sale investments	-	-	-	-	694	-	-	-	-	-	694	-	694
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	-	-	-	-	-	-	-	44,057	-	-	44,057	7,493	51,550
Reclassification to profit or loss on disposal of available-for-sale investments	-	-	-	-	2,768	-	-	-	-	-	2,768	-	2,768
Reclassification of hedging reserve to profit or loss	-	-	-	-	-	-	-	(20,243)	-	-	(20,243)	(7,086)	(27,329)
Other comprehensive expenses for the year	-	-	-	-	3,462	(159,042)	-	23,814	-	-	(131,766)	(2,957)	(134,723)
Total comprehensive income for the year	-	-	-	-	3,462	(159,042)	-	23,814	-	914,057	782,291	109,021	891,312
Shares issued in lieu of cash dividend	7,240	169,306	-	-	-	-	-	-	-	-	176,546	-	176,546
Shares issued upon exercise of share options	820	15,045	-	-	-	-	-	-	-	-	15,865	-	15,865
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	6,149	-	-	-	6,149	1,599	7,748
Lapse of share options transferred to retained profits	-	-	-	-	-	-	-	-	-	249	249	(249)	-
Dividends recognised as distribution (note 14)	-	-	-	-	-	-	-	-	-	(250,142)	(250,142)	-	(250,142)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	6,415	-	6,415	(6,415)	-
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	15,105	15,105
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(56,064)	(56,064)
At 31 March 2014	184,951	2,802,276	25,500	13,808	(242)	285,469	20,708	10,221	1,482,219	3,924,993	8,749,903	1,200,927	9,950,830

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) gain on decrease in interest in a non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; and (d) excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
<b>Operating activities</b>		
Profit before tax	1,245,886	1,023,979
Adjustments for:		
Share of results of joint ventures	2,904	2,904
Share of results of associates	(6,360)	(73,656)
Depreciation and amortisation	231,113	178,034
Dividend from listed and unlisted investments	(12,230)	(4,761)
Interest income	(5,875)	(6,754)
Finance costs	281,400	168,033
Gain on disposal of a subsidiary	(66,652)	(458,358)
Gain on partial repurchase of bonds	(2,067)	–
Gain on compensation from relevant government authority of Singapore	(258,960)	–
Gain on reclassification of hedging reserve to profit or loss upon recognition of the hedged item to profit or loss	(27,329)	–
Impairment loss on interest in a joint venture	–	40,951
Change in fair value of investment properties	(234,252)	(298,603)
Amortisation of issue expenses on convertible bonds	771	127
Loss (gain) on disposal of available-for-sale investments	2,768	(2,838)
Change in fair value of investments held for trading	35,733	(5,140)
Change in fair value of derivative financial instruments	(7,784)	11,380
Recognition of share-based payment expenses	7,748	4,726
Loss (gain) on disposal of property, plant and equipment	474	(424)
Allowance for bad and doubtful debts	3,067	35,647
Operating cash flows before movements in working capital	1,190,355	615,247
Increase in properties for sale	(1,359,796)	(365,333)
(Increase) decrease in other inventories	(862)	1,593
Increase in other receivables	(37,013)	–
Increase in debtors, deposits and prepayments	(266,552)	(155,408)
Increase in financial assets at fair value through profit or loss	(921,957)	(119,818)
Decrease in derivative financial instruments	1,286	2,321
Increase in creditors and accruals	356,129	206,388
(Decrease) increase in customers' deposits received	(443,319)	761,206
Cash (used in) from operations	(1,481,729)	946,196
Income tax paid	(109,875)	(178,295)
<b>Net cash (used in) from operating activities</b>	<b>(1,591,604)</b>	<b>767,901</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Investing activities</b>			
Acquisition and development expenditures of property, plant and equipment		(929,954)	(1,010,210)
Development expenditures and additional cost of investment properties		(25,332)	(32,763)
Deposit paid for acquisition of property, plant and equipment		(232,774)	–
Additional cost in assets classified as held for sale		–	(1,343)
Distribution from an associate upon liquidation		–	9,061
Net cash inflow from disposal of a subsidiary	40	173,597	764,278
Proceeds from disposal of investments properties		–	17,275
Proceeds from disposal of property, plant and equipment		480	1,359
Proceeds from disposal of assets held for sale		–	325,867
Proceeds from disposal of other assets		41,464	–
Purchase of available-for-sale investments		(726,581)	(189,389)
Proceeds from disposal of available-for-sale investments		869,423	78,394
Placement of pledged bank deposits and restricted bank deposits		(27,882)	(270,791)
Release of pledged bank deposits and restricted bank deposits		221,915	206,265
Release (placement) of time deposit with maturity over 3 months		12,500	(12,500)
Dividend and distribution received from associate and joint venture		6,039	5,145
Dividend received from listed investments		12,230	4,761
Bank interest received		5,875	6,754
<b>Net cash used in investing activities</b>		<b>(599,000)</b>	<b>(97,837)</b>
<b>Financing activities</b>			
Proceeds from issue of bonds		1,050,172	1,244,000
Repurchase of bonds		(48,172)	–
Proceeds from issue of shares		15,865	10,375
Repurchase of shares		–	(288,225)
Advance from related companies		–	16,495
Acquisition of additional interest in subsidiaries		–	(15,351)
New bank and other borrowings raised		4,640,103	2,505,270
Repayments of bank and other borrowings		(3,676,643)	(2,309,667)
Payments of finance lease obligation		(405)	(405)
Repayments to related companies		(17,970)	–
Repayments to associates		–	(424)
Dividends paid		(73,596)	(67,531)
Dividends paid to non-controlling shareholders of subsidiaries		(40,959)	(74,900)
Interest paid		(419,074)	(343,246)
<b>Net cash from financing activities</b>		<b>1,429,321</b>	<b>676,391</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(761,283)</b>	<b>1,346,455</b>
<b>Cash and cash equivalents brought forward</b>		<b>2,720,653</b>	<b>1,374,980</b>
Effect of foreign exchange rate changes		(51,449)	(782)
<b>Cash and cash equivalents carried forward</b>		<b>1,907,921</b>	<b>2,720,653</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		1,829,330	2,620,653
Deposit in a financial institution		78,591	100,000
		<b>1,907,921</b>	<b>2,720,653</b>

# 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. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as the Group. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2014 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and securities and financial product investments.

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

## 2. 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 ("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
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 positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### IMPACT OF THE APPLICATION OF HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### HKFRS 13 FAIR VALUE MEASUREMENT (Continued)

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 6(c) and 16 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 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” may be renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. 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 consecutive statements. In addition, the amendments to HKAS 1 require items of other comprehensive income to be 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.

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

#### NEW AND REVISED HKFRSs ISSUED BUT NOT EFFECTIVE

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted

<sup>3</sup> Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016

## 2. 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 amended in 2010 includes 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 accounting 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 liability’s 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 at 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 adoption of HKFRS 9 in the future may have a significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities.

## 3. 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 or services.

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements included 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 significant 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. Specially, income and expenses of subsidiaries 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.

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### BASIS OF CONSOLIDATION (Continued)

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

#### **Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in other reserve and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### BUSINESS COMBINATIONS (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

#### GOODWILL

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units, (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

#### INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or capital appreciation including properties under construction for such purpose. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) INVESTMENT PROPERTIES (Continued)

On initial recognition, Investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period 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 property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Property inventory is transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (other than buildings and hotel 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 buildings and hotel under development less their residual values over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. No depreciation is provided on buildings and hotel 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If an item of property, plant and equipment becomes an investment property because its use has changed as 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 assets revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

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

#### PROPERTIES FOR/UNDER DEVELOPMENT

Hotel 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 charge 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) PROPERTIES FOR/UNDER DEVELOPMENT (Continued)

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 sales 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 leases 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 lease payments are recognised as an expense on a straight-line basis over the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### ***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.

#### INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of 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.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures 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 or a joint venture 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 or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 or joint venture.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

#### 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

#### ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets except for investment properties classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### 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 beverage are stated at the lower of cost and net realisable value. Cost is calculated using first-in first-out method.

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

##### *Effective interest method*

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) FINANCIAL INSTRUMENTS (Continued)

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

##### *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is a part of 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.

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

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

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 excludes any dividend or interest earned on the financial assets and is included in "other gains or losses" line item. Fair value is determined as the manner described in note 6.

##### *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 amounts due from associates, investee company, joint venture and debtors, pledged deposits, restricted bank deposits, deposit in a financial institution, time deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment loss on financial assets below).

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

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as any of the other categories.

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) FINANCIAL INSTRUMENTS (Continued)

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

##### *Available-for-sale investments (Continued)*

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

##### *Impairment of financial assets*

Financial assets, other than those designated 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.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as 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 asset, such as trade debtors, assets that are assessed not to be impaired individually are subsequently 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 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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 loss 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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) FINANCIAL INSTRUMENTS (Continued)

#### **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 Group are recognised at the proceeds received, net of direct issue costs.

#### *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.

#### *Financial liabilities*

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

#### *Convertible bonds*

Convertible bonds issued by the Group with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments are separated into two components, liability and equity elements. Such convertible bonds are classified separately into respective items on initial recognition.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in convertible bond equity reserve under equity.

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the conversion option is exercised in which case the balance stated in convertible bond equity reserve will be transferred to share premium. Where the conversion option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or at the expiry date of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly against equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

When an entity extinguishes a convertible instrument before maturity through repurchase in which the original conversion privileges are unchanged, the entity allocates the consideration paid and any transaction costs for the repurchase to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### FINANCIAL INSTRUMENTS (Continued)

##### **Financial liabilities and equity instruments (Continued)**

###### *Convertible bonds (Continued)*

Once the allocation of the consideration is made, any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:

- (a) the amount of gain or loss relating to the liability component is recognised in profit or loss; and
- (b) the amount of consideration relating to the equity component is recognised in equity.

###### *Financial liabilities at FVTPL*

A financial liability carried at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

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

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

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 is included in the "other gains and losses" line item.

###### *Other financial liabilities*

Other financial liabilities (including creditors, amounts due to related companies, associates, non-controlling shareholders of subsidiaries, bonds and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

###### *Bonds*

Bonds issued by the Group are measured at amortised cost using 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued) FINANCIAL INSTRUMENTS (Continued)

#### ***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 hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

#### *Cash flow hedges*

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

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedging 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 the 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 derecognise 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discounts and sales related taxes as follows:

- Revenue from sale of properties is recognised when the respective 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.
- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.
- Revenue from car park operations is recognised when the relevant facilities are provided.
- Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.
- Building management fee income is recognised when the relevant services are provided.

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.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

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

#### 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 exchange 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 rate of exchange 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 equity under the heading of exchange reserve.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 period in which they are incurred.

#### RETIREMENT BENEFITS SCHEMES

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

#### EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

##### **Share options granted to employees after 7 November 2002 and vested on or after 1 April 2005**

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.

At the time 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.

##### **Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 April 2005**

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

#### 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 comprehensive income 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

### 3. 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 amount 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 (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 (or a cash-generating unit) 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.

### 4. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

## FAIR VALUE MEASUREMENT 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 note 6c and 16.

## 5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The capital structure of the Group consists of net debts (which includes bank and other borrowings and bonds disclosed in notes 33 and 35, respectively, net of bank balances and cash, time deposits, restricted bank deposits, pledged deposits and deposit in a financial institution), and equity attributable to shareholders of the Company, comprising issued share capital, share premium, reserves, and non-controlling interests.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

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

## 6. FINANCIAL INSTRUMENTS

## (a) CATEGORIES OF FINANCIAL INSTRUMENTS

	2014 HK\$'000	2013 HK\$'000
<b>Financial assets</b>		
Fair value through profit or loss (FVTPL)		
Designated at FVTPL	7,750	109,780
Held for trading	1,011,640	23,386
Derivative financial instruments	2,238	5,354
Derivative financial instruments designated as hedging instruments	35,122	–
Available-for-sale investments	3,727	151,420
Loans and receivables (including cash and cash equivalents)	3,064,054	3,815,428
	4,124,531	4,105,368
<b>Financial liabilities</b>		
Fair value through profit or loss (FVTPL)	1,841	20,290
Derivative financial instruments designated as hedging instruments	–	7,593
Amortised cost	10,839,797	8,660,788
	10,841,638	8,688,671

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 6. FINANCIAL INSTRUMENTS (Continued)

## (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 market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. 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.

**Market risk***Interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, interest bearing receivable and variable-rate bank and other 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 borrowing which carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), London Interbank Offered Rate ("LIBOR"), HK\$ Prime Lending Rate, People's Bank of China ("PBOC") Prescribed Interest Rate, Singapore Swap Offered Rate ("SS\$ SOR"), Malaysia Base Lending Rates ("Malaysia BLR") and Australia Bank Bill Swap Reference Rate ("BBSW").

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section.

*Interest rate sensitivity analysis*

The sensitivity analysis considers only borrowings which have significant impact on the financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2013: 50 basis points) and all other variables were held constant, the Group's profit after taxation would decrease/increase by HK\$19,369,000 (2013: HK\$15,079,000) and the interest capitalised would increase/decrease by HK\$13,603,000 (2013: HK\$14,446,000).

In the 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.

*Foreign currency risk*

Certain group entities have transactions denominated in foreign currencies which exposure the Group to foreign currency risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, (other than bonds and derivative financial instruments designated as hedging instruments) at the end of the reporting period are as follows:

	2014 HK\$'000	2013 HK\$'000
<b>Assets</b>		
Australian Dollar ("A\$")	62,466	106,526
Japanese Yen ("JPY")	8,131	8,403
Renminbi ("RMB")	34,700	6,174
Canadian Dollars ("C\$")	—	4,588
United States Dollar ("USD")	15,046	40,739
Euro ("EUR")	4,501	679
Singapore Dollars ("S\$")	9,505	6,614
Great Britain Pound ("GBP")	339	39,745
Indonesian Rupiah ("IDR")	—	4,084



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 6. FINANCIAL INSTRUMENTS (Continued)

## (b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**Market risk (Continued)***Foreign currency risk (Continued)*

## Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since Hong Kong dollars are pegged to USD under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK\$ and USD. The following table details the Group's sensitivity to a 10% (2013: 10%) weakening in the HK\$ against the relevant foreign currencies other than USD, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK\$ weakens 10% against the relevant foreign currency. For a 10% strengthens in HK\$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

	Increase in profit after tax	
	2014 HK\$'000	2013 HK\$'000
A\$	5,216	8,895
JPY	679	702
RMB	2,897	515
C\$	–	383
EUR	376	57
S\$	794	552
GBP	28	3,319
IDR	–	341

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

*Price risk*

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

## Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 6. FINANCIAL INSTRUMENTS (Continued)

#### (b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### **Market risk (Continued)**

##### *Price risk (Continued)*

Price risk sensitivity analysis (Continued)

If the price of the respective equity securities have been 10% (2013: 10%) higher/lower:

- profit after tax would increase/decrease by HK\$85,119,000 (2013: HK\$8,088,000) as a result of the changes in fair value of held-for trading investments.
- investment revaluation reserve would increase/decrease by HK\$372,000 (2013: HK\$15,142,000) as a result of the changes in fair value of available-for-sale investments.

##### **Credit risk**

At the end of each 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 asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 43. In order to minimise the credit risk, the management of the Group 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. In this regard, the directors of the Company consider that the credit risk is significant reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers, except for the amounts due from investee company, associates and joint ventures and other receivables, which in aggregate, constitute over 9% (2013: 8%) of the total financial assets. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In determining the recoverability of the amounts due from investee company, associates and joint ventures, the Group takes into consideration the fair values of the underlying assets of the investee company, associates and joint ventures and the future operation and expected operating cashflows of these investee company, associates and joint ventures. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for pledged deposits, restricted bank deposits, deposit in a financial institution, time deposits and bank deposits are limited because the counterparties are banks or financial institutions with high credit ratings.

##### **Liquidity risk**

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 6. FINANCIAL INSTRUMENTS (Continued)

## (b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**Liquidity risk (Continued)**

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	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
<i>At 31 March 2014</i>							
Creditors and accruals	N/A	936,998	–	–	–	936,998	936,998
Amounts due to related companies	N/A	45,785	–	–	–	45,785	45,785
Amounts due to associates	N/A	11,358	–	–	–	11,358	11,358
Amounts due to non-controlling shareholders of subsidiaries	N/A	29,422	–	–	–	29,422	29,422
Bank and other borrowing							
Variable interest rate instruments	2.73	4,410,523	3,245,029	2,276,675	245,399	10,177,626	7,523,405
Convertible bonds	3.63	35,322	–	–	–	35,322	32,978
Obligations under finance leases	2.70	3,165	4,286	–	–	7,451	7,160
Bonds	5.93	133,600	1,443,761	1,092,933	–	2,670,294	2,252,691
		5,606,173	4,693,076	3,369,608	245,399	13,914,256	10,839,797
<i>At 31 March 2013</i>							
Creditors and accruals	N/A	645,340	10,000	–	–	655,340	655,340
Amounts due to related companies	N/A	62,660	–	–	–	62,660	62,660
Amounts due to associates	N/A	12,453	–	–	–	12,453	12,453
Amounts due to non-controlling shareholders of subsidiaries	N/A	30,070	–	–	–	30,070	30,070
Bank and other borrowing							
Variable interest rate instruments	2.71	4,880,500	1,564,168	224,128	174,003	6,842,799	6,602,928
Fixed interest rate instruments	8.53	15,311	–	–	–	15,311	15,000
Convertible bonds	3.63	1,214	34,715	–	–	35,929	31,169
Obligations under finance leases	2.70	164	1,138	–	–	1,302	1,168
Bonds	5.875	73,438	1,390,875	–	–	1,464,313	1,250,000
		5,721,150	3,000,896	224,128	174,003	9,120,177	8,660,788

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 6. FINANCIAL INSTRUMENTS (Continued)

## (b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**Liquidity risk (Continued)**

Bank borrowings with a repayment on demand clause are included in the “on demand or within one year” time band in the above maturity analysis. As at 31 March 2014 and 31 March 2013, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$1,623,614,000 and HK\$1,813,495,000 respectively. Taking into account the Group’s financial position, the directors do not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans are expected to be repaid in accordance with the loan repayment schedule which are repayable by yearly instalment up to March 2018 (2013: March 2018). On this basis, the interest and principal cashflows for the “Variable interest rate instruments” and “Fixed interest rate instruments” 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
<i>At 31 March 2014</i>						
Variable interest rate instruments	3,020,339	4,399,894	2,506,849	413,449	10,340,531	7,523,405
<i>At 31 March 2013</i>						
Variable interest rate instruments	3,843,378	2,363,015	634,478	174,003	7,014,874	6,602,928
Fixed interest rate instruments	15,311	–	–	–	15,311	15,000
	3,858,689	2,363,015	634,478	174,003	7,030,185	6,617,928

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

## (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 6. FINANCIAL INSTRUMENTS (Continued)

## (c) FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31 March 2014 HK\$'000	Fair value hierarchy	Valuation technique and key inputs
1a) Listed equity securities classified as available-for-sale investments	3,035	Level 1	Quoted bid prices in an active market
1b) Listed equity securities classified as financial assets at fair value through profit or loss	5,429	Level 1	Quoted bid prices in an active market
2) Listed debt securities classified as financial assets at fair value through profit or loss	245,616	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
3) Investment funds classified as financial assets at fair value through profit or loss	760,595	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at fair value through profit or loss	7,750	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks
5) Call/put options in listed equity securities and foreign currencies classified as derivative financial instruments	Assets – 2,238 Liabilities – (1,841)	Level 2	Option pricing model The valuation is based on the volatility level, foreign exchange spot and forward rates from the counterparties for similar instruments
6) Cross currency swaps classified as derivative financial instruments designated as hedging instruments	35,122	Level 2	Discounted cash flow 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 Levels 1,2 and 3 during the year ended 31 March 2014.

**Reconciliation of Level 3 fair value measurements of financial assets**

There is no movement in the fair value of structured deposits for the year ended 31 March 2014.

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss, as the management consider that the exposure is insignificant to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 7. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operations and management, and car park operation in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

## SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable and operating segment. Segment profit (loss) represents the pre-tax earned (incurred) by each segment without allocation of central administrative costs, directors' salaries and certain finance costs.

	Segment revenue		Segment profit (loss)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Property development				
– Australia	958,509	1,838,519	268,444	159,995
– Hong Kong ("HK")	14,573	95,174	46,112	24,825
– Malaysia	86	478	(2,813)	1,790
– Other regions in the People's Republic of China excluding HK (the "PRC")	615,660	11,377	351,558	(13,070)
– United Kingdom ("UK")	–	–	(365)	–
	1,588,828	1,945,548	662,936	173,540
Property investment				
– HK	33,548	32,769	56,531	372,992
– PRC	13,662	12,848	(27,716)	(17,789)
– Singapore	12,031	16,166	256,119	(14,241)
	59,241	61,783	284,934	340,962

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 7. SEGMENT INFORMATION (Continued)

### SEGMENT REVENUE AND RESULTS (Continued)

	Segment revenue		Segment profit (loss)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Operations of Dorsett and its subsidiaries, including hotel operations and management, property development and investments and securities and financial product investments				
– HK	733,388	744,712	174,638	702,899
– Malaysia	310,003	288,140	58,890	45,486
– PRC	169,959	120,090	(69,913)	(43,675)
– Singapore (note)	572,500	–	262,647	(13,366)
– UK	–	–	(11,571)	979
	1,785,850	1,152,942	414,691	692,323
Car park operations				
– Australia	595,752	549,812	57,697	38,308
– Malaysia	16,776	17,548	6,772	7,559
	612,528	567,360	64,469	45,867
Securities and financial product investments	19,937	4,535	17,914	3,765
Other operations	110	4	(5,822)	(71,602)
Segment revenue/segment profit	4,066,494	3,732,172	1,439,122	1,184,855
Unallocated corporate expenses			(79,097)	(92,848)
Finance costs			(114,139)	(68,028)
Profit before tax			1,245,886	1,023,979
Income tax (expense) credit			(219,851)	54,391
Profit for the year			1,026,035	1,078,370

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.

note: The segment revenue and segment profit (loss) of this segment for the year ended 31 March 2014 include the sales of properties in Singapore amounting to HK\$498,392,000 (2013: nil) and HK\$131,506,000 (2013: loss of HK\$3,488,000), respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 7. SEGMENT INFORMATION (Continued)

## SEGMENT ASSETS

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	2014 HK\$'000	2013 HK\$'000
Property development		
– Australia	2,197,602	1,196,815
– HK	1,632,401	1,220,918
– Malaysia	383,806	373,007
– PRC	2,261,219	2,430,818
– UK	223,138	–
	6,698,166	5,221,558
Property investment		
– HK	2,149,237	2,151,464
– PRC	4,657	6,887
– Singapore	507,150	297,758
	2,661,044	2,456,109
Operations of Dorsett and its subsidiaries, including hotel operations and management, property development and investments and securities and financial product investments		
– HK	5,082,139	3,640,069
– Malaysia	1,071,002	1,077,778
– PRC	2,286,087	2,059,279
– Singapore	880,293	943,753
– UK	934,554	558,740
	10,254,075	8,279,619
Car park operations		
– Australia	683,177	721,398
– Malaysia	149,807	154,050
	832,984	875,448
Securities and financial product investments	507,243	300,204
Other operations	315,136	294,022
Segment assets	21,268,648	17,426,960
Unallocated corporate assets	716,643	1,991,134
Total assets	21,985,291	19,418,094



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 7. SEGMENT INFORMATION (Continued)

## GEOGRAPHICAL INFORMATION

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets which exclude financial instruments and deferred tax assets and by location of assets.

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
HK	801,557	877,194	5,400,498	4,928,945
PRC	799,281	144,315	2,594,886	2,383,882
Australia	1,554,261	2,388,331	742,872	723,702
Malaysia	326,864	306,166	1,112,146	1,153,874
Singapore	584,531	16,166	749,602	868,646
UK	—	—	884,209	482,260
	4,066,494	3,732,172	11,484,213	10,541,309

## OTHER INFORMATION

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2014						
	Property development HK\$'000	Property investment HK\$'000	Hotel operation and management HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Allowance for bad and doubtful debts	(2,362)	(372)	(333)	—	—	—	(3,067)
Depreciation and amortisation	(841)	(10,995)	(196,474)	(19,878)	—	(2,925)	(231,113)
Increase in fair value of investment properties	58,010	45,372	130,870	—	—	—	234,252
Change in fair value of investments held for trading	—	—	(18,242)	—	(17,491)	—	(35,733)
Loss on disposal of available-for-sale investments	—	—	—	—	(2,768)	—	(2,768)
Increase in fair value of derivative financial instruments	—	—	676	—	15,943	—	16,619
Gain on reclassification of hedging reserve to profit or loss upon recognition of the hedged item to profit or loss	—	—	27,329	—	—	—	27,329
Gain (loss) on disposal of property, plant and equipment	—	6	(233)	(99)	—	(148)	(474)
Gain on disposal of a subsidiary	66,652	—	—	—	—	—	66,652
Gain on partial repurchase bonds	—	—	2,067	—	—	—	2,067
Gain on compensation from relevant government authority of Singapore	—	258,960	—	—	—	—	258,960
Share of results of associates	—	6,321	—	—	—	39	6,360
Share of results of joint ventures	—	—	—	—	—	(2,904)	(2,904)
Interests in associates	—	256,221	59,963	—	—	—	316,184
Interests in joint ventures	32,339	—	—	—	—	11,617	43,956
(Disposal) addition of non-current assets (excluding of financial instrument)	(258)	33,439	873,182	63,958	—	1,567	971,888

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

7. SEGMENT INFORMATION (Continued)  
OTHER INFORMATION (Continued)

	2013						Consolidated HK\$'000
	Property development HK\$'000	Property investment HK\$'000	Hotel operation and management HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	
Allowance for bad and doubtful debts	(11,806)	(207)	(80)	–	–	(23,554)	(35,647)
Depreciation and amortisation	(4,468)	(7,673)	(137,879)	(21,249)	–	(4,665)	(175,934)
Amortisation of intangible assets	–	–	–	(2,100)	–	–	(2,100)
(Decrease) increase in fair value of investment properties	(135)	298,738	–	–	–	–	298,603
Change in fair value of investments held for trading	–	–	–	–	5,140	–	5,140
Gain on disposal of available-for-sale investments	–	–	–	–	2,838	–	2,838
Increase (decrease) in fair value of derivative financial instruments	–	–	(8,307)	–	(3,073)	–	(11,380)
Gain on disposal of property, plant and equipment	–	–	424	–	–	–	424
Gain on disposal of a subsidiary	–	–	458,358	–	–	–	458,358
Impairment loss on joint ventures	–	–	–	–	–	(40,951)	(40,951)
Share of results of associates	–	74,578	–	–	–	(922)	73,656
Share of results of joint ventures	–	–	–	–	–	(2,904)	(2,904)
Interests in associates	–	255,082	59,963	–	–	563	315,608
Interests in joint ventures	32,387	–	–	–	–	14,728	47,115
Addition of non-current assets (excluding of financial instrument)	75	39,695	1,008,662	23,564	–	26,208	1,098,204

Information about segment liabilities are not regularly reviewed by chief operating decision makers. Accordingly, segment liability information is not presented.

## 8. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, gross rental from leasing of properties, income from hotel operations and management, car park operations and provision of property management services, interest income from financial instruments and other operations as set out as follows:

	2014 HK\$'000	2013 HK\$'000
Sale of properties	2,060,217	1,934,048
Leasing of properties	121,561	108,512
Hotel operations and management	1,221,814	1,105,394
Car park operations	612,528	567,404
Provision of property management services	13,302	12,275
Interest income from financial instruments	36,962	4,535
Other operations	110	4
	4,066,494	3,732,172

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 9. OTHER GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Change in fair value of investment properties	29,994	298,603
(Loss) gain on disposal of available-for-sale investments	(2,768)	2,838
Change in fair value of investments held for trading	(35,733)	5,140
Gain arising on transfer of completed properties for sale to investment properties (note 16)	204,258	–
Change in fair value of derivative financial instruments	16,619	(11,380)
Gain on reclassification from hedging reserve to profit or loss upon recognition of the hedged item to profit or loss	27,329	–
Gain on compensation from relevant government authority of Singapore (note)	258,960	–
Gain on partial repurchase of bonds (note 35)	2,067	–
Impairment loss on interest in a joint venture	–	(40,951)
Net foreign exchange loss	(12,418)	(1,183)
Allowance for bad and doubtful debts	(3,067)	(35,647)
(Loss) gain on disposal of property, plant and equipment	(474)	424
	<b>484,767</b>	<b>217,844</b>

Note: On 24 April 2013, the Group accepted compensation totalling S\$88,900,000 (equivalent to HK\$554,736,000) offered by the relevant authority of Singapore (the "Singapore Government") in connection with compulsory acquisition of certain properties of the Group located in Singapore ("Singapore Properties under Compulsory Acquisition"). The carrying amount of such properties being derecognised, which were previously classified as other assets, amounted to HK\$295,776,000 at 24 April 2013. The difference between the compensation amount accepted by the Group and the carrying amount was recognised in the profit or loss. Up to 31 March 2014, the Group received compensation of S\$6,645,000 (equivalent to HK\$40,601,000) from the Singapore Government and the remaining balance of S\$82,255,000 (equivalent to HK\$505,868,000) to be received by the Group is included in other receivables (note 25).

## 10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on:		
Bank borrowings		
– wholly repayable within five years	274,681	314,817
– not wholly repayable within five years	29,290	27,110
Other loans wholly repayable within five years	2,897	4,550
Convertible bonds	2,252	2,182
Finance leases	15	21
Bonds	136,978	5,432
Less: Net interest income from cross currency swap contracts	(26,303)	–
Amortisation of front-end fee	17,881	15,215
Others	2,431	1,338
Total interest costs	<b>440,122</b>	<b>370,665</b>
Less: amounts capitalised to properties under development:		
– investment properties	(4,054)	(3,239)
– properties for owners' occupation	(31,354)	(45,749)
– properties for sale	(123,314)	(153,644)
	<b>281,400</b>	<b>168,033</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 11. INCOME TAX EXPENSE (CREDIT)

	2014 HK\$'000	2013 HK\$'000
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	35,445	47,488
PRC Enterprise Income Tax ("PRC EIT")	81,993	49,560
PRC Land Appreciation Tax ("PRC LAT")	31,912	–
Australia Income Tax	37,409	22,005
Malaysia Income Tax	5,786	6,248
Singapore Income Tax	24,889	1,166
	217,434	126,467
Under(over) provision in previous years:		
Hong Kong Profits Tax	3,273	4,312
PRC LAT (note)	–	(192,657)
Australia Income Tax	(17,516)	–
Malaysia Income Tax	122	43
Singapore Income Tax	(521)	–
	(14,642)	(188,302)
Deferred taxation (note 37)	17,059	7,444
	219,851	(54,391)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year of each individual companies comprising the Group less tax losses brought forward where applicable.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25%.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC Tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia and Singapore is 30%, 25% and 17% of the estimated assessable profit for the year.

Note: During the year ended 31 March 2013, the local tax authority in the PRC agreed to use the deemed levying rates to calculate the PRC LAT for certain property development projects of the Group that have been sold and recognised as revenue in the consolidated financial statements in previous years, for which PRC LAT based on the progressive rates was provided for. The resulting overprovision of PRC LAT amounting to HK\$192,657,000 was reversed during the year ended 31 March 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 11. INCOME TAX EXPENSE (CREDIT) (Continued)

The income tax expense for the year can be reconciled to profit before taxation per the consolidated statement of comprehensive income as follows:

	Hong Kong HK\$'000	PRC HK\$'000	Australia HK\$'000	Malaysia HK\$'000	Singapore HK\$'000	Other HK\$'000	Consolidated HK\$'000
<b>2014</b>							
Profit before tax	108,228	255,785	308,465	60,944	518,534	(6,070)	1,245,886
Applicable income tax rate	16.5 %	25%	30%	25%	17%	16.5% to 35%	
Tax at the applicable income tax rate	17,858	63,946	92,539	15,236	88,151	(696)	277,034
Tax effect of expenses not deductible for tax purpose	41,233	10,700	67,020	3,464	3,396	2,766	128,579
Tax effect of income not taxable	(37,407)	(1,586)	(19,670)	(1,567)	(66,502)	(2,070)	(128,802)
Utilisation of deductible temporary difference not recognised	-	-	-	-	(161)	-	(161)
PRC LAT	-	31,912	-	-	-	-	31,912
Tax effect of PRC LAT	-	(7,978)	-	-	-	-	(7,978)
Tax effect of deductible temporary difference not recognised	7,085	-	-	482	-	-	7,567
Tax effect of tax losses not recognised	12,034	17,100	4	-	-	-	29,138
Tax effect of tax losses recognised	-	-	-	(26,817)	-	-	(26,817)
Utilisation of tax losses not previously recognised	(5,205)	-	(56,889)	(12,571)	-	-	(74,665)
Tax effect of share of results of associates	(1,049)	-	-	-	-	-	(1,049)
Tax effect of share of results of joint ventures	-	(639)	-	-	-	-	(639)
Underprovision in prior years	3,273	-	(17,516)	122	(521)	-	(14,642)
Others	838	(464)	-	-	-	-	374
Income tax expense (credit) for the year	38,660	112,991	65,488	(21,651)	24,363	-	219,851
	Hong Kong HK\$'000	PRC HK\$'000	Australia HK\$'000	Malaysia HK\$'000	Singapore HK\$'000	Other HK\$'000	Consolidated HK\$'000
<b>2013</b>							
Profit (loss) before tax	1,010,460	(94,369)	97,524	36,845	(29,612)	3,131	1,023,979
Applicable income tax rate	16.5 %	25%	30%	25%	17%	16.5% to 35%	
Tax at the applicable income tax rate	166,726	(23,592)	29,257	9,211	(5,034)	1,001	177,569
Tax effect of expenses not deductible for tax purpose	25,973	11,206	6,132	6,698	7,229	131	57,369
Tax effect of income not taxable	(136,627)	(429)	(1,636)	(2,229)	(5,379)	(1,132)	(147,432)
Overprovision of PRC LAT in prior year	-	(192,657)	-	-	-	-	(192,657)
Tax effect of PRC LAT	-	48,164	-	-	-	-	48,164
Tax effect of deductible temporary difference not recognised	1,790	-	-	1,979	-	-	3,769
Tax effect of tax losses not recognised	11,914	12,060	-	-	2,272	-	26,246
Utilisation of tax losses not previously recognised	(5,984)	(1,044)	(14,011)	(6,989)	(1)	-	(28,029)
Tax effect of share of results of associates	(12,153)	-	-	-	-	-	(12,153)
Tax effect of share of results of joint ventures	-	726	-	-	-	-	726
Underprovision in prior years	4,312	-	-	43	-	-	4,355
Others	5,265	-	2,263	(243)	397	-	7,682
Income tax expense (credit) for the year	61,216	(145,566)	22,005	8,470	(516)	-	(54,391)

Details of the deferred taxation are set out in note 37.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 12. PROFIT FOR THE YEAR

	2014 HK\$'000	2013 HK\$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	1,332,282	1,678,976
Auditor's remuneration	11,400	10,774
Depreciation		
Operations of Dorsett and its subsidiaries	187,003	129,234
Car park operations	19,878	21,249
Others	14,164	13,315
	221,045	163,798
Amortisation of prepaid lease payments	10,632	13,256
Less: Amount capitalised to properties under development for owners' occupation	(564)	(1,120)
	10,068	12,136
Amortisation of intangible assets	–	2,100
Amortisation of investment in a joint venture (included in share of results of joint ventures)	2,904	2,904
Allowance for bad and doubtful debts	3,067	35,647
Staff costs		
Directors' emolument (note 15(a))	18,918	19,220
Other staff	549,370	465,898
Share option payment expense for other staff	3,791	3,861
	572,079	488,979
Share of taxation of associates (included in share of results of associates)	(1,196)	1,705
and after crediting:		
Rental income, net of outgoings of HK\$49,524,000 (2013: HK\$24,068,000)	72,037	87,785
Dividend income from:		
Investment held for trading	12,086	2,265
Available-for-sale investments	144	2,496
	12,230	4,761
Bank interest income	5,875	6,754

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**13. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK\$914,057,000 (2013: HK\$903,046,000) and the number of shares calculated as follows:

	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,800,908	1,816,434
Effect of dilutive potential ordinary shares – Company's share options	4,776	1,076
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,805,684	1,817,510

The computations of diluted earnings per share for both years did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computations for both years did not assume the exercise of its indirect subsidiary Dorsett's share options as the exercise prices of those options are higher than the average market prices of the Dorsett's shares during the years.

**14. DIVIDENDS**

	2014 HK\$'000	2013 HK\$'000
Dividends recognised as distribution during the year:		
2014 interim dividend of HK3 cents per share (2013: 2013 interim dividend of HK2 cents per share)	55,133	35,122
2013 final dividend of HK11 cents per share (2013: 2012 final dividend of HK5 cents per share)	195,009	86,488
	250,142	121,610

A final dividend for the year ended 31 March 2014 of HK12 cents (2013: HK11 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the year. Shares issued during the year on the shareholders' election for shares are set out in note 38.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 15. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

## (a) DIRECTORS' AND CHIEF EXECUTIVE EMOLUMENTS

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

Name of directors	Fees HK\$'000	Salaries, bonuses and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payment expenses HK\$'000	Total HK\$'000
<i>For the year ended 31 March 2014</i>					
<i>Executive Directors:</i>					
David CHIU	25	2,268	15	–	2,308
Dennis CHIU	25	1,257	71	–	1,353
Craig Grenfell WILLIAMS	25	4,473	231	–	4,729
Denny Chi Hing CHAN	25	1,732	15	1,705	3,477
Chris Cheong Thard Hoong	25	4,134	15	2,252	6,426
<i>Non-executive Directors:</i>					
Daniel Tat Jung CHIU	25	–	–	–	25
<i>Independent Non-executive Directors:</i>					
Kwok Wai CHAN	200	–	–	–	200
Peter Man Kong WONG	200	–	–	–	200
Kwong Siu LAM	200	–	–	–	200
	750	13,864	347	3,957	18,918
Name of directors	Fees HK\$'000	Salaries, bonuses and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Share-based payment expenses HK\$'000	Total HK\$'000
<i>For the year ended 31 March 2013</i>					
David CHIU	25	2,268	15	–	2,308
Dennis CHIU	25	3,419	71	–	3,515
Craig Grenfell WILLIAMS	25	8,819	201	–	9,045
Denny Chi Hing CHAN (appointed as director on 31 August 2012)	15	935	9	475	1,434
Chris Cheong Thard Hoong (appointed as director on 31 August 2012)	15	1,879	9	390	2,293
<i>Non-executive Directors:</i>					
Daniel Tat Jung CHIU	25	–	–	–	25
<i>Independent Non-executive Directors:</i>					
Kwok Wai CHAN	200	–	–	–	200
Peter Man Kong WONG	200	–	–	–	200
Kwong Siu LAM	200	–	–	–	200
	730	17,320	305	865	19,220



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**15. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION****(a) DIRECTORS' AND CHIEF EXECUTIVE EMOLUMENTS (Continued)**

Mr. David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

Performance related incentive payment was paid/payable only to Craig Grenfell WILLIAMS of HK\$1,525,000 (2013: HK\$4,030,000) and included in salaries and other benefits, which is determined with reference to his performance.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2014 and 31 March 2013.

(b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company and Dorsett under the share option schemes adopted by the Company and Dorsett. Details of the share option schemes are disclosed in note 48.

**(c) EMPLOYEES' EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, three (2013: three) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2013: two) individuals was as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	9,360	6,918
Retirement benefit scheme contributions	15	15
Share-based payment expenses	187	294
	<b>9,562</b>	<b>7,227</b>

Their emoluments were within the following bands:

	2014 Number of employees	2013 Number of employees
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$6,000,001 to HK\$6,500,000	1	–
	<b>2</b>	<b>2</b>

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 during both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 16. INVESTMENT PROPERTIES

	Completed properties HK\$'000	Properties under development HK\$'000	Total HK\$'000
At 1 April 2012	2,107,469	349,000	2,456,469
Additions	16,318	24,684	41,002
Disposals	(17,275)	–	(17,275)
Transfer to property, plant and equipment (note 17)	(73,500)	–	(73,500)
Transfer to other assets (note 19)	(296,250)	–	(296,250)
Increase in fair value	142,287	156,316	298,603
Exchange alignment	22,868	–	22,868
At 31 March 2013	1,901,917	530,000	2,431,917
Additions	513	28,873	29,386
Transfer to property, plant and equipment (note 17)	(74,802)	–	(74,802)
Transfer from completed properties for sales	270,069	–	270,069
Increase (decrease) in fair value	86,867	(56,873)	29,994
Exchange alignment	(8,957)	–	(8,957)
At 31 March 2014	2,175,607	502,000	2,677,607

	2014 HK\$'000	2013 HK\$'000
The carrying amount of investment properties which are stated at fair value are on land located:		
In Hong Kong:		
Long leases	612,827	659,290
Medium-term leases	991,268	898,929
Outside Hong Kong:		
Freehold	76,791	76,198
Long leases	188,496	–
Medium-term leases	808,225	797,500
	2,677,607	2,431,917

During the year ended 31 March 2013, the Group transferred certain investment properties located in Singapore with the fair value of S\$47,400,000 (equivalent to HK\$296,250,000) at 29 August 2012 to other assets (see note 19) upon receipt of Notice of Land Acquisition from Singapore Government on 29 August 2012.

During the years ended 31 March 2014 and 31 March 2013, the Group changed the use of certain investment property, which were accordingly transferred from investment properties to property, plant and equipment at their fair value on the date of transfer.

During the year ended 31 March 2014, the Group transferred certain completed properties for sale with carrying amount of HK\$65,811,000 to investment properties at fair value of HK\$270,069,000 upon change in use, which was evidenced by commencement of operating leases. The gain arising on transfer of completed properties for sale to investment properties amounting to HK\$204,258,000 has been recognised in the consolidated statement of profit or loss accordingly (note 9).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 16. INVESTMENT PROPERTIES (Continued)

The fair value of the completed investment properties and investment properties under development in Hong Kong ("HK") and outside HK at 31 March 2014, 31 March 2013 and at the date of transfer from completed properties for sale to completed investment properties have been arrived at on the basis of a valuation carried out on that date based on the following independent firms of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited DTZ Australia (Vic) Pty Limited (note)	Member of the Australian Property Institute
Hong Kong/PRC	DTZ Debenham Tie Leung Limited	Member of the Hong Kong Institute of Surveyors
Malaysia	Raine & Horne International Zaki + Partners Sdn. Bhd. (note)	Registered valuer in Malaysia
Singapore	Savills Valuation and Professional Services (S) Ltd. (note)	Member of the Singapore Institute of Surveyors and Valuers

Note: These professional valuers were engaged by the Group to assess fair value of the properties outside HK at 31 March 2013.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

The valuation of the investment properties under development, which falls under level 3 of the fair value hierarchy, has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs, and indirect costs that will be expended to complete the development as well as developer's risks associated with the development of the property at the valuation date and the return that the developer would require for bringing them to the completion status, which is determined by the valuers, based on its analyses of recent land transactions and market value of similar completed properties in the relevant locations.

The carrying amounts of investment properties under development at the end of the reporting period includes capitalised interest expense of HK\$13,785,000 (2013: HK\$9,731,000).

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2014 are as follows:

The key inputs used in valuing the completed investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa. A significant increase in the monthly unit rent would result in significant increase in the fair value and vice versa.

Details of the significant unobservable input under the income capitalisation approach are as follows:

Class of property	Capitalisation rates	Market rent
Office portion in Hong Kong	3% to 3.75% per annum	HK\$26 to HK\$40 per square feet
Shops in Hong Kong	3% to 5% per annum	HK\$10 to HK\$234 per square feet
Retail portion in PRC	6% to 8.5% per annum	RMB33 to RMB197 per square metre
Office portion in PRC	4.5% per annum	RMB41 to RMB45 per square metre
Shops in Australia	7% to 10.5% per annum	A\$610 to A\$1,844 per square metre

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**16. INVESTMENT PROPERTIES (Continued)**

Shops in Singapore were valued under direct comparison approach, market unit rate is one of the key inputs. The adopted market unit rate for shops in Singapore is S\$47,664 per square metre. A significant increase in market unit rate would result in a significant increase in the fair value, and vice versa.

The key inputs used in valuing the investment properties under development under direct comparison approach were the gross development value and developer's profit. The adopted gross development value is HK\$16,500 per square feet with the developer's profit of 10%. If the gross development value is higher, the fair value increases. If estimated costs to complete or the developer's estimated profit margin for risk is higher, the fair value decreases. The opposite is true for decreases in these inputs.

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

**17. PROPERTY, PLANT AND EQUIPMENT**

	Properties		Leasehold improvements, furniture, fixtures and equipment HK\$'000	Total HK\$'000
	Completed HK\$'000	Under development HK\$'000		
<b>COST</b>				
At 1 April 2012	4,291,765	1,838,781	439,054	6,569,600
Additions	2,186	944,795	125,289	1,072,270
Transfer upon completion of development	351,625	(411,169)	59,544	–
Transfer from investment properties (note 16)	73,500	–	–	73,500
Disposals	–	–	(15,095)	(15,095)
Disposal of a subsidiary	(294,936)	–	(36,927)	(331,863)
Exchange alignment	4,170	(1,122)	(651)	2,397
At 31 March 2013	4,428,310	2,371,285	571,214	7,370,809
Additions	63,618	818,123	60,761	942,502
Transfer upon completion of development	1,685,087	(2,055,150)	370,063	–
Transfer from investment properties (note 16)	28,442	46,360	–	74,802
Disposals	–	–	(8,245)	(8,245)
Exchange alignment	(114,373)	63,088	(23,083)	(74,368)
At 31 March 2014	6,091,084	1,243,706	970,710	8,305,500

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Properties		Leasehold improvements, furniture, fixtures and equipment HK\$'000	Total HK\$'000
	Completed HK\$'000	Under development HK\$'000		
<b>DEPRECIATION AND IMPAIRMENT</b>				
At 1 April 2012	443,266	—	138,332	581,598
Provided for the year	101,520	—	62,278	163,798
Eliminated on disposals	—	—	(14,160)	(14,160)
Elimination on disposal of a subsidiary	(7,477)	—	(5,144)	(12,621)
Exchange alignment	72	—	(997)	(925)
At 31 March 2013	537,381	—	180,309	717,690
Provided for the year	136,759	—	84,286	221,045
Eliminated on disposals	—	—	(7,291)	(7,291)
Exchange alignment	(20,621)	—	(12,289)	(32,910)
At 31 March 2014	653,519	—	245,015	898,534
<b>CARRYING VALUES</b>				
At 31 March 2014	5,437,565	1,243,706	725,695	7,406,966
At 31 March 2013	3,890,929	2,371,285	390,905	6,653,119

The carrying amounts of hotels, other properties and car parks shown above comprise:

	2014 HK\$'000	2013 HK\$'000
Leasehold land and building in Hong Kong		
Long leases	480,619	464,199
Medium-term leases	2,803,209	2,505,930
Freehold land and building outside Hong Kong	2,260,132	1,929,308
Building on leasehold land outside Hong Kong		
Long leases	371,063	371,997
Medium-term leases	766,248	990,780
	6,681,271	6,262,214

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**17. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Leasehold lands are depreciated over the term of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land of 25 to 65 years, 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. No depreciation is provided on freehold land and buildings under development.

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 outside Hong Kong with carrying amount of HK\$305,306,000 (2013: HK\$312,344,000).

Included in leasehold improvements, furniture, fixtures and equipment is an aggregate carrying amount of HK\$1,482,000 (2013: HK\$1,927,000) in respect of assets held under finance leases.

During the year ended 31 March 2013, the Group disposed of a hotel in Hong Kong named "Dorsett Regency Hotel, Hong Kong", through the disposal of a subsidiary to an independent third party for a consideration of HK\$801,532,000, details of this transaction are set out in note 40(b).

**18. PREPAID LEASE PAYMENTS**

	2014 HK\$'000	2013 HK\$'000
Balance at beginning of the year	611,070	616,352
Amortisation	(10,632)	(13,256)
Exchange alignment	(5,217)	7,974
Balance at end of the year	595,221	611,070
The carrying value represents leasehold land outside Hong Kong:		
Long-term leases with lease period of 99 years	310,335	316,008
Medium-term leases with lease period of 35 years	284,886	295,062
	595,221	611,070
Analysed for reporting purposes as:		
Non-current asset	579,274	595,036
Current asset	15,947	16,034
	595,221	611,070

**19. OTHER ASSETS**

On 29 August 2012, the Group received Notice of Land Acquisition from the Singapore Government in respect of the Singapore Properties under Compulsory Acquisition (see note 9). These properties are expected to be possessed by the Singapore Government in August 2014. Accordingly, such properties were transferred from investment properties to other assets at their fair value of S\$47,400,000 (equivalent to HK\$296,250,000) (see note 16) at the date of transfer, which becomes the deemed cost in accounting for such properties at 31 March 2013. Upon acceptance by the Group of the offer of compensation from the Singapore Government, such properties were given up and the carrying amount was derecognised and resulted in gain on compensation amounting to HK\$258,960,000 recognised in the consolidated statement of profit or loss accordingly (note 9).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 20. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

## 21. INTERESTS IN ASSOCIATES

	2014 HK\$'000	2013 HK\$'000
Unlisted investments, at cost	86,539	86,539
Share of post-acquisition results, net of dividends received	229,645	229,069
	<b>316,184</b>	<b>315,608</b>

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/Proportion of nominal value of issued capital held by the Company indirectly		Principal activities
		2014	2013	
Bermuda Investments Limited	Ordinary	25	25	Property investment
Cosmopolitan Resort (Zhuji) Limited ("Zhuji") <sup>#</sup>	N/A	18	18	Property development
Kanic Property Management Limited	Ordinary	50	50	Building management
Omicron International Limited*	Ordinary	30	30	Investment holding
Peacock Estates Limited	Ordinary	25	25	Property investment

<sup>#</sup> Sino-foreign joint venture established and operating in the PRC

\* Incorporated in British Virgin Islands

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

The summarised aggregate financial information in respect of the Group's associates, which are not individually material to the Group at and for each of the year ended 31 March 2014 and 31 March 2013 attributable to the Group's interest, is as follows:

	2014 HK\$'000	2013 HK\$'000
The Group's share of profit after tax	6,360	73,656
The Group's share of total comprehensive income	6,360	73,656

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 21. INTERESTS IN ASSOCIATES (Continued)

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2014 HK\$'000	2013 HK\$'000
The unrecognised share of losses for the year	(28)	(23)
Cumulative unrecognised share of losses	(50,295)	(50,267)

## 22. INTERESTS IN JOINT VENTURES

## (a) JOINT VENTURES

	2014 HK\$'000	2013 HK\$'000
Unlisted investments, at cost	52,668	55,574
Share of post-acquisition results, net of dividends/ distributions received	32,239	32,492
Less: Impairment	(40,951)	(40,951)
	43,956	47,115

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly		Principal activities
		2014	2013	
商丘永遠公路有限公司 Shangqiu Yongyuan Development Company Limited ("Shangqiu Yongyuan") (note)	PRC	68%	68%	Operation of highway
Guangdong Xin Shi Dai Real Estate Limited	PRC	50%	50%	Property development



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**22. INTERESTS IN JOINT VENTURES (Continued)****(a) JOINT VENTURES (Continued)**

Note: The entity is established under a joint venture agreement for the construction and operation of a highway for a term of 21 years commencing from 31 July 1997. The Group is entitled to 85% of the profits from operation of the highway until the Group has recouped in full its investment cost from the distribution by the entity. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until the joint venture partner has recouped in full its investment cost, which is the agreed fair value of the land contributed to the entity. Thereafter, both parties' entitlement to the share of profit is in proportion to their respective contribution. On expiry of the joint venture period, the joint venture will be dissolved and all remaining undistributed assets will be surrendered to the PRC party. Accordingly, the Group's cost of investment in the joint venture is amortised over the joint venture period.

The entity is accounted for as a joint venture although the Group's interest is more than 50% as the Group and the other equity owner jointly control the operating and financial policies of the entity under a contractual arrangement.

The summarised aggregate financial information in respect of the Group's joint ventures, which are not individually material to the Group at and for each of the year ended 31 March 2014 and 31 March 2013 attributable to the Group's interest, is as follows:

	2014 HK\$'000	2013 HK\$'000
The Group's share of loss after tax	2,904	2,904
The Group's share of total comprehensive expense	2,904	2,904

During the year ended 31 March 2013, the directors assessed the expected future cash flows expected to be generated by a joint venture and an impairment loss of HK\$40,951,000 was provided against the interests in joint venture.

**(b) JOINT OPERATION**

During the year ended 31 March 2012, the Group 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 cost 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 RM\$8,800,000, equivalent to HK\$21,030,000 (2013: RM\$8,800,000, equivalent to HK\$22,138,000) recognised in the consolidated financial statements as at 31 March 2014 in relation to the joint operations, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 23. INVESTMENT SECURITIES

## (a) AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Listed equity securities (note 6(c)):		
Hong Kong	3,035	3,172
Overseas	–	7,865
	3,035	11,037
Unlisted:		
Equity securities	4	4
Debt securities	–	98,571
Club membership	688	688
Investment funds	–	41,120
	692	140,383
	3,727	151,420

## (b) FINANCIAL ASSETS AT FVTPL

	2014 HK\$'000	2013 HK\$'000
Investments held for trading (note 6(c))		
Equity securities listed overseas	5,429	23,386
Listed debt securities	245,616	–
Investment funds	760,595	–
	1,011,640	23,386
Financial assets designated at fair value through profit or loss (note 6(c))		
Listed debt securities	–	102,030
Structured deposits	7,750	7,750
	7,750	109,780
	1,019,390	133,166
Total	1,023,117	284,586
Analysed for reporting purposes as:		
Non-current assets	11,477	146,604
Current assets	1,011,640	137,982
	1,023,117	284,586

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**24. AMOUNTS DUE FROM ASSOCIATES**

The amounts due from associates are unsecured, interest-free and the Group does not expect for repayment within the next twelve months from the end of the reporting period.

In determining the recoverability of the amounts due from associates, the Group takes into consideration the fair values of the underlying assets, the future operation and cashflows of the associates.

**25. OTHER RECEIVABLES**

	2014 HK\$'000	2013 HK\$'000
Compensation receivable (note 9)	505,868	–
Promissory notes receivable and accrued interest	149,626	142,365
Second mortgage loans	30,303	74
	<b>685,797</b>	<b>142,439</b>
Less: Amount due within one year and classified under current assets		
– Other receivables	(685,751)	(142,365)
– Debtors, deposits and prepayments	(29)	(29)
Amount due after one year	<b>17</b>	<b>45</b>

Compensation of S\$82,255,000 (equivalent to HK\$505,868,000) is due for settlement upon the surrender of the title deeds of the Singapore Properties under the Compulsory Acquisition and delivery of possession of such properties to the Singapore Government in August 2014. Subsequent to 31 March 2014, a further amount of S\$43,133,000 (equivalent to HK\$265,364,000) was received by the Group from the Singapore Government.

Promissory notes with aggregate principal amount of US\$17,500,000 (equivalent to HK\$135,625,000) represents the balance of the consideration receivable in connection with the disposal of certain properties located outside Hong Kong to an independent third party in February 2010. The notes are secured by first priority mortgage liens over the properties disposed of and a pledge of the purchasers' equity interest in the entity holding the properties. The notes, together with interest being accrued at the rate of 2% per annum in the first year and 4% per annum thereafter, were due on maturity in February 2014 and were subsequently settled in May 2014.

Second mortgage loans and interest receivable are secured by the properties of the borrowers. The loans are interest-free in the first year, bear interest at 6% and 9% in second and third year, respectively, and due on maturity at the end of the third year.

In determining the recoverability of loans receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors believe that there is no further provision required.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**26. BANK DEPOSITS, DEPOSITS IN A FINANCIAL INSTITUTION, BANK BALANCES AND CASH**

Pledged deposits included in non-current assets carry interest at rates ranging from 0.05% to 0.50% (2013: 0.10% to 0.50%) per annum. These deposits are pledged to secure bank loans repayable after one year.

Included in pledged deposits shown under current assets is deposit of HK\$118,000 (2013: HK\$20,000,000) which carries interest at a fixed rate of 0.8% (2013: 0.10%) per annum. The remaining pledged deposits carry interest at market rates ranging from 0.05% to 0.50% (2013: 2.72%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits represents custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Deposits in a financial institution carry interest at rates ranging from 0% to 0.1% (2013: 0% to 0.1%).

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 3.40% (2013: 0.0% to 3.75%) per annum.

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

**27. PROPERTIES FOR SALE**

Included in properties for sale are properties with carrying value of HK\$3,716,383,000 (2013: HK\$3,608,653,000) which are not expected to be realised within the next twelve months.

The carrying amount includes the freehold land of RM\$8,800,000, equivalent to HK\$21,030,000 (2013: RM\$8,800,000, equivalent to HK\$22,138,000) transferred from property, plant and equipment in previous year for joint development as detailed in note 22(b).

**28. DEBTORS, DEPOSITS AND PREPAYMENTS**

	2014 HK\$'000	2013 HK\$'000
Trade debtors	162,886	79,902
Advance to contractors	5,909	14,029
Utility and other deposits	69,145	22,270
Value-added tax recoverable	–	6,331
Receivable from stakeholders	242,164	108,498
Prepayment and other receivables	173,490	166,806
Balance of proceeds from disposal of a subsidiary (note 40(b))	–	15,000
	<b>653,594</b>	<b>412,836</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**28. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)**

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

	2014 HK\$'000	2013 HK\$'000
0 – 60 days	77,229	70,863
61 – 90 days	3,776	2,818
Over 90 days	81,881	6,221
	<b>162,886</b>	<b>79,902</b>

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

Trade debtors mainly represent receivable from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 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 of the reporting period. There is no concentration of credit risk due to the large and unrelated customer base. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made.

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

	2014 HK\$'000	2013 HK\$'000
Balance at beginning of the year	10,055	9,443
Impairment losses recognised	1,134	2,707
Amount written off as uncollectible	(415)	(2,093)
Amount recovered during the year	–	(2)
Balance at end of the year	<b>10,774</b>	<b>10,055</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 29. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale comprise:

	2014 HK\$'000	2013 HK\$'000
Assets classified as held for sale:		
Other property, plant and equipment	–	91,410

During the year ended 31 March 2011, the Group decided to dispose of certain properties in Hong Kong held under medium-term lease. These properties, which were previously planned for owners' occupation, are reclassified from property, plant and equipment to assets classified as held for sale. These properties were disposed of to an independent third party during the year ended 31 March 2014.

## 30. CREDITORS AND ACCRUALS/CUSTOMERS' DEPOSITS RECEIVED

	2014 HK\$'000	2013 HK\$'000
<i>Creditors and accruals</i>		
Trade creditors		
– Construction cost and retention payable	115,442	152,576
– Others	67,488	72,690
	182,930	225,266
Construction cost and retention payable for capital assets	145,661	94,711
Rental and reservation deposits and receipts in advance	50,928	49,304
Payable to brokers for the purchase of securities	2,085	43,951
Balance of consideration for the acquisition of properties for development in Australia	360,903	–
Other payable and accrued charges	395,335	423,977
	1,137,842	837,209

The following is an aged analysis of the trade creditors:

	2014 HK\$'000	2013 HK\$'000
0 – 60 days	146,821	140,680
61 – 90 days	1,832	1,374
Over 90 days	34,277	83,212
	182,930	225,266

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 30. CREDITORS AND ACCRUALS/CUSTOMERS' DEPOSITS RECEIVED (Continued)

*Customers' Deposits Received*

Of the customers' deposits received, an amount of HK\$nil (2013: HK\$77,657,000) is expected to be recognised as revenue after twelve months from the end of reporting period.

## 31. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Amounts payable under finance leases:				
Within one year	3,162	164	3,159	158
In more than one year but not more than five years	4,286	1,138	4,001	1,010
	7,448	1,302	7,160	1,168
Less: Future finance charges	(15)	(134)	–	–
Present value of lease obligations	7,433	1,168	7,160	1,168
Less: Amount due within one year shown under current liabilities			(3,159)	(158)
Amount due after one year			4,001	1,010

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average effective borrowing rates for the year is 2.7% (2013: 2.7%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 32. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Interest rate cap and swap (note a)	–	–	–	(680)
Call/put options in listed equity securities and foreign currencies (note b)	2,238	5,354	(1,841)	(10,774)
Cross currency swap contracts (note c)	–	–	–	(8,836)
	2,238	5,354	(1,841)	(20,290)
Analysed for reporting purpose as:				
Current assets	2,238	5,354	–	–
Current liabilities	–	–	(1,841)	(20,290)
	2,238	5,354	(1,841)	(20,290)

## Notes:

- (a) 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:

- (i) 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
- (ii) Date of contract: 28 July 2010  
Effective date: 7 October 2010  
Notional amount: SGD10,000,000  
Maturity: December 2013  
Interest payment: Pay interest at a fixed rate of 1.46% and receive interest at 3 months SGD Swap Offer Rate

- (b) Call and put options represents right to purchase or sell listed equity securities or foreign currencies with predetermined prices on maturity. Duration of these contracts ranges from one to three months.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 32. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

(c) The 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 2018 Bonds. The major terms of the cross currency swap contracts at 31 March 2013 are set out below:

(i)	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 USD80,606,158 semi-annually
	Principal exchanged amount:	USD80,606,158
(ii)	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 USD56,397,035 semi-annually
	Principal exchanged amount:	USD120,365,912

At 31 March 2013, the cross currency swap contracts were not accounted for under hedge accounting. The currency swap contracts were designated as hedging instruments upon issuance of the 2018 Bonds during the current year, details of which are set out in note 36.

## 33. SECURED BANK AND OTHER BORROWINGS

	2014 HK\$'000	2013 HK\$'000
Bank loans	7,543,836	6,571,300
Other loans	—	62,500
	7,543,836	6,633,800
Less: front-end fee	(20,431)	(15,872)
	7,523,405	6,617,928
Analysed for reporting purpose as:		
Current liabilities	4,252,487	4,713,839
Non-current liabilities	3,270,918	1,904,089
	7,523,405	6,617,928
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	2,809,980	3,614,915
More than one year, but not exceeding two years	1,462,728	1,757,649
More than two years, but not exceeding five years	2,915,286	1,090,249
More than five years	355,842	170,987
	7,543,836	6,633,800

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**33. SECURED BANK AND OTHER BORROWINGS (Continued)**

The carrying amounts of the borrowings include an amount of HK\$1,462,938,000 (2013: HK\$1,114,796,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have a discretionary rights to demand immediate repayment.

Bank loans which are denominated in various currencies are analysed below:

Currencies	Interest rates	2014 HK\$'000	2013 HK\$'000
HK\$	HIBOR plus 0.80% to 3.00% (2013: HIBOR plus 0.80% to 1.30% and HK\$ Prime Lending Rate minus 1.5%)	4,731,362	4,346,216
RMB	100% of 1-year PBOC Prescribed Interest rate to 130% of 1 to 3 years PBOC Prescribed Interest Rate (2013: 100% of 1-year PBOC Prescribed Interest Rate to 125% of 1 to 3 years PBOC Prescribed Interest Rate)	1,119,022	942,364
RMB	Fixed rate 8.53%	–	15,000
S\$	S\$ SOR plus 1.25% (2013: S\$ SOR plus 1.25% to 1.85%)	398,100	476,383
RM\$	Malaysia BLR minus 1.50% (2013: Malaysia BLR minus 1.50% to BLR plus 1.5%)	325,938	364,998
A\$	Australia BBSW plus 1.45% to 2.50% (2013: Australia BBSW plus 1% to 1.50%)	712,054	369,121
GBP	LIBOR plus 2.80% (2013: LIBOR plus 2.80%)	257,360	119,718
		7,543,836	6,633,800

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 34. CONVERTIBLE BONDS

	2014 HK\$'000	2013 HK\$'000
At 1 April	31,169	30,074
Amortised interest charged to profit or loss	2,252	2,182
Payment of coupon interest	(1,214)	(1,214)
Amortisation of issue expenses	771	127
At 31 March	32,978	31,169
Analysed for reporting purpose as:		
Current liabilities	32,978	–
Non-current liabilities	–	31,169
At 31 March	32,978	31,169

The convertible bonds, with maturity date on 5 March 2015, carry interest at 3.625 percent and are convertible, at the option of the holders, into ordinary shares of HK\$0.10 each of the Company at an adjusted conversion price of HK\$3.21 per share. The carrying amount at the end of the reporting period represents the liability component of convertible bonds with principal amount of HK\$33,500,000 (2013: HK\$33,500,000).

## 35. BONDS

	2016 Bonds HK\$'000	2018 Bonds HK\$'000	Total HK\$'000
At 1 April 2012	–	–	–
Issue of bonds	1,244,000	–	1,244,000
Interest charged during the year	5,432	–	5,432
Exchange adjustments	568	–	568
At 31 March 2013	1,250,000	–	1,250,000
Issue of bonds	–	1,062,500	1,062,500
Transaction cost	–	(12,328)	(12,328)
Repurchase during the year	–	(50,239)	(50,239)
Interest charged during the year	74,699	62,279	136,978
Interest paid during the year	(74,030)	(61,263)	(135,293)
Exchange adjustments	(669)	1,742	1,073
At 31 March 2014	1,250,000	1,002,691	2,252,691

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 35. BONDS (Continued)

#### 2016 BONDS

On 4 March 2013, the Company issued bonds with aggregate principal amount of RMB1,000,000,000 (equivalent to HK\$1,250,000,000) at the issue price of 100% of the principal amount with a maturity of three years due on 4 March 2016 (the "2016 Bonds") to independent third parties. The 2016 Bonds bear interest at rate of 5.875% per annum payable semi-annually.

#### 2018 BONDS

On 3 April 2013, Dorsett issued bonds 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 "2018 Bonds") to independent third parties. The 2018 bonds bear interest at 6% per annum payable semi-annually.

During the year ended 31 March 2014, Dorsett partially repurchased a principal amount of RMB39,660,000 (equivalent to HK\$49,972,000) of the 2018 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 2018 Bonds of HK\$2,067,000 was recognised in profit or loss.

The principal terms of 2016 Bonds and 2018 Bonds:

- (a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the 2016 Bonds and 2018 Bonds, the bonds are transferable without restrictions.
- (b) Unless previously redeemed or purchased and cancelled, the Company will redeem each 2016 Bonds and 2018 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 2016 Bonds and 2018 Bonds (which notice shall be irrevocable) redeem all, and not some only, of the 2016 Bonds and 2018 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 2016 Bonds and 2018 Bonds will have the right at such holder's option, to require the Company to redeem all or some only of that holder's 2016 Bonds and 2018 Bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.
- (e) The 2016 Bonds and 2018 Bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the 2016 Bonds and 2018 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 2016 Bonds and 2018 Bonds were disclosed in the Company's circular dated 25 February 2013 and Dorsett's circular dated 25 March 2013, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 36. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

	Assets		Liabilities	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Cash flow hedges				
– Cross currency swap	35,122	–	–	7,593

The Group entered into cross currency swap contracts as hedging instruments in order to reduce its exposure to the current exchange rate fluctuation in relation to 2016 Bonds and 2018 Bonds issued by the Group on 4 March 2013 and 3 April 2014 respectively.

In relation to the partial repurchase of the 2018 Bonds with principal amount of RMB39,660,000 as described in note 35, 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 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.

The fair value gain arising from the cross currency swap contracts of HK\$51,550,000 (2013: fair value loss of HK\$7,593,000) was deferred in equity as hedging reserve. An amount of gain of HK\$27,329,000 (2013: HK\$6,000,000) is reclassified from hedging reserve to profit or loss in the periods when the hedged item is recognised to profit or loss.

Major terms of cross currency swap contracts at 31 March 2014 and 31 March 2013 are set out below:

- (1) Date of contract: 26 February 2013  
 Effective date: 4 March 2013  
 Notional amount: RMB250,000,000  
 Maturity: 4 March 2016  
 Interest payment: Receive interest at a fixed rate of 5.875% per annum based on the RMB notional amount and pay interest at fixed rate of 4.65% per annum based on USD40,178,075 semi-annually  
 Principal exchanged amount: USD40,178,075
- (2) Date of contract: 25 February 2013  
 Effective date: 4 March 2013  
 Notional amount: RMB750,000,000  
 Maturity: 4 March 2016  
 Interest payment: Receive interest at a fixed rate of 5.875% per annum based on the RMB notional amount and pay interest at fixed rate of 4.675% per annum based on USD120,365,912 semi-annually  
 Principal exchanged amount: USD120,365,912

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**36. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (Continued)**

(3)	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 USD76,817,669 semi-annually
	Principal exchanged amount:	USD76,817,669
(4)	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 USD53,738,318 semi-annually
	Principal exchanged amount:	USD53,738,318

**37. DEFERRED TAXATION**

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

	Accelerated tax depreciation HK\$'000	Revaluation of investment properties HK\$'000	Revaluation of assets HK\$'000	Fair value adjustments on business combination HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2012	54,451	82,207	84,398	41,731	(24,564)	(3,335)	234,888
Disposal of a subsidiary	(5,265)	–	–	–	5,265	–	–
Charge (credit) to profit or loss	13,947	(2,976)	(1,701)	(1,245)	92	(673)	7,444
Exchange alignment	–	2,916	2,994	–	–	–	5,910
At 31 March 2013	63,133	82,147	85,691	40,486	(19,207)	(4,008)	248,242
Charge (credit) to profit or loss	10,856	7,815	(1,701)	(1,245)	(31,182)	32,516	17,059
Exchange alignment	–	(10,258)	(15,813)	–	60	(4,484)	(30,495)
At 31 March 2014	73,989	79,704	68,177	39,241	(50,329)	24,024	234,806

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**37. DEFERRED TAXATION (Continued)**

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	(33,644)	(5,000)
Deferred tax liabilities	268,450	253,242
	<b>234,806</b>	<b>248,242</b>

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in PRC, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose.

At 31 March 2014, the Group has unused tax losses of HK\$1,145,956,000 (2013: HK\$1,291,432,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK\$237,019,000 (2013: HK\$95,016,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$908,937,000 (2013: HK\$1,196,416,000) due to the unpredictability of future profit streams.

At 31 March 2014, the Group has deductible temporary difference of HK\$352,200,000 (2013: HK\$307,333,000). 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 difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the PRC subsidiaries of HK\$773,629,000 (2013: HK\$552,652,000) generated after 1st January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 38. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value HK\$'000
Authorised:	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2012	1,959,757,076	195,976
Repurchase of shares	(230,000,000)	(23,000)
Issue of shares in lieu of cash dividends	34,152,460	3,415
Issue upon exercise of share option at HK\$2.075 per share	5,000,000	500
At 31 March 2013	1,768,909,536	176,891
Issue of shares in lieu of cash dividends	72,404,902	7,240
Issue upon exercise of share option at HK\$2.075 per share	6,200,000	620
Issue upon exercise of share option at HK\$1.50 per share	2,000,000	200
At 31 March 2014	1,849,514,438	184,951

On 14 February 2014, the Company issued and allotted 8,813,915 new fully paid shares of HK\$0.10 each at HK\$2.917 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 27 November 2013.

On 24 October 2013, the Company issued and allotted 63,590,987 new fully paid shares of HK\$0.10 each at HK\$2.372 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 19 June 2013.

On 8 February 2013, the Company issued and allotted 7,819,503 new fully paid shares of HK\$0.10 each at HK\$2.10 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 interim dividend pursuant to the scrip dividend scheme announced by the Company on 28 November 2012.

On 25 October 2012, the Company issued and allotted 26,332,957 new fully paid shares of HK\$0.10 each at HK\$1.43 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2012 final dividend pursuant to the scrip dividend scheme announced by the Company on 20 June 2012.

All the shares issued during the two years ended 31 March 2014 rank pari passu in all respects with the existing shares in the Company.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 39. NON-CONTROLLING INTERESTS

	2014 HK\$'000	2013 HK\$'000
Share of net assets of subsidiaries	1,190,567	1,129,327
Share options reserve of subsidiaries	9,953	8,603
Hedging reserve	407	–
	<b>1,200,927</b>	<b>1,137,930</b>

## 40. DISPOSAL OF A SUBSIDIARY

- (a) On 8 October 2013, the Group disposed of its entire equity interest in Far East Golf International Ltd to an independent third party for the consideration of HK\$160,017,000.

The net assets disposed of were as follows:

	HK\$'000
Assets classified as held for sale	91,410
Deposits and prepayment	547
Accruals	(12)
Net assets disposed of	<b>91,945</b>
Gain on disposal:	
Consideration	160,017
Transaction and other direct cost incurred	(1,420)
Consideration received and receivable	158,597
Net assets disposed of	(91,945)
Gain on disposal	<b>66,652</b>
Net cash inflow arising from disposal of a subsidiary	
Consideration received and receivable, net of transaction cost	<b>158,597</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 40. DISPOSAL OF A SUBSIDIARY (Continued)

- (b) In prior year, the Group disposed of its entire equity interest in Hong Kong (SAR) Hotel Limited (“HKSAR Hotel”) to an independent third party for consideration of HK\$801,532,000. HKSAR Hotel is the owner and operator of Dorsett Regency Hotel, HK.

	HK\$'000
The net assets disposed of were as follows:	
Property, plant and equipment	319,242
Inventories	92
Debtors, 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, net of transaction cost – 2012	779,706
Consideration received – current year	(15,000)
Bank balances and cash disposed of	(428)
	764,278

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 28. The amount was subsequently received on 3 April 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**41. MAJOR NON-CASH TRANSACTIONS**

During the year, the Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK\$6,382,000 (2013: HK\$860,000).

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK\$176,546,000 (2013: HK\$54,079,000).

**42. CHARGE ON ASSETS**

Bank and other loans with aggregate amount of HK\$7,543,836,000 (2013: HK\$6,633,800,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2014 HK\$'000	2013 HK\$'000
Investment properties	2,083,704	2,020,374
Property, plant and equipment	5,482,237	5,559,131
Prepaid lease payments	588,919	604,171
Other assets	–	262,500
Properties for sale	2,571,939	2,701,624
Assets classified as held for sale	–	91,410
Bank deposits	176,820	176,304
	<b>10,903,619</b>	<b>11,415,514</b>

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

**43. CONTINGENT LIABILITIES**

(a) During the year ended 31 March 2014, Management Corporation Strata Title No. 512 ("MCST 512") filed the notice of appeal to High Court in Singapore against Tang City Holdings Pte. Ltd., a subsidiary of the Company in Singapore, claiming for the benefit and/or revenue relating to the unauthorised additions to the floor area in the Singapore Properties under Compulsory Acquisition amounted to S\$23,492,000 (equivalent to HK\$144,710,000). There is no final judgement up to the date of this report. In the opinion of the directors, after consultation with the lawyer, MCST 512's appeal is not premised upon any strong basis and it is unlikely to succeed. As such, no provision for potential liability has been made in the consolidated financial statements.

(b) 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 disposal 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 August 2013. Both the defendant and the plaintiff 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**44. CAPITAL COMMITMENTS**

	2014 HK\$'000	2013 HK\$'000
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	153,281	768,622
Others	107,679	12,180
	260,960	780,802
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	22,750	27,673
Others	16,474	16,474
	39,224	44,147
	300,184	824,949

**45. OPERATING LEASE ARRANGEMENTS  
THE GROUP AS LESSOR:**

At the end of the reporting period, investment properties, other assets and properties for sale with carrying amount of HK\$2,175,607,000 (2013: HK\$1,901,917,000), HK\$nil (2013: HK\$296,250,000) and HK\$23,788,000 (2013: HK\$33,166,000) respectively were let out under operating leases. Gross rental income earned during the year is HK\$121,561,000 (2013: HK\$111,853,000) of which HK\$110,810,000 (2013: HK\$107,558,000) was derived from letting of investment properties.

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

	2014 HK\$'000	2013 HK\$'000
Within one year	89,719	90,882
In the second to fifth year inclusive	165,859	161,265
More than five years	77,481	83,059
	333,059	335,206

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2013: one to twenty years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 45. OPERATING LEASE ARRANGEMENTS (Continued)

## THE GROUP AS LESSEE:

Minimum lease payments paid under operating leases during the year.

	2014 HK\$'000	2013 HK\$'000
Premises	355,471	297,667
Equipment	32	68
	355,503	297,735

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

	2014 HK\$'000	2013 HK\$'000
Within one year	57,636	72,598
In the second to fifth year inclusive	85,458	126,259
Over five years	10,314	–
	153,408	198,857

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

## 46. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2014 HK\$'000	2013 HK\$'000
Provision of building management service by associates	4,066	3,942

Details of the balances with associates, a joint venture, non-controlling shareholders of subsidiaries, an investee company and related companies as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

- (b) During the year, the Group has entered into four hotel management services contracts with certain companies in Malaysia which are controlled by a director of the Company. There was no hotel management services income generated by the Group 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 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

### 47. AMOUNT DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, a joint venture, an investee company, related companies and non-controlling shareholders of subsidiaries are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The Group does not expect for repayment in respect of the amount due from a joint venture and an investee company within the next twelve months from the end of the reporting period and, accordingly, the amount is classified under non-current assets.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

### 48. SHARE OPTION SCHEME

#### (a) SHARE OPTION SCHEME OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED ("FECIL SHARE OPTION SCHEME")

On 31 August 2012, the Company 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 the Company was approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL 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, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year 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 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company'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 the Company's share.

Share options were granted by the Company on 21 October 2004, 25 August 2006, 8 May 2009 and 27 March 2013, at an initial exercise price at HK\$2.075, HK\$3.290, HK\$1.500 and HK\$2.550 per share to directors and employees of the Company and its subsidiaries.

At 31 March 2014, the number of options which remained outstanding under the Share Option Scheme was 27,450,000 (2013: 35,650,000) which, if exercise in full, would represents 1.48% (2013: 1.98%) of the enlarged capital of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 48. SHARE OPTION SCHEME (Continued)

## (a) SHARE OPTION SCHEME OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED ("FECIL SHARE OPTION SCHEME") (Continued)

Details of options granted are as follows:

Option type	Vesting period	Exercisable period	Exercise price HK\$
Options granted on 21 October 2004			
Tranche 1	21.10.2004 to 31.10.2004	1.11.2004 to 20.10.2014	2.075
Tranche 2	21.10.2004 to 31.12.2005	1.1.2006 to 20.10.2014	2.075
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 25 August 2006			
Tranche 3	25.8.2006 to 31.12.2007	1.1.2008 to 24.8.2016	3.290
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.8.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.8.2016	3.290
Options granted on 8 May 2009			
Tranche 1	8.5.2009 to 15.9.2009	16.09.2009 to 15.09.2019	1.500
Tranche 2	8.5.2009 to 15.9.2010	16.09.2010 to 15.09.2019	1.500
Tranche 3	8.5.2009 to 15.9.2011	16.09.2011 to 15.09.2019	1.500
Tranche 4	8.5.2009 to 15.9.2012	16.09.2012 to 15.09.2019	1.500
Options granted on 27 March 2013			
Tranche 1	27.3.2013 to 28.2.2014	2.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 28.2.2015	2.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	2.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	2.3.2017 to 28.2.2020	2.550

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 48. SHARE OPTION SCHEME (Continued)

## (a) SHARE OPTION SCHEME OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED ("FECIL SHARE OPTION SCHEME") (Continued)

The movements in the options granted to employees in aggregate during the two years ended 31 March 2013 and 31 March 2014 are as follows:

Option type	Date of grant	At 1.4.2012	Granted during the year	Exercised during the year	At 31.3.2013	Exercised during the year	At 31.3.2014
Tranche 1	21.10.2004	250,000	–	–	250,000	–	250,000
Tranche 2	21.10.2004	425,000	–	–	425,000	(100,000)	325,000
Tranche 3	21.10.2004	2,775,000	–	(1,200,000)	1,575,000	(1,100,000)	475,000
Tranche 4	21.10.2004	5,875,000	–	(1,800,000)	4,075,000	(2,500,000)	1,575,000
Tranche 5	21.10.2004	6,975,000	–	(2,000,000)	4,975,000	(2,500,000)	2,475,000
		16,300,000	–	(5,000,000)	11,300,000	(6,200,000)	5,100,000
Tranche 4	25.8.2006	450,000	–	–	450,000	–	450,000
Tranche 5	25.8.2006	500,000	–	–	500,000	–	500,000
		950,000	–	–	950,000	–	950,000
Tranche 1	8.5.2009	1,850,000	–	–	1,850,000	(1,850,000)	–
Tranche 2	8.5.2009	1,850,000	–	–	1,850,000	(150,000)	1,700,000
Tranche 3	8.5.2009	1,850,000	–	–	1,850,000	–	1,850,000
Tranche 4	8.5.2009	1,850,000	–	–	1,850,000	–	1,850,000
		7,400,000	–	–	7,400,000	(2,000,000)	5,400,000
Tranche 1	27.3.2013	–	2,400,000	–	2,400,000	–	2,400,000
Tranche 2	27.3.2013	–	3,200,000	–	3,200,000	–	3,200,000
Tranche 3	27.3.2013	–	4,000,000	–	4,000,000	–	4,000,000
Tranche 4	27.3.2013	–	6,400,000	–	6,400,000	–	6,400,000
		–	16,000,000	–	16,000,000	–	16,000,000
		24,650,000	16,000,000	(5,000,000)	35,650,000	(8,200,000)	27,450,000
Weighted average exercisable price		1.949	2.55	2.075	2.201	1.935	2.281
Number of options exercisable at the end of the year					19,650,000		13,850,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**48. SHARE OPTION SCHEME (Continued)****(a) SHARE OPTION SCHEME OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED (“FECIL SHARE OPTION SCHEME”) (Continued)**

Total consideration received by the Group for exercising the options granted amount to approximately HK\$15,865,000 (2013: HK\$10,375,000).

The weighted average closing price of the Company’s share immediately before the date(s) on which the options were exercised is HK\$2.75 (2013: HK\$2.65).

The estimated fair value of the options granted during the year ended 31st March, 2013 determined at the date of grant using the Binominal model was approximately HK\$14,169,000.

The following assumptions were used to calculate the fair value of share options granted on 27 March 2013:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Exercise price	2.550	2.550	2.550	2.550
Risk free rate	0.887%	0.887%	0.887%	0.887%
Dividend yield	2.549%	2.549%	2.549%	2.549%
Value of option at grant date	0.77	0.82	0.86	0.88
Expected life of option	6.9	6.9	6.9	6.9
Volatility	44.029%	44.029%	44.029%	44.029%

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors’ best estimate. The value of an option varies with different variables of certain subjective assumptions.

Total share option expense in relation to the options granted by the Company recognised during the year amounted to HK\$6,149,000 (2013: HK\$2,135,000).

**(b) SHARE OPTION SCHEME OF DORSETT**

On 10 September 2010, a share option scheme of Dorsett (the “Dorsett Share Option Scheme”) was approved by Dorsett for the purpose of providing incentives or rewards to directors of the Company and Dorsett and any of their subsidiaries 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 Dorsett considers, in its sole discretion, have contributed or will contribute to the Company and Dorsett or any of its subsidiaries. Under Dorsett Share Option Scheme, the board of directors of Dorsett may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in Dorsett.

Without prior approval from the Dorsett’s shareholders, (i) the total number of shares to be issued under the Dorsett Share Option Scheme is not permitted to exceed 10% of the shares of the Dorsett 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 in any one year is not permitted to exceed 1% of the shares of Dorsett then in issue.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 2014

**48. SHARE OPTION SCHEME (Continued)****(b) SHARE OPTION SCHEME OF DORSETT (Continued)**

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 Dorsett, and will not be less than the higher of (i) the closing price of Dorsett's shares on the date of grant, which must be a business day; (ii) the average closing price of Dorsett's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Dorsett's share.

As at 31 March 2014, the number of options which remained outstanding under the Dorsett Share Option scheme was 18,018,145 (2013: 18,563,628) which, if exercise in full, represents 0.85% (2013: 0.92%) of the enlarged capital of Dorsett. 10,810,887 (2013: 7,425,438) share option were exercisable at the end of the reporting period.

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

Option type	Vesting period	Exercisable period	Exercise price HK\$	Granted during the year	Lapsed during the year	At 31.3.2013	Lapsed during the year	At 31.3.2014
Tranche 1	11.10.2010 to 10.10.2011	11.10.2011 to 10.10.2014	2.20	4,530,899	(818,180)	3,712,719	(109,090)	3,603,629
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20	4,530,899	(818,180)	3,712,719	(109,090)	3,603,629
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20	4,530,899	(818,180)	3,712,719	(109,090)	3,603,629
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20	4,530,899	(818,180)	3,712,719	(109,090)	3,603,629
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20	4,530,940	(818,188)	3,712,752	(109,094)	3,603,658
				<u>22,654,536</u>	<u>(4,090,908)</u>	<u>18,563,628</u>	<u>(545,454)</u>	<u>18,018,174</u>

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 2014.

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 (2013: HK\$2,591,000) 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

## 49. RETIREMENT BENEFITS SCHEMES

The Group operates a 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 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 subsidiary is 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 under the scheme.

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 to separate entities. 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 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 makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contributions are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme 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 expenses charged to profit or loss amounted to HK\$36,540,000 in the current year (2013: HK\$29,854,000).

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital		Class of shares	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
		Number of ordinary shares	Fully paid ordinary share capital/total registered capital		2014	2013	
<b>Direct subsidiaries</b>							
Accord Rise Investments Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Ample Bonus Limited	BVI/HK	101	US\$1	Ordinary	100	100	Investment holding
Ondella International Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Pacific Growing Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	–	Investment holding
The Fifth Apartments Pty Ltd	Australia	1	A\$1	Ordinary	100	–	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital			Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
		Number of ordinary shares	Fully paid ordinary share capital/total registered capital	Class of shares	2014	2013	
<b>Indirect subsidiaries</b>							
124 York Street Pty Ltd	Australia	10,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
13 Roper Street Pty Ltd	Australia	10,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
13 Roper Street Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
19 Bank Street Pty Ltd	Australia	10,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
19 Bank Street Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
344 Queen Car Park Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
94 York Street Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
Accessway Profits Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Action Fulfilled Assets Limited	BVI/HK	1	US\$1	Ordinary	100	100	Property investment
All Greatness Limited	BVI/HK	10,000	HK\$1	Ordinary	100	100	Property development
Amphion Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Annick Investment Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Apex Path Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Arvel Company Limited	HK	10,000	HK\$1	Ordinary	100	100	Property investment
Australian Property Management Pty Ltd	Australia	1	A\$1	Ordinary	76.05	76.05	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
Best Hoover Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
Best Impact Limited	BVI/HK	1	US\$1	Ordinary	100	100	Car park operation
Bournemouth Estates Limited	HK	2	HK\$10 <sup>#</sup>	Ordinary	100	100	Property development
Bravo Trade Holding Limited	BVI/HK	1	US\$1	Ordinary	100	100	Property development
Capital Fortune Investment Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Investment holding
Caragis Limited	HK	1,000	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Care Park (Albert Street) Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
Care Park Finance Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Investment holding
Care Park New Zealand Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
Care Park Properties Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Investment holding
Care Park Group Pty Ltd	Australia	1,000	A\$121.78	Ordinary	76.05	76.05	Car park operation
Carterking Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Cathay Motion Picture Studios Limited	BVI/HK	10,000	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
Charter Joy Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Charter National International Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	N/A	US\$8,800,000	N/A	74.07	73.25	Hotel management
Chun Wah Holdings Limited	HK	200	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Complete Delight Limited	BVI/HK	1	US\$1	Ordinary	74.07	73.25	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2	RM\$1	Ordinary	100	100	Property development

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital		Class of shares	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
		Number of ordinary shares	Fully paid ordinary share capital/total registered capital		2014	2013	
<b>Indirect subsidiaries (Continued)</b>							
Dorsett Hospitality International (listed on the Stock Exchange since 11th October 2010, stock code: 2266)	Cayman	2,097,983,352	HK\$0.1	Ordinary	74.07	73.25	Investment holding
Dorset Hospitality International (M) Sdn. Bhd.	Malaysia	2	RM\$2	Ordinary	74.07	73.25	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1	S\$1	Ordinary	74.07	73.25	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000	RM\$1	Ordinary	74.07	73.25	Hotel operation
Double Advance Group Limited	BVI/HK	1	US\$1	Ordinary	74.07	73.20	Hotel operation
Double Gaining Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Administrative services
Draker Limited	Isle of Man/ United Kingdom	1	£1	Ordinary	100	–	Property development
Dunjoy Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Esmart Management Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel management
Everkent Development Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Property development
Far East Consortium (Australia) Pty Ltd.	Australia	2	A\$1	Ordinary	100	100	Property investment
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium (Malaysia) Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	6,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium China Infrastructure Company Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 235	A\$1 A\$42.55	Ordinary Redeemable preference	100 100	100 100	Investment holding
Far East Consortium Limited	HK	830,650,000	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding and property investment
Far East Consortium Machinery Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Far East Consortium Properties Pty Limited	Australia	12 225	A\$1 A\$44.44	Ordinary Redeemable preference	100 100	100 100	Investment holding and property investment
Spencer Green Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Property development
Far East Golf International Limited	HK	5	HK\$1 <sup>#</sup>	Ordinary	–	100	Property development
Far East Real Estate and Agency (H.K.) Limited	HK	60,000	HK\$100 <sup>#</sup>	Ordinary	100	100	Investment holding and loan financing

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital		Class of shares	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
		Number of ordinary shares	Fully paid ordinary share capital/total registered capital		2014	2013	
<b>Indirect subsidiaries (Continued)</b>							
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 375	A\$1 A\$10,000	Ordinary redeemable preference	100	100	Investment holding
Far East Supermarket Limited	HK	500,000	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Care Park Pte Ltd	Singapore	1	S\$1	Ordinary	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2	M\$1	Ordinary	100	100	Investment holding
FEC Financing Solutions Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000	DFL1	Ordinary	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
Focus Venue Sdn. Bhd.	Malaysia	100	RM\$1	Ordinary	90	90	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000	RM\$1	Ordinary	100	100	Property investment
Garden Resort Development Limited	HK	100	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Grand Expert Limited	HK	10,000	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	PRC	N/A	HK\$50,000,000	N/A	51	51	Operation of boiler factory
Henrik Investment Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
Hong Kong Hotel REIT Finance Company Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Loan financing
Jarton Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100	£1	Ordinary	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
Madison Lighters and Watches Company Limited	HK	4	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Mass Perfect Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Investment holding
May21 Pty Ltd.	Australia	1	A\$1	Ordinary	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000	RM\$1	Ordinary	74.07	73.25	Hotel operation
Midtown at Upper West Side Pty Ltd.	Australia	2	A\$1	Ordinary	100	100	Investment holding
Multi Yield (HK) Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
N.T. Horizon Realty (Jordan) Limited	HK	2	HK\$100 <sup>#</sup>	Ordinary	100	100	Property investment
New Time Plaza Development Limited	HK	1,000	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
New Union Investments(China) Limited	HK	300	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Oi Tak Enterprises Limited	HK	1,000,000	HK\$1 <sup>#</sup>	Ordinary	75	75	Investment holding
Pandix Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Panley Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Property development
Pansy Development Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital			Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
		Number of ordinary shares	Fully paid ordinary share capital/total registered capital	Class of shares	2014	2013	
<b>Indirect subsidiaries (Continued)</b>							
Peacock Management Services Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Administration services
Quadrant Plaza Pty Ltd	Australia	N/A	N/A	Ordinary	76.05	76.05	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	N/A	Ordinary	76.05	76.05	Car park operation
Regency Hotels Proprietary Limited	Australia	100	A\$1	Ordinary	100	100	Investment holding
Rich Diamond Holdings Limited	BVI/HK	10	US\$1	Ordinary	70	70	Investment holding
Richfull International Investment Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Bar operation
Ridon Investment Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Roper Debt Pty Ltd	Australia	N/A	N/A	Ordinary	76.05	76.05	Car park operation
Roper Street Carpark Pty Ltd	Australia	N/A	N/A	Ordinary	76.05	76.05	Car park operation
Roper Street Carpark Unit Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
Royal Domain Plaza Pty Ltd	Australia	2	A\$1	Ordinary	100	100	Property investment
Royal Domain Towers Pty Ltd	Australia	2	A\$1	Ordinary	100	100	Property investment
Ruby Way Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Scarborough Development Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	N/A	US\$35,000,000	N/A	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050	A\$0.17093	Ordinary	76.05	76.05	Car park operation
Shepparton Car Park Trust	Australia	N/A	N/A	N/A	76.05	76.05	Car park operation
Singford Holdings Limited	BVI/HK	1	US\$1	Ordinary	100	100	Treasury management
Star Bridge Development Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
Subang Jaya Hotel Development Sdn. Bhd.	Malaysia	245,000,000	RM\$1	Ordinary	74.07	73.25	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000	RM\$1	Ordinary	74.07	73.25	Hotel operation
Tang City Holdings Pte. Ltd.	Singapore	1,000,000	S\$1	Ordinary	100	100	Property investment
Tang City Parkway Pte. Limited	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang City Properties Pte. Limited	Singapore	2,600,000	S\$1	Ordinary	100	100	Investment holding
Tang Development Pte. Limited	Singapore	2	S\$1	Ordinary	100	100	Property investment
Tang Hotel Investments Pte. Ltd. and property development	Singapore	2	S\$1	Ordinary	74.07	73.25	Investment holding and property development
Tang Strategic Investment Pte. Ltd.	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang Suites Pte. Ltd.	Singapore	1	S\$1	Ordinary	74.07	73.25	Property development
Target Term Sdn. Bhd.	Malaysia	2	RM\$1	Ordinary	100	100	Car park operation
Tantix Limited	HK	1	HK\$1 <sup>#</sup>	Ordinary	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Tomarta Sdn. Bhd.	Malaysia	1,000,000	RM\$1	Ordinary	100	100	Property development
Venue Summit Sdn. Bhd.	Malaysia	250,000	RM\$1	Ordinary	74.07	73.25	Hotel operation
Vennex Limited	HK	1	HK\$1	Ordinary	100	100	Property development
Vicco Development Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Investment holding
Vicsley Limited	HK	1,000	HK\$1 <sup>#</sup>	Ordinary	74.07	73.25	Hotel operation
Victoria Land Pty Limited	Australia	12	A\$1	Ordinary	100	100	Management services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Number of ordinary shares	Issued share capital		Class of shares	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
			Fully paid ordinary share capital/total registered capital			2014	2013	
<b>Indirect subsidiaries (Continued)</b>								
Well Distinct Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding	
Win Chance Engineering Limited	HK	2	HK\$1 <sup>#</sup>	Ordinary	100	100	Engineering services	
Zhongshan Developments Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding	
武漢港澳中心物業管理有限公司(iii)	PRC	N/A	RMB500,000	N/A	74.07	73.25	Property management	
武漢遠東帝豪酒店管理有限公司(i)	PRC	N/A	US\$29,800,000	N/A	74.07	73.25	Hotel operation	
遠東帝豪酒店管理(成都)有限公司(i)	PRC	N/A	US\$38,000,000	N/A	74.07	73.25	Property development	
上海帝盛酒店有限公司(iii)	PRC	N/A	RMB500,000	N/A	74.07	73.25	Hotel operation	

(i) Foreign investment enterprise registered in the PRC.

(ii) Sino-foreign equity joint venture registered in the PRC.

(iii) Domestic wholly owned enterprise registered in the PRC.

<sup>#</sup> 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.

None of the subsidiaries had issued any debt securities at the end of the year except for Dorsett has issued 2018 Bonds with principal amount of RMB850,000,000 (equivalent to HK\$1,062,500,000), in which the Group has no interests.

## DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dorsett Hospitality International Limited	Cayman Islands/HK	74.07	73.25	117,352	172,119	1,081,694	1,019,009
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	N/A	(8,331)	3,146	119,233	118,921
				109,021	175,265	1,200,927	1,137,930



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

**50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)**  
**DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)**

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

**DORSETT HOSPITALITY INTERNATIONAL LIMITED**

	2014 HK\$'000	2013 HK\$'000
Current assets	2,171,615	1,411,633
Non-current assets	8,099,030	6,884,556
Current liabilities	2,516,697	3,820,194
Non-current liabilities	3,611,520	690,172
Equity attributable to:		
Owners of the Company	3,060,734	2,766,814
Non-controlling interests	1,081,694	1,019,009
	4,142,428	3,785,823
	Year ended 31/3/2014 HK\$'000	Year ended 31/3/2013 HK\$'000
Revenue	1,785,850	1,152,942
Profit for the year	376,568	647,456
Other comprehensive income (expense) for the year	17,000	(4,021)
Profit and total comprehensive income for the year	393,568	643,435
Profit and total comprehensive income attributable to:		
Owners of the Company	276,216	471,316
Non controlling interests	117,352	172,119
	393,568	643,435
Dividends paid to non-controlling interests	53,905	74,900
Net cash inflow from operating activities	61,589	389,522
Net cash outflow from investing activities	(1,100,440)	(5,611)
Net cash inflow (outflow) from financing activities	1,499,292	(185,441)
Net cash inflow	460,441	198,470

# LIST OF PRINCIPAL PROPERTIES

## PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O — Office                      S — Shops                      H — Hotel                      F — Ancillary Facilities  
R — Residential                CP — Car Park                A — Agricultural

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Shanghai</b>			
1. 133 units of shoplots in Qiu Xintiandi Lane 809 Jin Qiu Road, Baoshan District	Various	98.2%	—
2. Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 171 California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	—
3. The unsold portion of California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	—
4. Area 9B, 16, 17II, California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	107,760
5. Commercial Centre B, California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	11,667
6. Area 12 to 15 and 18 California Garden Jinqiu Road, Baoshan District	N/A	98.2%	255,647

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
23,446	S	Completed	Existing
21,942	F	Completed	Existing
3,381	R	Completed	Existing
112,470	R	Under construction	2015 – 2017
Not yet determined	R	Ground clearance	N/A
Not yet determined	R	Planning stage	N/A

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Guangzhou</b>			
1. Room 2603, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
2. Room 2604, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
3. New Time Plaza Jian SheHeng MaLu Yue Xiu District	N/A	50%	2,963
4. Gan Tang Yuan Huadidadao East Li Wan District	N/A	100%	7,687
5. Yuandong Yujiang Haoting 10 Miaoqianjie North, Chajiao Li Wan District	N/A	100%	24,359
<b>Hong Kong</b>			
1. No. 1–11A San Wai Street Hung Hom	KIL 7489	100%	680
2. 90–100 Hill Road West Point	IL 1095	100%	535
3. 16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	IL 2198, 2200, 2201 s.A and IL 2199 RP and s.A, s.B & s.C of ML 299	100%	—
4. Far East Consortium Building 204–206 Nathan Road Tsim Sha Tsui	KIL 10467 RP and KIL 10468 RP	100%	314
5. Fung Lok Wai, Yuen Long	Lot No. 1457RP in DD 123	25.33%	800,000
6. Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15–23 Castle Peak Road Tsuen Wan	241/4400 shares of and in TWTL 241	100%	—

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
91	O	Completed	Existing
91	O	Completed	Existing
21,343	R	Foundation	N/A
47,080	R	Planning stage	N/A
91,827	R	Under construction	2015
6,060	R	Completed	Existing
4,132	R	Under construction	2015
2,474	O	Completed	Existing
3,549	S & O	Completed	Existing
Not yet determined	R	Planning stage	N/A
3,822	S	Completed	Existing

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
7. Various Units, Bakerview, 66 Baker Street Hung Hom	HHIL 235 s.B, s.C, s.D, s.E, s.lss1, s.lss2 and s.lss3	100%	604
8. (a) Sheung Yeung Sai Kung	Section A–H, J–L and Remaining Portion of Lot 746 in DD 225	100%	1,861
(b) Sheung Yeung Sai Kung	Ground Floor & First Floor of Section C of Lot 89 in DD 225	100%	N/A
9. Route TWISK, Chuen Lung Tsuen Wan	Tsuen Wan Town Lot 389 Lot 445 RP in DD 360	100%	13,500
10. Tan Kwai Tsuen, Yuen Long	Lot 3927 s.B RP&SS1 in DD 124	100%	4,854
11. Various lots, Pak Kong Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,524
12. Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940
13. Car Parking Spaces Nos. 14, 24, 27, 30, 34, 44, 53, 54, 56, 62–65, 67, 70, 75, 77, 91, 94, 96 and 97 on the Basement 1 and Car Parking Spaces Nos. 98, 99, 114, 124, 125, 129, 139–141, 144–147, 149–152, 154–157, 159–162, 164 and 167 on the Basement 2 Covent Garden, 88 Ma Tin Road Yuen Long	YLTL 419	100%	—
14. 287–293 Sai Yeung Choy Street North Shamshuipo	KIL 317	100%	501
15. Basement to 5th Floor Nos. 135–143, Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	100%	632
16. No. 68–86 Wan Fung Street Wong Tai Sin, Kowloon <sup>(i)</sup>	New Kowloon Inland Lot No. 5035	99%	989
17. Mei Tin Road, Tai Wai, Shatin New Territories	Sha Tin Town Lot No. 604	100%	687
18. Junction of Shun Lung Street and Shun Cheong Street Sha Tau Kok, New Territories	Lot No. 1003 in DD 40	100%	3,344

## Notes:

- (i) The Group has acquired more than 99% ownership of the site and will continue to acquire the remaining stake for the purpose of redevelopment of the whole site.
- (ii) Subject to planning permit approval.

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
2,027	S & R	Completed	Existing
N/A	R	Planning stage	N/A
128	R	Completed	Existing
5,400	R	Phase 1 completed	N/A
4,591	R	Under development	2015 – 2016
Not yet determined	A	Planning stage	N/A
—	A	Planning stage	N/A
—	CP	Completed	Existing
3,581	R	Under construction	2014
3,562	S & O	Completed	Existing
8,356	R	Planning stage	N/A
4,490 <sup>(ii)</sup>	R	Planning stage	N/A
11,937	R	Planning stage	N/A

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Australia</b>			
1. Upper West Side 313–349 Lonsdale Street Melbourne, Victoria	Vol 11404 Folio 406 Vol 11404 Folio 409	100%	9,195
2. Upper West side 605–611 Lonsdale Street Melbourne, Victoria	Vol 1726 Folio 024	100%	1,100
3. Upper West Side 244–276 Spencer Street Melbourne, Victoria	Vol 8683 Folio 095 Vol 3543 Folio 465 Vol 3197 Folio 345 Vol 6659 Folio 775&776 Vol 8715 Folio 196 Vol 10705 Folio 970	100%	11,760
4. Royal Domain Corporate 370 St Kilda Road Melbourne, Victoria	Lots 501-508, 7C, 14C, 46C, 47C, 58C, 75C, 95C, 109C, 110C, and 111C	100%	496
5. Northbank Place — Rebecca Walk	Lease 2150, 2090 and 2147 OP 122674	100%	734
— 11 Gem Place	Lot 8C PS 549363	100%	94.8
— 5 Norval Place	Lot 6W PS 604245	100%	44.5
<b>Malaysia</b>			
1. Sri Jati Service Apartments Jalan Jati, Off Jalan Imbi Kuala Lumpur	Lot 1292 Section 67, Town and District of Kuala Lumpur, Wilayah Persekutuan	100%	886
2. Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	Lots 600 and 619	90%	422,907
3. Lot 470, Jalan Imbi Kuala Lumpur	Geran 36268, Lot 470 Section 67 City of Kuala Lumpur Wilayah Persekutuan	100%	1,644
<b>U. K.</b>			
1. 63–69 Manilla Street & 50 Marsh Wall London E14	N/A	100%	1,977

Note: –

(i) Subject to planning approval.



## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
54,969	R & S	Completed — Stage 2 Under construction — Stage 3 Under construction — Stage 4	2014 2015 2016
27,081	R	Planning	2017
202,000	R	Planning	N/A
496	O	Completed	Existing
734	S	Completed	Existing
94.8	S	Completed	Existing
44.5	S	Completed	Existing
4,685	R	Under reconstruction	2015
—	A	Planning	N/A
19,740	R	Under construction	2017
22,957 – 27,548 (i)	R	Planning stage	N/A

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

## HOTEL

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
1. Cosmopolitan Hotel Hong Kong Nos. 387–397 Queen's Road East Wan Chai	IL 1578RP	74.07%	1,093
2. Silka West Kowloon, Hong Kong No. 48 Anchor Street Tai Kok Tsui	KIL 6374	74.07%	357
3. Cosmo Hotel Hong Kong Nos. 375–377 Queen's Road East Wan Chai	IL 1578 s.Ass1	74.07%	380
4. Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	74.07%	377
5. Silka Far East, Hong Kong Nos. 135–143 Castle Peak Road Tsuen Wan	Lot No. 2158 in DD 449	74.07%	632
6. Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	KIL 7429, 9701, 9705, 9727, 9769 & 9944	74.07%	502
7. Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	KIL 8050 RP	74.07%	514
8. Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	KTIL 162	74.07%	929
9. Dorsett Tsuen Wan, Hong Kong No. 659 Castle Peak Road Kwai Chung	KCTL 193	74.07%	2,323
10. Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	KCTL 167	74.07%	1,312

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	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 <sup>2</sup> )
<b>China</b>			
1. Dorsett Grand Chengdu No. 168 Xiyulong Street Qinyang District Chengdu Sichuan Province	N/A	74.07%	5,866
2. Dorsett Wuhan No. 118 Jiang Han Road Hong Kong & Macau Centre Hankou Wuhan Hubei Province	N/A	74.07%	5,339
3. Dorsett Shanghai No. 800 Hua Mu Road Pudong New Area Shanghai	N/A	74.07%	3,990
4. Dorsett Zhongshan No. 107 Zhongshan Yi Road West District Zhongshan Guangdong Province	N/A	74.07%	11,170
5. Dorsett Grand Zhuji Wuxie Town, Zhuji Zhejiang Province	N/A	18.51%	60,736
6. Lushan Resort Wenguan Zhen Xingzi Xian Jiujiang City Jingxi Province	N/A	74.07%	42,868
<b>Overseas</b>			
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	74.07%	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	74.07%	37,782

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	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

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
3. Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL No. 207531888, Town of Labuan Federal Territory of Labuan	74.07%	6,071
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	74.07%	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	74.07%	4,370
6. Dorsett Singapore 333 New Bridge Road Singapore	Lot Nos 777W & 782P Town Subdivision (TS)	74.07%	4,650
7. Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London	N/A	74.07%	3,100
8. Dorsett City, London 9 Aldgate High Street London	N/A	74.07%	1,127
9. Dorsett Shepherds Bush 2, London 56 Shepherd's Bush Green London	N/A	74.07%	836

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
21,565	H	Completed	Existing
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

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

## CAR PARK PROPERTY

Name of property and location	Lot number	Group's interest
<b>Australia</b>		
1. 12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	Freehold Title — Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	76.05%
2. 12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	Freehold Title — Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	76.05%
3. Central Square 25 Doveton Street South Ballarat, Victoria Australia	Pt Lot 1 LP 529677 Freehold Title — Volume 10951 Folio 752	76.05%
4. Fenton Street Devonport, Tasmania Australia	Freehold Title — Volume 129295 Folio 1	76.05%
5. Gasworks Willis Street Launceston, Tasmania Australia	Volume 156397 Folios 1–36, together with use of common area rights of access	76.05%
6. Hub Arcade 15–23 Langhorne Street Dandenong, Victoria Australia	Lot 67 SP 32395 Freehold Title — Volume 9902 Folio 822, Unit 67 on Strata Plan 032395Q (116 spaces)	76.05%
7. 133–141 Melville Street Hobart, Tasmania Australia	Freehold Title — Volume 242159 Folio 1	76.05%
8. 2–6 Mundy Street Bendigo, Victoria Australia	Freehold Title — Volume 10488 Folio 371–374 inclusive/Volume 8294 Volume 508	76.05%
9. Northbank Place 507–581 Flinders Street Melbourne, Victoria Australia	Plan of Subdivision PS549363A Certificate of Title Volume 10996 Folio 727 Lot 11, Unit 11C	76.05%
10. Quadrant Plaza (Dell Lane) 94 York Street Launceston, Tasmania Australia	Freehold Title — Volume 31824 Folio 1, Volume 34252 Folio 2	76.05%
11. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	Freehold Title — Volume 31824 Folio 1, Volume 34252 Folio 2	76.05%



## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,888	CP	Completed	Existing
1,679	S	Completed	Existing
2,898	CP	Completed	Existing
615	CP	Completed	Existing
750	CP	Completed	Existing
4,596	CP	Completed	Existing
890	CP	Completed	Existing
1,359	CP	Completed	Existing
6,143	CP	Completed	Existing
3,333.80	CP	Completed	Existing
1,690	S	Completed	Existing

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Name of property and location	Lot number	Group's interest
12. 344 Queen Street Brisbane, Queensland Australia	Freehold Title — Title Reference 18071152 — Lot 1BUP 10464	76.05%
13. 15 Roper Street Adelaide, South Australia Australia	Freehold Title — Volume 5335 Folio 342, Allotment 5, Deposited Plan 25203	76.05%
14. 14–14 Stewart Street Shepparton, Victoria Australia	Freehold Title — Volume 4963 Folio 501, Volume 5281 Folio 195, Volume 4437 Folio 356, Volume 8800 Folio 444, Volume 8632 Folio 508	76.05%
15. 360 St Kilda Road Melbourne, Victoria Australia	Freehold Title — Lots 1D — 86D on Plan of Subdivision PS419703E	76.05%
16. Toorak Place 521 Toorak Road South Yarra, Victoria Australia	Freehold Title — Volume 10896, Folios 196–230, 328–330 and 394–403 inclusive, being Lots 12–49 and 58–67 on Plan of Subdivision 527035	76.05%
17. 9–23 Watchorn Street Hobart, Tasmania Australia	Freehold Title — Volume 29586 Folio 1, Allotment 1, Deposited Plan 29586	76.05%
18. Watergate 767 Bourke Street Docklands, Victoria Australia	Freehold Title — Volume 10925 Folios 766–878 inclusive	76.05%
19. York Street Central 124 York Street Launceston, Tasmania Australia	Freehold Title — Volume 33521 Folio 1	76.05%
20. 109, 8-9 Yarra Street, South Yarra, Victoria Australia	Freehold Title — Volume 11141 Folio 449-557	76.05%
<b>Malaysia</b>		
1. Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	Geran 59225, Lot 56228 City of Kuala Lumpur Wilayah Persekutuan	100%
2. Windsor & Waldorf Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	Part of Master Title no. Geran 59219, Lot 56229 City of Kuala Lumpur Wilayah Persekutuan	100%

## LIST OF PRINCIPAL PROPERTIES (CONTINUED)

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,290	CP	Completed	Existing
2,057	CP	Completed	Existing
2,716	CP	Completed	Existing
2,050	CP	Completed	Existing
1,500	CP	Completed	Existing
820	CP	Completed	Existing
3,135	CP	Completed	Existing
1,252	CP	Completed	Existing
100 car parking bays	CP	Completed	Existing
58,125	CP	Completed	Existing
5,040	CP	Completed	Existing

# GLOSSARY

<b>"2014 AGM"</b>	the forthcoming annual general meeting of the Company to be held on Thursday, 28 August 2014 at 11:30 a.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wanchai, Hong Kong.
<b>"ARR"</b>	average room rate.
<b>"Articles"</b>	Articles of Association of the Company, as amended from time to time.
<b>"Associate"</b>	has the meaning ascribed to it under the Listing Rules.
<b>"AUD" or "AUS"</b>	Australian dollars, the lawful currency of Australia.
<b>"Australia BBSW"</b>	Australia Bank Bill Swap Reference Rate.
<b>"Board"</b>	Board of Directors of the Company.
<b>"BVI"</b>	the British Virgin Islands.
<b>"Care Park"</b>	Care Park Group Pty. Ltd.
<b>"CG Code"</b>	Corporate Governance Code contained in Appendix 14 to the Listing Rules.
<b>"CNY" or "RMB"</b>	Chinese Yuan, Renminbi, the lawful currency of the PRC.
<b>"Companies Law"</b>	Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
<b>"Company" or "FEC" or "FECIL"</b>	Far East Consortium International Limited, a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 35).
<b>"Connected Person"</b>	has the meaning ascribed to it under the Listing Rules.
<b>"Controlling Shareholder"</b>	has the meaning ascribed to it under the Listing Rules.

<b>“Director(s)”</b>	director(s) of the Company.
<b>“Dorsett”</b>	Dorsett Hospitality International Limited, formerly known as Kosmopolito Hotels International Limited, a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2266).
<b>“Dorsett Group”</b>	Dorsett and its subsidiaries.
<b>“Dorsett Share Option Scheme”</b>	the share option scheme of Dorsett was adopted on 10 September 2010.
<b>“EIT”</b>	People’s Republic of China Enterprise Income Tax.
<b>“FECIL Share Option Schemes”</b>	the share option schemes of the Company were adopted pursuant to the resolutions passed by the Shareholders on 28 August 2002 and 31 August 2012.
<b>“FVTPL”</b>	Financial Assets at Fair Value through Profit or Loss.
<b>“FY”</b>	Financial Year.
<b>“Group”</b>	the Company and its subsidiaries.
<b>“HIBOR”</b>	Hong Kong Interbank Offered Rates.
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong.
<b>“HKAS”</b>	Hong Kong Accounting Standards.
<b>“HKFRS”</b>	the Hong Kong Financial Reporting Standards.
<b>“HKFRSs”</b>	Hong Kong Financial Reporting Standards.
<b>“HKICPA”</b>	the Hong Kong Institute of Certified Public Accountants.

## GLOSSARY (CONTINUED)

<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of PRC.
<b>“Hong Kong Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).
<b>“Hong Kong Stock Exchange” or “Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited.
<b>“LAT”</b>	People’s Republic of China Land Appreciation Tax.
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
<b>“m<sup>2</sup>”</b>	square meter.
<b>“Malaysia BLR”</b>	Malaysia Base Lending Rates.
<b>“Model Code”</b>	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
<b>“NAV”</b>	net asset value.
<b>“OCC”</b>	occupancy.
<b>“PBOC”</b>	People’s Bank of China Prescribed Interest Rate.
<b>“PRC” or “Mainland China” or “China”</b>	other regions in 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.
<b>“RevPAR”</b>	revenue per available room.
<b>“RM” or “MYR”</b>	Malaysian Ringgit, the lawful currency of Malaysia.

<b>“S\$ SOR”</b>	Singapore Swap Offered Rate.
<b>“Securities”</b>	as the securities as defined in Schedule 1 to the SFO.
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b>“SGD” or “S\$” or “SG\$”</b>	Singapore dollars, the lawful currency of Singapore.
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the share capital of the Company.
<b>“Shareholder(s)”</b>	holder(s) of Share(s).
<b>“sq. ft.” or “Sq. Ft.”</b>	square feet.
<b>“Subsidiaries”</b>	the subsidiaries as defined in Schedule 1 to the SFO.
<b>“The MPF Scheme”</b>	Mandatory Provident Fund Scheme.
<b>“USD” or “US\$”</b>	United States dollars, the lawful currency of the United States of America.
<b>“Year” or “FY 2014”</b>	the financial year of the Company from 1 April 2013 to 31 March 2014.
<b>“£”</b>	pounds sterling, the lawful currency of the United Kingdom.
<b>“%”</b>	per cent.



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