DORSETT

HOSPITALITY INTERNATIONAL

帝 盛 酒 店 集 團

Dorsett Hospitality International Limited
帝盛酒店集團有限公司

Incorporated in

the Cayman Islands with limited liability

於開曼群島註冊成立之有限公司

HKEx Stock Code 香港交易所股份代號：2266

年報
ANNUAL REPORT

2014-2015

DORSETT
HOTELS & RESORTS

Silka hotels

d.
COLLECTION

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CORPORATE INFORMATION

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

Audit Committee

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

Corporate Governance Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Up to 31 January 2015:
Ms. MUI, Ngar May Joel

With effect from 1 February 2015:
Mr. WONG, Kang Yean Clarence

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

Prior to 1 July 2015:
6th Floor, Unicorn Trade Centre
127–131 Des Voeux Road Central
Central
Hong Kong

With effect from 1 July 2015:
18th Floor, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Solicitors

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

Cayman Islands
Maples and Calder

Malaysia
Syed Alwi, Ng & Co.

Principal Bankers

Hong Kong
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
Oversea-Chinese Banking
Corporation Limited
Public Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai
Banking Corporation Limited
Wing Hang Bank, Limited

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

Singapore
The Hongkong and Shanghai Banking
Corporation Limited
CIMB Bank Berhad

China
Industrial and Commercial Bank of
China Limited
Dah Sing Bank, Limited
DBS Bank (China) Limited
Public Bank (Hong Kong) Limited

United Kingdom
Oversea-Chinese Banking
Corporation Limited

Listing Information

Ordinary Shares (Stock Code: 2266)
6.0% CNY Bonds due 2018
(Bond Stock Code: 85917)
The Stock Exchange of Hong Kong Limited

Website

http://www.dorsett.com

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

FINAL RESULTS HIGHLIGHTS

Final Results

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

Operational and Financial Highlights

		2015 HK$'000	2014 HK$'000
Revenue		1,454,027	1,785,850
Profit for the year		94,352	376,568
Earnings per share – basic and diluted	HK$	0.0450	0.1852
Recurring Revenue(1)		1,432,204	1,270,434
EBITDA(2)		571,375	775,838
Recurring EBITDA(3)		540,672	502,576
Recurring EBITDA margin(4)		37.8%	39.6%
After adjustment for hotel revaluation surplus(5)			
Adjusted net assets attributable to shareholders		14,804,692	15,096,696
Net debt to adjusted equity		26.4%	24.8%
Adjusted net assets attributable to shareholders per share	HK$	7.05	7.20
Proposed final dividend	HK$	0.02	0.05

Notes:

(1) Recurring Revenue = Total revenue excluding revenue generated from the sales of apartments in Singapore of Nil (2014: HK$498.4 million) and dividend and interest income generated from the securities and financial product investment of HK$21.8 million (2014: HK$17.0 million)

(2) EBITDA = profit before taxation, interest income, finance cost and depreciation and amortisation

(3) Recurring EBITDA = earnings before taxation, interest income, dividend income, finance costs, treasury management expenses, depreciation and amortisation, pre-opening expenses, change in fair value of investment properties, change in fair value of derivative financial instruments, change in fair value of investment securities, provision for impairment loss on interest in an associate and other non-recurring items, including earnings before tax in relation to the sales of apartments in Singapore

(4) Recurring EBITDA margin = Recurring EBITDA/Recurring Revenue

(5) Revaluation surplus for its hotel properties was not recognised in the consolidated financial statements as the Group has elected the cost model instead of revaluation model as its accounting policy

Highlights of The Final Results

- Revenue declined 18.6% to HK$1,454.0 million. Recurring Revenue from the hotel operations reached HK$1,432.2 million, an increase of 12.7% compared to the same period of last year, primarily due to increased room inventory.

  Revenue per available room ("RevPAR") declined 7.0% to HK$561 driven by a combination of lower RevPAR in Hong Kong and lower RevPAR in HK$ generated by overseas hotels due to the strengthening of the Hong Kong Dollar.

  On a LFL[1] basis, RevPAR declined 5.5% to HK$570.

  EBITDA for the year declined 26.4% to HK$571.4 million. Recurring EBITDA increased by 7.6% to HK$540.7 million. Recurring EBITDA margin was marginally down by 1.8% to 37.8%.

  Net profit for the year declined 74.9% to HK$94.4 million largely due to the provision for impairment loss on interest in an associate of HK$20.6 million for the current year and the inclusion of net profit from the sales of apartments in Singapore and higher revaluation gains on investment properties in the comparative period of last year.

  Earnings per share was HK4.50 cents, 75.7% lower compared to the same period of last year.

- Revaluation surplus on hotel properties came in at HK$10.97 billion. Such surplus was not reflected in the Group's consolidated financial statements as the Group adopted the cost model under the HKFRSs for reporting purpose. Adjusting for hotel revaluation surplus, net assets attributable to shareholders per share was HK$7.05 as at 31 March 2015.

- The Board recommends a final dividend of HK2 cents per share, together with the interim dividend of HK2 cents per share, bringing the total dividend payout for the Year to HK4 cents per share.

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

CHAIRMAN'S STATEMENT & PRESIDENT'S REPORT

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that, against the backdrop of increasingly challenging operating environment, Dorsett Hospitality International Limited ("Dorsett"), together with its subsidiaries, (the "Group"), continued to achieve solid recurring revenue growth and recurring EBITDA growth and making encouraging progress on other aspects of our business operation.

Our Group will continue to refine and execute its proven vertically integrated business model of developing, owning and operating hotels under our well positioned house brands, namely d.Collection, Dorsett and Silka. In this respect, the valuable experience and skillset that the Group has acquired in the last two decades through its various development, conversion and rebranding projects has enabled our Group to grow dynamically and improve our financial returns by maximizing the utilization of floor space, developing products that enhance operating efficiency and minimize development cost.

Our strength in development cost control and our capability to maximize usage of available floor space has enabled our Group to achieve one of the lowest average cost per key in the industry. Supported by continuous improvement in the revenue and operating efficiency of our hotels, the Group has accumulated significant surplus over book cost of our hotel portfolio, which strengthen our financial position to withstand or even capitalize on any downturn of the economic cycle. In line with our strategy to improve the quality of our hotel portfolio, we will continue to rebalance our hotel portfolio by disposing assets which are no longer strategically aligned with our expansionary program. This will unlock significant value embedded in our assets and reallocate the capital for expansion in more lucrative markets.

With the opening of our first hotel in London, our fourth hotel in PRC and our first management hotel in Malaysia, the Group now operates 22 hotels with 6,544 rooms as at the end of current financial year. Self-owned hotels increased to 20 with 6,043 rooms and management hotels stood at 2 with 501 rooms as at the end of the current financial year. Excluding Dorsett Grand Zhuji, there are currently 4 self-owned hotels with 1,150 rooms and 3 management hotels with 743 rooms at various stages of planning and development and upon completion, the Group will own and manage 29 hotels with more than 8,400 rooms across Asia and Europe, making the Group one of Asia's largest hotel owners and operators.

The outlook of global economy remains uncertain and the legacies of pre-crisis boom such as the structural imbalance of the economy in emerging countries and the high public and household debts in the developed economies compounded with geopolitical risks and volatility in the currency markets will continue to present headwinds and challenges to the global economic growth in the near future.

Despite uncertain global economic outlook, the travel and tourism industry is projected to outgrow the global economy. The World Travel and Tourism Council predicted that the global travelling and tourism spending will expand by an average annual rate of 3.8% over the next decade and such growth will be largely driven by the emerging markets, including PRC, India, Indonesia and other highly populated emerging economies.

PRC, in particular has been singled out as the largest growing market both on its domestic travelling and tourism as well as the source of outbound international travellers. Many factors are contributing to such optimism including the continuous strong emergence of the middle class, higher frequency of travel, visa relaxation for Chinese travellers, comparatively stronger Renminbi currency and improving air connectivity. According to the latest report from China National Tourism Association, the outbound travellers and tourists reached 117 million in the year 2014 with total overseas spending of approximately US$500 billion. In our opinion, this is only the tip of the iceberg given the more than 1.3 billion population in PRC and only approximately 6% of the population holds an international travelling passport. In this respect, we will continue pursuing our successful "Chinese Wallet" strategy and leverage on our existing resources to expand with the footprint of Chinese travellers and tourists, in particular, the markets in which we already have a strong presence. We will continue to be prudent and selective in screening new investment opportunities and will remain quick in responding to market changes.

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

Tan Sri Dato' CHIU, David
Chairman

PRESIDENT'S REPORT

On behalf of the Board and all employees of the Group, I am pleased to report herewith the Group's financial results and operational updates for the financial year ended 31 March 2015 ("FY2015").

The Group recorded total revenue of HK1,454.0 million for FY2015, a decline of 18.6% largely because HK$498.4 million of revenue generated from the sales of apartments in Singapore in the comparative period of prior year was not repeated this year. Excluding such impact and excluding dividend and interest incomes from financial products investment, the Recurring Revenue from the hotel operations came in at HK$1,432.2 million, a growth of 12.7%, driven largely by the revenue contribution from new hotels but partially offset by the marginal decline of 5.5% on LFL RevPAR.

EBITDA for the year declined 26.4% to HK$571.4 million mainly due to the provision for impairment loss in the current reporting year for the Zhuji project and the higher base in the corresponding period of last year which included the EBITDA contribution from the sales of apartments in Singapore and revaluation gains on the investment properties in Singapore. Excluding such impact and excluding the EBITDA contribution from the financial products investment, the recurring EBITDA from hotel operations increased 7.6% to HK$540.7 million largely due to the EBITDA contribution from the new hotels, partially offset by the weaker LFL EBITDA.

The Group reported a net profit of HK$94.4 million for the year, a decline of 74.9%, largely due to the provision for impairment loss in the current reporting year for the Zhuji project and the inclusion of net profit from the sales of apartments in Singapore and the revaluation gains on investment properties recorded in the same period of last year. The unrealized and unrecorded revaluation surplus on hotel properties as at the end of FY2015 increased marginally by 0.2% to HK$10,976.1 million, largely reflecting the strengthening of HK$ against the currency of our overseas subsidiaries. On a constant currency basis, the revaluation surplus actually improved by 2.6% reflecting increased profitability of our overseas hotel portfolio. Taking into account such revaluation surplus, the adjusted net asset value per share was approximately HK$7.05, and the net debt to adjusted equity ratio remains low at 26.4%.

The Group's RevPAR declined by 7.0% to HK$561, driven by a combination of lower RevPAR of the Hong Kong operations and lower RevPAR in HK$ generated by the oversea hotels due to the depreciation of the Malaysian Ringgit, Great Britain Pound and SG$ against HK$. On a LFL basis, the RevPAR declined marginally by 5.5% to HK$570.

FY2015 has been a challenging year for our operations in Hong Kong and Malaysia. The events of Occupy Central movement, the outburst of demonstration against parallel traders and the strengthening of HK$ exchange rate have adversely affected the travelling and tourism industry in Hong Kong, which is our key market and revenue contributor. LFL RevPAR in Hong Kong declined 4.6% to HK$847 due to 0.9% points decline on OCC to 93.0% and 3.7% decline of ARR to HK$912, calculated on an LFL basis.

In Malaysia, the RevPAR performance of our hotels was adversely affected by a combination of factors including the on-going austerity measures that affect government spending, the reduced business spending due to sharp slow-down on oil and gas activities and decline in tourist arrivals amid the twin tragedies of Malaysia Airlines. LFL RevPAR in Malaysia declined 10.9% to HK$318, excluding the impact on currency, LFL RevPAR in home currency declined by 3.7% to Ringgit Malaysia $142.

Overall RevPAR in China declined 17.0% to HK$258, largely due to the combination of increased available rooms for sale in Dorsett Grand Chengdu hotel (the hotel was in the ramp up period and expects to deliver stronger performance in the coming years), the lower RevPAR for the newly opened Lushan Resort and the strengthening of HK$ exchange rate. Excluding the newly opened Lushan Resort and the currency impact, LFL RevPAR for PRC declined 3.4% to RMB237. Specifically LFL RevPAR for Dorsett Shanghai and Dorsett Wuhan improved 2.6% and 5.6% to RMB452 and RMB246 respectively.

Both Dorsett Singapore and the newly opened Dorsett Shepherds Bush, London delivered solid performance. LFL RevPAR in Dorsett Singapore improved 7.2% to HK$918 despite the depreciation of SG$ against HK$. LFL RevPAR in home currency improved by 11.8% to SG$156. Dorsett Shepherds Bush London had its soft opening in June 2014 with full inventory available in the month of September 2014. Despite the staggered opening, Dorsett Shepherds Bush London managed to achieve a RevPAR of HK$724 in the first 9 months of its operation, well within the management's expectation.

Technology evolution has brought about new opportunities through additional distribution networks with wider coverage but it has also come with challenges that require changes on the ways of doing business in the hospitality industry. The ease of internet access and the introduction of smart phones and tablets have been changing consumer travel research, their booking pattern, booking behavior and booking lead time. The increasingly popular meta search services have added more challenges to the industry, although in general, as a hotel operator we welcome the increasing use of meta search services. Technology evolution is having a significant impact to our business, in particular the need to make adjustments on our distribution channel, our pricing strategy and our marketing and brand building strategy. In this respect, our Group has been and will continue investing wisely in the required technology and tools to stay ahead of the ever changing and evolving market.

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

We believe in staying connected and contributing not only to our people, but also to the community and the environment through various activities and campaigns such as "Blue Jeans Day", One Family Programme organized by some of our key hotels in Hong Kong, fund-raising for the disadvantaged, financial aid for students in need, and Earth Hour programmes. The Group shall continue to render its aid through scholarship programmes to students from VTC and Ju Ching Chu Secondary Schools in Hong Kong.

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

CHIU, Wing Kwan Winnie
President and Executive Director

PROFILE OF DIRECTORS

Ms. CHIU, Wing Kwan Winnie

Ms. CHIU, Wing Kwan Winnie, aged 35, joined the Group as an Executive Director in June 2010 and was appointed as the President of the Group in November 2011 to oversee the Group's overall strategic growth and development. She is a member of the Remuneration Committee and Executive Committee, the Chairman of the Corporate Governance Committee and a director of a number of subsidiaries of the Company.

Ms. Chiu played a pivotal role in the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Listing Date.

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

Previously, Ms. Chiu worked in Credit Suisse. She has been a Director of Malaysia Land Properties Sdn. Bhd. ("Mayland") since 2002. She has been involved in the different aspects of property development which includes development of the shopping centre, retail management and service apartment arm of Mayland. From 17 July 2008 to 31 March 2014, she was appointed as a non-independent non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, and principally engaged in property development, investment in plantation, education and leisure sectors. Ms. Chiu is currently an independent non-executive director of SDM Group Holdings Limited (HKEx Stock Code: 8363).

Ms. Chiu's major public service appointments include being a Board Member of the Wu Yee Sun College, The Chinese University of Hong Kong, an Advisor of Our Hong Kong Foundation, a Council Member at The Better Hong Kong Foundation, and a member of The Hong Kong United Youth Association Limited (HKUYA), The Y. Elites Group, The Federation of Hong Kong Hotel Owners, and the Discipline Advisory Board for the Hotel, Service and Tourism Studies Discipline of Vocational Training Council. In addition, she is the Honorary Vice President 2013-2015, GHM (Guangdong Hong Kong Macao) Hotel General Managers Society and a Member of the Betting and Lotteries Commission of HKSAR (2013-2015).

Ms. Chiu is known for her active involvement in the corporate social responsibility, development and sustainability of the music and art industry in Hong Kong. She is a member of the Board of Governors for the Hong Kong Philharmonic Society Limited and the Hong Kong Arts Centre (2015–2016), a Board Member of the Asia Youth Orchestra (AYO) and the Young Presidents' Organization (YPO) HK Chapter, a member of the Executive Committee of The Society of the Academy for Performing Arts, a member of the Hong Kong Art School Council (2015–2016) and the Vice Chairperson of the FRIENDS of the Hong Kong Arts Centre. Ms. Chiu was appointed as the Chairperson of the Hong Kong Phil and Friends Fundraising Concert in 2013.

Under Ms. Chiu's leadership, Dorsett Hospitality International was accorded the "2012 Best Small Cap Company Award" by Asiamoney, the "2012 Hong Kong's Most Valuable Company Award" and the "2014 Best Valued Hotels Group Award" by Mediazone Group. The Group was also accorded the "2011 Outstanding High-Growth Company (Hotel)" by the Quamnet Outstanding Enterprise Awards. In 2014, Ms. Chiu was listed in Forbes Asia "Asia's Power Businesswomen, 2014: 12 to Watch" list.

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

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

PROFILE OF DIRECTORS

Mr. LAI, Wai Keung

Mr. LAI, Wai Keung, aged 50, has been an Executive Director since 8 June 2010 and the Chief Operating Officer since 1 June 2010. He is a member of the Corporate Governance Committee and the Executive Committee. He is responsible for the assessment and overall project management of hotel development and redevelopment projects of the Group. He is also a director of various subsidiaries of the Company.

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

Mr. Lai has more than 12 years of experience in the hotel industry. In 1989, he joined the finance and accounting department of FECIL, as an accountant and internal auditor. In 2002, he was appointed as financial controller of Kosmopolito Hotels International Services Limited (presently known as Dorsett Hospitality International Services Limited) and was responsible for the overall finance and accounting matters of the company, and in 2006, he became the director of hotel operations, where major duties included managing the group's operations, administration works and developing the business strategy with the general managers of the Group's hotels.

PROFILE OF DIRECTORS

Tan Sri Dato' CHIU, David

Tan Sri Dato' CHIU, David, aged 61, is a Non-executive Director, the Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as a Director on 23 January 2007 and is also a director of certain subsidiaries of the Company. He is a director of Sumptuous Assets Limited and Ample Bonus Limited, and the chief executive officer, an executive director and the chairman of FECIL and the substantial shareholders of the Company within the meaning of Part XV of the SFO.

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

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

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

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

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

PROFILE OF DIRECTORS

Mr. HOONG, Cheong Thard

Mr. HOONG, Cheong Thard, aged 46, has been a Non-executive Director since 8 June 2010 and is a member of the Corporate Governance Committee. He is also a director of certain subsidiaries of the Company.

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

Mr. Hoong has over 13 years of experience in the corporate finance and investment banking industry in Asia. In 1997, he joined UBS AG, Hong Kong Branch as an associate director in the corporate finance department and was subsequently promoted to director and executive director in 2000 and 2002 respectively. From 2003 to 2006, he worked for Deutsche Bank AG, Hong Kong Branch as a director. From 2006 to 2008, he was the chief executive officer and an executive director of China LotSynergy Holdings Limited, a company then listed on the Growth Enterprise Market of the Stock Exchange. He is currently a non-executive director of China LotSynergy Holdings Limited whose listing has been transferred to the Main Board of the Stock Exchange. He joined FECIL as managing director in September 2008 and was appointed as an executive director of FECIL with effect from 31 August 2012. He is a director of Agora Hospitality Group Co., Ltd. (formerly known as Tokai Kanko Co., Ltd.), a company listed on the first section of the Tokyo Stock Exchange, since 27 March 2009, and a non-independent non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, since 1 June 2010. He is a member of the Institute of Chartered Accountants in England and Wales.

Mr. CHAN, Chi Hing

Mr. CHAN, Chi Hing, aged 51, is a Non-executive Director and a member of each of the Nomination Committee and the Corporate Governance Committee. He was appointed as Director on 23 January 2007 and is also a director of certain subsidiaries of the Company. He is a director of Ample Bonus Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Chan graduated from the City University of Hong Kong with an Executive Master Degree in Business Administration. He has over 10 years of experience in the hotel industry. He joined FECIL in 1990 as its chief accountant and was promoted as the group's financial controller and later chief operating officer in 2002 and 2004, respectively. He has been appointed as an executive director of FECIL with effect from 31 August 2012. He is responsible for the Hong Kong and the Mainland China based activities of FECIL with emphasis on commercial management, property development and investment, and project development. He also leads the sales and marketing team to oversee the strategy planning of the real estate business of FECIL in Hong Kong and Mainland China. He has been an independent non-executive director of Hidili Industry International Development Limited, a company listed on the Main Board of the Stock Exchange.

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

PROFILE OF DIRECTORS

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

Mr. SHEK, Lai Him Abraham, ***G.B.S., J.P.***, aged 70, has been an Independent Non-executive Director since 10 September 2010 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

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

Mr. Shek was appointed as a Justice of Peace in 1995. He is currently a member of Legislative Council of the Hong Kong Special Administrative Region, the Court and the Council of The University of Hong Kong and the Court of The Hong Kong University of Science and Technology and the non-executive director of the Mandatory Provident Fund Scheme Authority. He retired from the vice-chairmanship of the Independent Police Complaints Council effective 1 January 2015.

Mr. Shek is currently a non-executive director of The Hong Kong Mortgage Corporation Limited. He is also the chairman and an independent non-executive director of Chuang's China Investments Limited, the vice chairman and an independent non-executive director of ITC Properties Group Limited, an independent non-executive director of Midas International Holdings Limited, Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang's Consortium International Limited, NWS Holdings Limited, Hop Hing Group Holdings Limited, Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust), ITC Corporation Limited, Country Garden Holdings Company Limited, MTR Corporation Limited, SJM Holdings Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited and Jinheng Automotive Safety Technology Holdings Limited, all of which are companies listed on the Main Board of the Stock Exchange.

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

Mr. TO, Peter

Mr. TO, Peter, aged 67, has been an Independent Non-executive Director since 10 September 2010 and is the Chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee.

Mr. To obtained a Certificate of Housing from The University of Hong Kong in 1972 and later became a professional member of The Hong Kong Institute of Housing and The Chartered Institute of Housing, United Kingdom, formerly known as the Institute of Housing, United Kingdom. Mr. To was an executive director of PCCW Limited, a company listed on the Main Board of the Stock Exchange, from 3 August 1999 to 30 June 2002, its deputy chairman from 3 August 1999 to 10 June 2001 and served as its consultant from 11 June 2001 to 31 October 2003. He was the chief executive officer and executive director of Pacific Century Regional Developments Limited, a company listed on the Singapore Stock Exchange, from 1997 to 2002. He was also a non-executive director of the Urban Renewal Authority from 1 May 2007 to 30 April 2013. He has been appointed as a director of the Hong Kong Airport Authority since 1 June 2014. He has been active in the property development and investment industry for more than 30 years.

PROFILE OF DIRECTORS

Dr. LIU, Ngai Wing

Dr. LIU, Ngai Wing, aged 64, has been an Independent Non-executive Director since 10 September 2010 and is the Chairman of the Audit Committee, and a member of each of the Remuneration Committee and Nomination Committee.

Dr. Liu holds a PhD Degree in Hotel and Tourism Management from the School of Hotel and Tourism Management of The Hong Kong Polytechnic University, a Doctor of Business Administration Degree from Curtin University of Technology, a Master of Arts Degree in China Studies from The Hong Kong University of Science and Technology, a Master of Arts Degree in Asian and International Studies from City University of Hong Kong, a Master of Science Degree in Global Business from The Chinese University of Hong Kong, a Master of Science Degree in Hotel and Tourism Management from The Hong Kong Polytechnic University and a Master Degree in Business Administration from The Open University of Hong Kong. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

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

Mr. ANGELINI, Giovanni

Mr. ANGELINI, Giovanni, aged 69, has been an Independent Non-executive Director since 6 March 2012 and is a member of the Remuneration Committee.

Mr. Angelini is a senior and well respected professional within the hospitality industry world-wide with experience of over 48 years.

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

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

Business and Operational Review

Total revenue declined 18.6% to HK$1,454.0 million largely due to the inclusion of HK$498.4 million of revenue from the sales of apartments in Singapore in the comparative period of last year. Excluding such impact and excluding the dividend and interest incomes from securities and financial products investment, the Recurring Revenue from hotel operations increased 12.7% to HK$1,432.2 million. The growth was largely driven by the revenue contribution from new hotels and partially offset by the decline of 5.5% on LFL RevPAR. EBITDA for the year declined 26.4% to HK$571.4 million largely due to the provision for impairment loss on interest in an associate for the current year and higher base in the same period of last year which included the EBITDA contribution from the sales of apartments in Singapore and the higher revaluation gains on the investment properties in Singapore. Excluding such impacts and excluding the EBITDA contribution from securities and financial products investment, the Recurring EBITDA from hotel operations increased by 7.6% to HK$540.7 million largely due to EBITDA contribution from the new hotels.

New Hotel Opening

During the Year, the Group opened three (3) more new hotels with total of 933 rooms. The new hotels opened are the self-owned Dorsett Shepherds Bush hotel in London, the self-owned Lushan Resort in Jiangxi province, PRC and the management hotel, namely Silka Cheras in Malaysia.

Dorsett Shepherds Bush is the Group's first hotel in London which will be the platform for the Group's further expansion in London. There are currently two (2) more projects in London that are at different stages of planning and development. The Group will continue to seek further expansion opportunities in London.

Projects Under Development

There are currently five (5) hotel projects owned by the Group and three (3) management hotel projects that are under various stages of planning and development. These hotels are expected to commence operations at the following dates:

Owned Hotels Under Development[(1)]	Location	Target market segment[(1)]	Total rooms[(1)]	Target Commencement[(1)]
Silka Tsuen Wan, Hong Kong	Hong Kong	Value	410	1st quarter of FY2017
Dorsett City London	UK	Mid-scale	270	4th quarter of FY2017
Dorsett Shepherds Bush 2, London	UK	Mid-scale	54[(2)]	4th quarter of FY2018
*Dorsett Grand Zhuji[(3)]	PRC	Up-scale	200	4th quarter of FY2018
Dorsett Zhongshan[(4)]	PRC	Mid-scale	416	4th quarter of FY2018
			1,350	

* Please take note that the Group is currently finalising the share transfer agreement to dispose its 25% stake in this hotel. Assuming successful disposal of this stake, the owned hotel projects under development will reduce to four (4) with total rooms reducing to 1,150.

(1) The hotel names, target market segment, total rooms and target commencement date may change.
(2) Total rooms of approximately 54 are subject to planning approval and finalization of development plan.
(3) The Group owns 25% interest in this hotel and the Group has signed a framework agreement to dispose its 25% interest in this hotel back to the joint venture partner. The Group is currently in the process of finalising the share transfer agreement with its partner. In view of this development the Group has made a provision for impairment loss of HK$20.6 million, being the difference between the disposal proceeds and carrying value of this investment.
(4) The Group is in the process of obtaining title certificate for the property.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Hotels Under Development[1]	Location	Target market segment	Total rooms[2]	Target Commencement[2]
Dorsett Putrajaya	Malaysia	Mid-scale	218	3rd quarter of FY2016
Dorsett Hartamas, Kuala Lumpur	Malaysia	Mid-scale	371	3rd quarter of FY2017
Sri Jati Hotel	Malaysia	Up-scale	154	3rd quarter of FY2017
			743	

(1) The name of the hotels might change.
(2) The total rooms and target commencement date might change.

Review of Consolidated Statement of Comprehensive Income

(a) Revenue

The Group generates its recurring revenue primarily from hotel guest rooms, food & beverage outlets, meeting/conference facilities as well as rental income from leasing of various types of commercial space to hotel customers and tenants. All revenue presented are on an ex-business tax basis (where such taxes are levied in the countries at which the hotels are situated).

For the comparative period of last year, the Group's reported revenue includes revenue of HK$1,270.4 million generated from hotel operations, HK$17.0 million from dividend and interest income received from securities and financial products investment and HK$498.4 million of revenue generated from the sales of apartments in Singapore.

For the current reporting period, the Group's reported revenue includes HK$1,432.2 million generated from hotel operations and HK$21.8 million of dividend and interest income received from securities and financial products investment. Revenue for the current reporting period declined 18.6% to HK$1,454.0 million primarily due to the higher base in the comparative period which included the revenue from sales of apartments in Singapore.

Recurring Revenue from hotel operations increased 12.7% to HK$1,432.2 million driven by the contribution from new hotels but partially offset by a decline of 5.5% on LFL RevPAR.

The following table sets out the Group's Recurring Revenue from self-owned hotel operations in Hong Kong, PRC, Malaysia, Singapore and the United Kingdom for the years indicated:

	FY2015		FY2014	
	HK$'000	% of Total	HK$'000	% of Total
Hong Kong				
Room revenue	738,860		663,073	
Food and beverage revenue	26,137		21,597	
Leasing revenue	15,680		12,958	
Other revenue	13,103		18,736	
Total	793,780	55.4%	716,364	56.4%
PRC				
Room revenue	124,539		102,764	
Food and beverage revenue	38,412		34,035	
Leasing revenue	32,112		31,283	
Other revenue	1,905		1,877	
Total	196,968	13.8%	169,959	13.4%
Malaysia				
Room revenue	159,371		186,738	
Food and beverage revenue	89,679		104,169	
Leasing revenue	4,132		2,473	
Other revenue	11,217		16,623	
Total	264,399	18.4%	310,003	24.4%
UK				
Room revenue	62,580		—	
Food and beverage revenue	9,222		—	
Leasing revenue	1,878		—	
Other revenue	771		—	
Total	74,451	5.2%	—	—
Singapore				
Room revenue	95,533		71,229	
Food and beverage revenue	—		152	
Leasing revenue	5,980		1,906	
Other revenue	1,093		821	
Total	102,606	7.2%	74,108	5.8%
Group Total				
Room revenue	1,180,883	82.5%	1,023,804	80.6%
Food and beverage revenue	163,450	11.4%	159,953	12.6%
Leasing revenue	59,782	4.2%	48,620	3.8%
Other revenue	28,089	1.9%	38,057	3.0%
Total	1,432,204	100.0%	1,270,434	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year under review, total Recurring Revenue in Hong Kong increased by 10.8% to HK$793.8 million mainly driven by the full year revenue contribution from Dorsett Tsuen Wan hotel which was opened in the month of March 2014. The ARR in Hong Kong decreased by 9.1% year-on-year to HK$856, while the OCC recorded a marginal decline of 1.2% points year-on-year to 92.7%. The RevPAR was HK$794, down by 10.3% from the previous financial year. The RevPAR performance in Hong Kong was adversely affected by the Occupy Central movement, the outburst of demonstration against the parallel traders and the strengthening of HK$ that has eroded the competitiveness of the Hong Kong tourism market. Our operations in Hong Kong adjusted its distribution strategy and launched a number of sales and marketing campaigns to counter such adverse impact which helped minimize the damage. Excluding the newly opened Dorsett Tsuen Wan Hotel, LFL RevPAR was down 4.6% to HK$847.

Total Recurring Revenue in the PRC region increased by 15.9% to HK$197.0 million. The growth was largely driven by the increased number of room nights sold in Dorsett Grand Chengdu, the continuous RevPAR improvement in Dorsett Shanghai and Dorsett Wuhan, and contribution from the newly opened Lushan Resort but partly offset by the marginal decline of RMB exchange rate against HK$. Excluding the contribution of Lushan Resort and the impact on currency, revenue in home currency increased by 14.5% to RMB155.8 million. Overall ARR for the region declined by 4.9% to HK$545 due to the lower ARR of Lushan Resort and the currency impact. Excluding such impacts, LFL ARR for PRC region in home currency declined 2.2% to RMB442. Overall OCC for the region came in at 47.4% due to lower OCC of Dorsett Grand Chengdu (Despite increased number of room nights sold, OCC in Dorsett Grand Chengdu declined due to the increased number of room inventories) and the lower OCC of newly opened Lushan Resort. Overall RevPAR declined by 17.0% to HK$258 and excluding the currency impact and the newly opened Lushan Resort, the LFL RevPAR in home currency declined 3.4% to RMB237. Specifically LFL RevPAR in home currency for Dorsett Shanghai and Dorsett Wuhan improved 2.6% and 5.6% to RMB452 and RMB246 respectively.

In Malaysia, total Recurring Revenue declined 14.7% to HK$264.4 million. The drop of revenue was largely driven by the depreciation of Ringgit exchange rate against HK$, partial closure of rooms in Dorsett Regency Kuala Lumpur for renovation, lower F&B revenue due to the austerity measures from the government in cutting down spending and the weaker RevPAR performance of the Silka hotels in view of the disruption to the tourism market due to the twin tragedies of Malaysia Airlines. ARR declined 5.4% to HK$491 due to the currency impact, excluding which, in home currency, the ARR improved 2.4% to Ringgit 220. OCC was down 4.1% points to 64.7% largely due to the weaker OCC performance of the Silka hotels. RevPAR for Malaysia region came in at HK$318 largely due to the currency impact and the weaker OCC. Excluding the impact on currency, LFL RevPAR in home currency declined 3.7% to Ringgit 142.

Dorsett Singapore continued to perform strongly. It generated Recurring Revenue of HK$102.6 million, representing a growth of 38.5% on the back of strong RevPAR growth from the increased number of room inventories for sale but partially offset by the depreciation of SG$ against HK$. ARR declined 6.8% to HK$1,188 due to the currency impact and adjustment in the distribution channel. Excluding the currency impact, the ARR in home currency declined marginally by 2.8%. OCC was up 10.1% points to 77.3%. RevPAR came in at HK$918, a growth of 7.2%. Excluding the impact on currency, RevPAR in home currency was up 11.8% to SG$156.

Dorsett Shepherds Bush London had its soft opening in June 2014 with full inventory available in the month of September 2014. Despite the staggered opening, Dorsett Shepherds Bush London managed to achieve a total revenue of HK$74.5 million with a RevPAR of HK$724 in the first 9 months of its operation, well within the management's expectation.

The key revenue indicators for self-owned hotels in the reporting year are as follows:

	2015	2014
Hong Kong		
Available Room Nights	931,098	749,003
Occupied Room Nights	863,121	703,683
Occupancy rate	92.7%	93.9%
Average room rate (HK$)	856	942
RevPAR (HK$)	794	885
PRC		
Available Room Nights	481,975	357,997
Occupied Room Nights	228,543	194,469
Occupancy rate	47.4%	54.3%
Average room rate (HK$)	545	573
RevPAR (HK$)	258	311
Malaysia		
Available Room Nights	501,281	517,203
Occupied Room Nights	324,573	355,820
Occupancy rate	64.7%	68.8%
Average room rate (HK$)	491	519
RevPAR (HK$)	318	357
Singapore		
Available Room Nights	104,025	82,407
Occupied Room Nights	80,400	55,351
Occupancy rate	77.3%	67.2%
Average room rate (HK$)	1,188	1,275
RevPAR (HK$)	918	857
UK		
Available Room Nights	86,440	—
Occupied Room Nights	52,800	—
Occupancy rate	61.1%	—
Average room rate (HK$)	1,185	—
RevPAR (HK$)	724	—
Group Total		
Available Room Nights	2,104,819	1,706,610
Occupied Room Nights	1,549,437	1,309,323
Occupancy rate	73.6%	76.7%
Average room rate (HK$)	762	786
RevPAR (HK$)	561	603

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Segment results

Details of the segment information are provided in Note 8 to the consolidated financial statements. Consolidated profit before taxation ("PBT") declined 63.8% to HK$149.9 million (2014: HK$414.7 million) due to the provision for impairment loss on interest in an associate for the current year and a higher base in the corresponding period which included the profit contribution from the sales of apartments in Singapore and the revaluation gains on the investment properties in Singapore.

Hong Kong operation continued to be the key profit contributor to the Group, generating a segment PBT of HK$146.2 million. Segment PBT generated by Hong Kong however declined by 16.3% compared to the corresponding period (2014: HK$174.6 million) due to lower LFL RevPAR.

During the Year, in line with the decline in revenue and the weakening of Ringgit against HK$, the PBT for our hotels in Malaysia reduced by 21.1% to HK$46.5 million. Our hotels in PRC recorded segment loss of HK$53.8 million, an improvement of 23.1% from the same period of last year. The segment loss on PRC was largely due to the provision for impairment loss on interest in an associate and the loss before tax for the newly opened Lushan Resort as well as the reduced loss before tax for Dorsett Grand Chengdu. Our operation in Singapore generated a segment PBT of approximately HK$31.3 million, representing a decline of 88.1% solely due to the inclusion of profit from the sales of apartments and the revaluation gains on investment properties recorded in the corresponding period of last year, excluding which the PBT increased significantly from HK$0.3 million to HK$31.3 million. Our operation in London reported a segment loss of HK$20.3 million largely due to the interest expense and the depreciation and amortisation charges. With full inventory and expected ramp up of the hotel's business, London operation is expected to report PBT in the coming financial year.

(c) Net operating profit

Net profit for the Group decreased by 74.9% to HK$94.4 million (2014: HK$376.6 million), primarily due to the provision for impairment loss on interest in an associate for the current year and the higher base in the corresponding period of last year which included the profit contribution from the sales of apartments in Singapore and the higher revaluation gains on investment properties.

The following table sets forth the breakdown of the Group's reported revenue, reported gross profit and reported EBITDA against the Recurring Revenue, Recurring Gross Profit[(1)] and Recurring EBITDA in relation to hotel operations for the Year and last year:

	2015 **HK$'000**	2014 HK$'000
Reported revenue	**1,454,027**	1,785,850
Reported gross profit	**691,133**	799,696
Reported EBITDA	**571,375**	775,838
Recurring Revenue	**1,432,204**	1,270,434
Recurring Gross Profit[(1)]	**669,310**	635,191
Recurring EBITDA	**540,672**	502,576
Recurring EBITDA margin[(2)]	**37.8%**	39.6%

Notes:

(1) Recurring Gross Profit excluding gross profit from the sales of apartments last year and dividend and interest income generated from the securities and financial products investment for both the current year and last year.

(2) Recurring EBITDA margin = Recurring EBITDA/Recurring Revenue.

The following table sets forth the reconciliation of reported revenue and reported EBITDA against the Recurring Revenue and the Recurring EBITDA respectively:

	2015 HK$'000	2014 HK$'000
Reported revenue	1,454,027	1,785,850
Sales of apartments in Singapore	—	(498,392)
Dividend/interest from securities and financial products investment	(21,823)	(17,024)
Recurring Revenue	1,432,204	1,270,434
Profit before taxation	149,914	414,691
Interest income	(2,870)	(2,588)
Finance costs	164,481	167,261
Depreciation and amortisation	259,850	196,474
EBITDA[1]	571,375	775,838
Pre-opening expenses	14,080	13,596
Fair value gain arising on transfers from completed properties for sales to investment properties	—	(130,870)
Gain arising from sales of apartments in Singapore	—	(131,506)
Change in fair value of investment properties	(65,747)	—
Change in fair value of derivative financial instruments	4,131	(676)
Impairment loss on interest in an associate	20,631	—
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	—	(27,329)
Dividends and interest income from treasury management	(21,823)	(17,024)
Treasury management expenses	3,146	2,305
Change in fair value of investment securities	14,879	18,242
Recurring EBITDA	540,672	502,576
Recurring Revenue	1,432,204	1,270,434
Recurring EBITDA margin[2]	37.8%	39.6%

Notes:

(1) EBITDA for FY2014 includes the contribution of HK$262.4 million from the sales of apartments in Singapore and revaluation gains on investment properties.

(2) Recurring EBITDA margin = Recurring EBITDA/Recurring Revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources and Liquidity

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

	2015 HK$'000	2014 HK$'000
Bank balances and cash	667,134	1,191,278
Pledged deposits	264,123	167,911
Investment securities	643,761	514,264
	1,575,018	1,873,453
Bonds	1,005,274	1,002,691
Bank loans	4,491,361	4,637,316
Less: front-end fee	(17,760)	(20,431)
	5,478,875	5,619,576
Analysis for reporting purpose as		
Current liabilities	1,823,905	2,119,978
Non-current liabilities	3,654,970	3,499,598
	5,478,875	5,619,576
Net debt	3,903,857	3,746,123
Total equity	3,828,611	4,142,428
Revaluation surplus of hotel properties	10,976,081	10,954,268
Total equity after revaluation surplus	14,804,692	15,096,696
Net debt to equity (adjusting for hotel revaluation surplus)	26.4%	24.8%

The Group's borrowings include bank loans and a CNY Bond. The bank loans are secured over certain properties of the Group. The Group's bank loans carry interest at floating rates, with a range of effective interest rates of 0.9% to 8.2% per annum (2014: 2.0% to 8.2% per annum). The CNY Bond carries a coupon rate of 6.0% and net rate of 5.1% after the cross currency interest rate swap. Effective cost of borrowings during the Year decreased from 3.8% to 3.5%.

Current portion of bank borrowings included an amount of HK$481.5 million which is not repayable within one year but is shown under current liabilities in accordance with HKFRSs as the counterparties have discretionary rights to demand immediate repayment.

The Group has entered into interest rate cap and interest rate swap contracts for the purpose of reducing its exposure to the risk of interest rate fluctuation of certain bank loans outstanding at the end of the reporting period. The Group has further entered into currency swap contracts in relation to the Bonds which reduce overall financing costs.

Capital Expenditures

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

For the Year under review, the Group's capital expenditures amounted to HK$344.2 million (2014: HK$1,102.9 million), a decrease of HK$758.7 million, or 68.8%. These capital expenditures were funded by bank borrowings and internal resources. The capital expenditure for the Year was mainly attributable to the acquisition of office units for the use by the Cosmopolitan Hotel team and the construction and renovation works for Dorsett Regency Kuala Lumpur, Dorsett Tsuen Wan, Cosmopolitan Hotel and Dorsett City, London.

As the Group continues with the construction on existing development projects and to seek new acquisition opportunities, the Group plans to incur approximately HK$446.8 million in capital expenditures over the next financial year, such capital expenditures will be funded by a combination of external borrowings and internal resources.

Capital Commitments

The following table summarises the Group's capital commitments as at 31 March 2015 and 2014:

	2015 HK$'000	2014 HK$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and acquisition of other property, plant and equipment:		
— contracted for but not provided in the financial statements	259,477	153,281
— authorised but not contracted for	210,346	22,750

Contingent Liabilities

During the financial year ended 31 March 2010, HKSAR Hotel initiated a lawsuit against the contractor for unsatisfactory performance in relation to the construction of a hotel in an amount of HK$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK$25,841,000. HKSAR Hotel was disposed of in prior 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 was further adjourned to August 2013. In the opinion of the Directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

Human Resources

As at 31 March 2015, the Group has 2,703 employees (2014: 2,421) with total employee cost for the Year of HK$426.3 million (2014: HK$376.0 million). Staff to room ratio for owned operating hotels remained flat at approximately 0.41 for the Year (2014: 0.41). In order to attract and retain talents to ensure smooth operations and to cater for the Group's expected growth, the Group offers competitive employee remuneration packages with reference to market conditions and individual qualifications, experience and job scope. Such remuneration packages consist of basic salary plus discretionary and performance related annual bonus.

Certain Board members and full-time employees were granted share options under the Company's share option scheme. The employee share option scheme has been put in place to incentivise employees and to encourage them to work towards enhancing shareholders' value and promoting the long-term growth of the Group. The Group recognises a fair value of HK$18.0 million on these options, of which HK$0.9 million is charged as share option expense for the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties

As at 31 March 2015, excluding Dorsett Grand Zhuji the Group owned 24 hotels in operation and under development across the world: ten (10) in Hong Kong, five (5) in the PRC, five (5) in Malaysia, one (1) in Singapore and three (3) in UK.

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

Our operating hotel properties and under development hotel properties are stated in the Consolidated Statement of Financial Position at the lower of cost and net realizable value under the HKFRSs with a carrying net book value of approximately HK$7,193.8 million as at the end of 31 March 2015 (2014: HK$7,296.7 million).

While the fair value increase of such properties has not been recognised in the consolidated financial statements, in order to provide users of the consolidated financial statements with the fair value of the Group's net assets, management has commissioned independent property valuers to perform a valuation on the Group's hotel properties. In this regard, the Group's property portfolio was valued at HK$18,169.9 million as at 31 March 2015 (2014: HK$18,251.0 million), representing an unrecorded revaluation surplus of HK$10,976.1 million (2014: HK$10,954.3 million). The decline in property portfolio valuation is mainly due to the appreciation of HK$ against currency of the countries where our hotel properties are located.

Hotels in Operation

As at the end of the current financial year, the Group was operating and managing 22 hotels with 6,544 rooms across Hong Kong, the PRC, Malaysia, Singapore and the United Kingdom. 20 of the 22 hotels in operation with 6,043 rooms are self-owned, which can be summarized as follow:

Company Owned Hotel Properties	Location	Total rooms	Commencement
Dorsett Hotels and Resorts			
Cosmopolitan Hotel Hong Kong	Hong Kong	454	January 2005
Dorsett Mongkok, Hong Kong	Hong Kong	285	July 2010
Dorsett Kwun Tong, Hong Kong	Hong Kong	361	August 2012
Dorsett Tsuen Wan, Hong Kong	Hong Kong	547	March 2014
Dorsett Regency Kuala Lumpur	Malaysia	320	April 1998
Dorsett Grand Subang	Malaysia	478	February 2007
Dorsett Grand Labuan	Malaysia	178	September 2007
Dorsett Wuhan	PRC	317	June 2008
Dorsett Shanghai	PRC	264	February 2010
Dorsett Grand Chengdu	PRC	556	August 2012
Lushan Resort	PRC	297	June 2014
Dorsett Singapore	Singapore	285	March 2013
Dorsett Shepherds Bush, London	United Kingdom	317	June 2014
d. Collection			
Cosmo Hotel Hong Kong	Hong Kong	142	October 2005
Lan Kwai Fong Hotel@Kau U Fong	Hong Kong	162	March 2006
Silka Hotels			
Silka Seaview, Hong Kong	Hong Kong	268	January 2001
Silka West Kowloon, Hong Kong	Hong Kong	141	May 2005
Silka Far East, Hong Kong	Hong Kong	240	October 2006
Silka Maytower, Kuala Lumpur	Malaysia	179	October 2008
Silka Johor Bahru	Malaysia	252	October 2008
		6,043	

Other Financial Information

The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK$10,976.1 million based on valuation on 31 March 2015. The revaluation surplus has not been accounted for in the consolidated financial statements. Net assets attributable to shareholders per share after adjusting revaluation surplus as at 31 March 2015 was HK$7.05.

Events after the Reporting Period

A joint announcement was made on 27 May 2015 by the Company and its controlling shareholder, FEC (the "Joint Announcement") regarding FEC's request to the Company to put forward to the Company's Shareholders a proposal regarding the possible privatisation of the Company by Willow Bliss Limited, a wholly owned subsidiary of FEC by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands. Please refer to the Company's website for details of the Joint Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Final Dividend

The Board recommends the payment of a final dividend (the "Proposed Final Dividend") of HK2 cents per ordinary share for the Year. The Proposed Final Dividend will, subject to Shareholders' approval of the Proposed Final Dividend at the Company's forthcoming AGM to be held on 27 August 2015, be paid in cash to the Shareholders. The Proposed Final Dividend together with the interim dividend of HK2 cents per ordinary share already paid represents a dividend payout ratio for the whole year of approximately 89.0% based on the Company's profit for the Year. The total amount of the Proposed Final Dividend, based on the number of issued ordinary shares of the Company as at the date of this annual report, will therefore be approximately HK$42.0 million.

Use of Proceeds

As at 31 March 2015, the balance of the Company's net proceeds from the listing of its shares, after deducting underwriting fees and related expenses, were placed with reputable financial institutions for interest income.

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

Use of IPO proceeds

	Allocated HK$'000	Utilised HK$'000	Balance HK$'000
1) Approximately 80% will be used for continued expansion of the Group's hotel portfolio	443,868	443,868	–
2) Approximately 20% will be used for expansion into hotel management business, which will incorporate rebranding initiative	110,967	26,558	84,409
Total	554,835	470,426	84,409

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

CORPORATE VISION AND CORE VALUES

Corporate Vision

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

Core Values

Our Core Values support our vision, they shape our Company Culture and Values
It is the foundation in which we perform at work and behave ourselves

- **Integrity**
  We are accountable to our internal and external guests for the highest professional standards of respect, honesty and fairness in all aspects of our work and take responsibility for all our actions and behaviour.

- **Inspiration**
  We consistently strive for excellence in our work environment that is stimulating and engaging. We inspire by caring for our associates, our guests, our community and our environment.

- **Innovation**
  We passionately embrace and encourage creative ways to enhance our brands, products, services and processes to go beyond expectations and to be one of the best in class.

- **Initiative**
  We empower and equip our associates to excel and to take ownership to do what is required to delight our guests and optimize profitability. We encourage flexibility and efficiency through open communication.

OUR BUSINESS STRATEGY

For the period under review, the Group further refined its existing efforts and continued to introduce new initiatives with focus primarily in the following areas to build a platform allowing for sustainable growth of the Group:

1. Brand Awareness

2. Regional and Global Sales Network

3. Digital Marketing & Distribution

4. Revenue Management

Brand Awareness

The Group opened its first hotel, Dorsett Shepherds Bush in West London in June 2014. The Group made an immediate impact and created strong brand awareness in West London through the combined efforts of our dedicated operating team guided by the marketing and communication team at corporate office and supported by the reputable public relation agency, Grifco. The Group believes that the strong start of Dorsett Shepherds Bush will augur well for the coming new hotels opening in London.

In addition to actively driving local media for editorial coverage in the Group's operating markets, the marketing and communication team continued to work with partners, including the airlines and financial institutions to take advantage of their huge database for the Group's tactical marketing and promotion campaigns.

Acknowledging the complexity and challenges of brand building in the PRC market, the Group appointed a reputable public relations agency, Mazarine to assist the Group to build its brands and to promote its brands to the Chinese consumer. Other than the traditional public relations activities such as editorial coverage and both print and digital advertisement, Mazarine is also tasked to drive the Group's social media activities amongst the Chinese network.

During the period under review, the Group continued to participate in major international tradeshows, including the ITB Asia, PATA Travel Mart and ATF just to name a few to promote the Group in major feeder markets. The Group continued to sponsor corporate social responsibility programmes and institutes of higher learning to enhance the Group's brand presence and image.

Regional and Global Sales Network

The Group continued to push forward its efforts to drive sales amongst its network of hotels. On this front, the Group has appointed a key person to build a team to cover the leisure sales and is in the process of recruiting more key persons to cover the MICE, corporate group and corporate FIT. The team will be tasked with the responsibility of building the regional and global sales network for the Group.

Digital Marketing and Distribution

During the Year, the hotel industry was challenged by rapid changes on technology use and hence, how users consume and are influenced by content and information. The rise of meta search websites has also created new demands from our potential customers, whom we would like to influence to book directly with our hotels' brand.com.

The growth of online platform has been complex, scattered and fragmented. We shall adapt and continue to use different strategies to increase bookings and sales through this channel, especially our brand.com. We will leverage on the strength and experience of our major wholesalers and Online Travel Agencies ("OTAs") and continue working closely with them to focus more on tactical promotions to improve our brand awareness and to nurture the interest of potential customers to book our hotels.

To further support our Group's "Chinese Wallet" strategy, we will be enabling our hotels to connect to more OTAs and global distribution system which focus on corporate and leisure booking in China. We will be working with these connectors to improve payment solutions and connectivity in China. We will also initiate more marketing partnership opportunities with different channels and adapt business processes to cater to our Chinese customers.

Website content and availability shall be further enhanced to reach potential consumers in markets such as Japan, Korea, South East Asia, India, Australia and New Zealand, as well as areas like Russia and United Arab Emirates. The Group will put more efforts in online advertising in major search engines in different feeder markets to drive additional revenues for the Group's portfolio.

We will be leveraging more digital and online marketing solutions to generate more consumer interest in the Group's brand portfolio so as to encourage conversions and bookings.

Activities in the Chinese social media networks will be increased to create and improve the Group's brand awareness and interest with the aim to drive actions to share, to book and to experience.

Revenue Management

In line with the Group's plan to drive a revenue management culture into the organisation which has been on its forefront, two major revenue management workshops were conducted in mid-2014 to further educate relevant employees in this field. An effective forecasting tool has been successfully rolled out to assist the hotels further in their business strategies. In addition, an automated revenue management system has been successfully implemented at Dorsett Shepherds Bush London and Dorsett Singapore. Dorsett Regency Kuala Lumpur is lined up for its implementation in the near future.

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

The Group will continue its efforts in driving data analytics with the goal of a more comprehensive understanding of all revenue streams and revenue opportunities which in return shall optimise the Group's profit.

Outlook

Global economic outlook in the near term remains challenging with increasing downside risks. While the pre-crisis legacies such as the high private and public debts, structural imbalance of the economy and high unemployment rate remain, post crisis risks including the volatility of oil price, rapid adjustment to exchange rate and geopolitical tensions have emerged and put more pressures to the already challenging global economic environment. The timing and pace of the inevitable normalization of monetary policy will continue to cast a shadow and add more uncertainties to the already fragile global economic recovery.

Nevertheless, based on the prediction of the World Travel and Tourism Council, travel industry growth in the near term is expected to outperform the global economy and growth is expected to be driven by the increasingly wealthier travellers and tourists from the emerging economies. PRC, in particular has been singled out as the largest growing market, both domestic and outbound. The profile and travelling behaviour of the Chinese travellers have been changing and will continue to evolve in line with the improving sophistication and higher spending power of the Chinese travellers. The frequency of individual outbound travelling is increasing and the destination of choice is also changing. In this respect, other than the traditional destinations of Hong Kong, Macau and South East Asia, the high frequency outbound travellers from China are beginning to travel to further destinations including North Asia, Europe, America and down south of Australia and New Zealand. In line with the Group's "Chinese Wallet" strategy, we will continue to explore the opportunity to extend our network coverage to include some of these destinations to capitalize on this booming trend.

Excluding Dorsett Grand Zhuji, there are currently 7 hotels under various stages of planning and development, 3 under management contracts and 4 self-owned properties, the Group's total room inventories will exceed 8,400 rooms in the upcoming years upon completion of these development projects. The additional rooms will further drive our growth in Recurring Revenue and Recurring EBITDA as well as increase our recurring cash flow. Nevertheless, it is expected that the Group's average RevPAR and EBITDA margins may be adversely impacted in the short-term as these new hotels would take time to ramp up and stabilize in term of operations.

CORPORATE SOCIAL RESPONSIBILITY

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

Connecting with the Community

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

Some of the programmes carried out during the year include:

- A "Blue Jeans Day" Campaign which started in November 2014 and is spearheaded by our Corporate Office. It aims to raise funds to provide financial support for our associates and their families in case of unexpected misfortune and emergencies.

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

"Walk for Sight 2015" organized by Orbis

Presentation of funds raised by Dorsett Grand Labuan, Malaysia for St. Theresa & De La Salle Hostel, Kota Marudu

Associates in Dorsett Grand Subang serve the community by cleaning up the surrounding area of the Hotel

Dorsett Kwun Tong, Hong Kong Caring Team actively participated in community service projects ranging from meal box packing for the community in need to organizing fund raising programmes

In an effort to raise funds for blind people who live in unimaginably poor regions of the developing world, team members from Lan Kwai Fong @ Kau U Fong participated in the "Walk for Sight 2015" organized by Orbis.

Promoting higher education and continuous learning is also the Group's concern. Every year, the Group participates in career fairs organised by various organisations such as the Institute of Vocational Education and institutions of higher learning such as Taylors University, Malaysia and INTI International College.

The Group continues to provide financial aid for students in need through its scholarship programme and has awarded 6 scholarships to the Vocational Training Council and 11 scholarships to students from the Ju Ching Chu Secondary Schools (JCCSS) in Tuen Mun, Yuen Long and Kwai Chung in Hong Kong. Most recently, the Group raised more than HK$270,000 for the JCCSS Scholarship Foundation.

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

Holding firm to the philosophy of 'leadership by example', Chairman Tan Sri Dato' David Chiu together with Winnie Chiu, President and Executive Director of Dorsett Hospitality International, actively participate in career and motivational talks for students pursuing various fraternity.

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

Participation in Institute of Vocational Education Career Expo

CORPORATE SOCIAL RESPONSIBILITY

Connecting with People

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

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

Christmas outing to "Go Green Organic Farm"

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

Connecting with the Environment

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

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

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

With a strong and focused commitment in implementing more sustainable environmental practices in its day-to-day operations, Cosmo Hotel Hong Kong and Dorsett Mongkok, Hong Kong continued to be certified as green hotels since 2012 by EarthCheck and have most recently attained EarthCheck Bronze Benchmarked Logo 2015.

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

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

Annual Earth Hour participation

OUR TRACK RECORD OF SUCCESS

2014 MAY

1 May

- Opening of Silka Cheras, Kuala Lumpur in Malaysia

2014 JUNE

12 June

- Opening of Lushan Resort in Jiangxi, China

24 June

- Opening of Dorsett Shepherds Bush in London, United Kingdom

2015 FEBRUARY

9 February

- Entered into an Equityholders' Agreement with Diamond Resorts International, Inc. and China Travel International Investment Hong Kong Limited.

  The Joint Venture Company is to carry on the business to create, market, sell and service prepaid vacation packages and associated benefits to customers in Asia.

OUR HOTEL PORTFOLIO

Hong Kong

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

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

Number of Rooms 142

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

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

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

Hong Kong

Dorsett Regency Hong Kong
18 Davis Street
Kennedy Town, Hong Kong

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

Number of Rooms 182

Dorsett Kwun Tong, Hong Kong
84 Hung To Road
Kwun Tong, Kowloon

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

Number of Rooms 361

OUR HOTEL PORTFOLIO

Hong Kong

Dorsett Mongkok, Hong Kong
88 Tai Kok Tsui Road
Tai Kok Tsui, Kowloon

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

Number of Rooms 285

Dorsett Tsuen Wan, Hong Kong
28 Kin Chuen Street
Kwai Chung, Kowloon

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

Number of Rooms 547

Hong Kong

Lan Kwai Fong Hotel@Kau U Fong

3 Kau U Fong
Central, Hong Kong

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

Number of Rooms 162

Silka Far East, Hong Kong

135-143 Castle Peak Road
Tsuen Wan, Kowloon

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

Number of Rooms 240

OUR HOTEL PORTFOLIO

Hong Kong

Silka Seaview, Hong Kong

268 Shanghai Street
Yau Ma Tei, Kowloon

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

Number of Rooms 268

Silka Tsuen Wan, Hong Kong

119 Wo Yi Hop Road
Kwai Chung, Kowloon

In the midst of the bustling and densely populated Kwai Chung district, Silka Tsuen Wan is a value hotel comprising 410 guestrooms and multiple restaurants. It is currently being developed and is scheduled for completion in FY2017.

Number of Rooms 410
To be completed in FY2017

Hong Kong

Silka West Kowloon, Hong Kong
48 Anchor Street
Tai Kok Tsui, Kowloon

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

Number of Rooms 141

OUR HOTEL PORTFOLIO

China

Dorsett Shanghai

800 Hua Mu Road
Pudong New Area, Shanghai

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

Number of Rooms 264

Dorsett Wuhan

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

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

Number of Rooms 317

China

Dorsett Zhongshan
107 Zhongshan Yi Road
Zhongshan, Guangdong

Centrally located in Zhongshan's main business district, Dorsett Zhongshan is a midscale business hotel with 416 rooms and suites, as well as restaurants and meeting facilities. It is currently being developed and is scheduled for completion in FY2018.

Number of Rooms 416
To be completed in FY2018

Dorsett Grand Chengdu
168 Xi Yulong Street
Qingyang District, Chengdu, Sichuan

Located at the famous Luoma Market area of Chengdu and the neighbouring bustling downtown Chunxi Road and renowned Chengdu sports centre, Dorsett Grand Chengdu is an upscale hotel that provides an intimate and luxurious environment for guests complemented by a full range of modern amenities. Each room is lavishly appointed with elegant furnishings and contemporary decor. The 700 square-metre ballroom and various meeting rooms are equipped with state-of-the-art facilities to meet the needs of its guests.

Number of Rooms 556

OUR HOTEL PORTFOLIO

China

Lushan Resort
Wenquan Zhen, Xingzi Xian
Jiujiang City, Jiangxi

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

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

Number of Rooms 297

Malaysia

Dorsett Regency Kuala Lumpur

172 Jalan Imbi
Kuala Lumpur

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

Number of Rooms 320
To be rebranded as Dorsett Kuala Lumpur

Dorsett Putrajaya

Lot 3C5, Precinct 3, Bandar Putrajaya
Wilayah Persekutuan, Putrajaya

Located in Malaysia's federal administrative capital of Putrajaya, the hotel upon completion will have 218 guestrooms and suites, an all-day dining facility with a seating capacity for 175 people with the scenic lake view as its backdrop, a deli and a 40-seater Lobby Lounge. Other facilities include multi-functional meeting facilities, a ballroom and recreational facilities in the form of a gymnasium and swimming pool.

Number of Rooms 218
To be completed in FY2016

OUR HOTEL PORTFOLIO

Malaysia

Dorsett Hartamas, Kuala Lumpur

Sri Hartamas
Kuala Lumpur

With 371 rooms and suites, Dorsett Hartamas, Kuala Lumpur is conveniently located with easy access into Kuala Lumpur's Golden Triangle. The hotel will feature an all-day dining facility with a seating capacity for 150 people, a deli and a lobby lounge. To cater to the needs of business travellers, the hotel will be equipped with a business centre and four function rooms of varying capacity. There will also be a gymnasium and swimming pool.

Number of Rooms 371
To be completed in FY2017

Dorsett Grand Labuan

462 Jalan Merdeka
Labuan Federal Territory

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

Number of Rooms 178

Malaysia

Dorsett Grand Subang
Jalan SS12/1
Subang Jaya

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

Number of Rooms 478

Silka Cheras, Kuala Lumpur
KM10 Jalan Cheras
Kuala Lumpur

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

Number of Rooms 319

Silka Johor Bahru
Lot 101375, Jalan Masai Lama
Mukim Plentong, Johor Bahru

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

Number of Rooms 252

OUR HOTEL PORTFOLIO

Malaysia

Silka Maytower, Kuala Lumpur
7 Jalan Munshi Abdullah
Kuala Lumpur

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

Number of Rooms 179

Sri Jati Hotel
Jalan Jati
Kuala Lumpur

Located in the heart of Kuala Lumpur, within close proximity to the shopping and entertainment district of Bukit Bintang, Sri Jati Hotel will have 154 contemporary designed guestrooms and an all-day dining facility as well as a gymnasium upon completion.

Number of Rooms 154
To be completed in FY2017

Singapore

Dorsett Singapore
333 New Bridge Road
Singapore

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

Number of Rooms 285

United Kingdom

Dorsett City, London
9 Aldgate High Street
London

Dorsett City situated in the heart of the insurance and shipping district of the City of London, and above the Aldgate tube station. The hotel features 270 guestrooms and suites, food and beverage facilities, as well as a unique stay experience in the heart of bustling London.

Number of Rooms 270
To be completed in FY2017

Dorsett Shepherds Bush, London
58 Shepherds Bush Green
Shepherds Bush, London

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

Number of Rooms 317

AWARDS AND ACCOLADES

2015

Dorsett Tsuen Wan, Hong Kong

- "Best New Hotel in Hong Kong" by the 8th Annual TTG China Travel Awards

Dorsett Singapore

- "Certificate of Excellence" by TripAdvisor

2014

Dorsett Hospitality International

- Winnie Chiu – Listed in Forbes Asia's 2014 "Asia's Power Businesswomen 12 to Watch List"
- "Caring Company Logo" by The Hong Kong Council of Social Service.
- "Best Valued Hotels Group Award" by Mediazone Group

Cosmopolitan Hotel Hong Kong

- "Outstanding Hotel Partner" by Booking.com
- "Outstanding Partner of the Year" by Ctrip
- "Outstanding Partner of the Year" by Gullivers Travel Associates
- "Best Engagement Hong Kong" and "The Best of +VIP Access Hotels" by Expedia
- "Corporate Citizenship Logo" by the Hong Kong Productivity Council
- "Caring Company Logo" by The Hong Kong Council of Social Service
- "Best Selected Family Hotel in Hong Kong" by Lotour Hong Kong Hotel Award

Cosmo Hotel Hong Kong

- EarthCheck Bronze Benchmarked Logo
- "The Best of +VIP Access Hotels" by Expedia
- "Corporate Citizenship Logo" by the Hong Kong Productivity Council
- "Caring Company Logo" by The Hong Kong Council of Social Service

Dorsett Kwun Tong, Hong Kong

- "Travellers' Choice Award – Top 25 Bargain Hotels in China" by TripAdvisor
- "Caring Company Logo" by Hong Kong Council of Social Service
- Barrier-free Companies/Organisations recognition by Hong Kong Council of Social Service
- "Best Guest Review Awards" by Booking.com
- "Certificate of Excellence" by DaoDao.com (TripAdvisor)
- "Service Excellence Hotel of the Year" and "Unique Design Hotel of the Year" by the Guangdong Hong Kong Macau Hotel General Managers Society

Dorsett Mongkok, Hong Kong

- "Travellers' Choice Award – Top 25 Budget Hotels in China" by TripAdvisor
- "Certificate of Excellence" by TripAdvisor
- "Outstanding Partner of the Year" by Ctrip
- EarthCheck Bronze Benchmarked Logo
- "Outstanding Partner of the Year" by Gullivers Travel Associates
- "Corporate Citizenship Logo" by the Hong Kong Productivity Council
- "Caring Company Logo" by The Hong Kong Council of Social Service

Lan Kwai Fong Hotel@Kau U Fong

- "The Best of +VIP Access Hotels" by Expedia
- "Outstanding Enterprises in Boutique Hotel" by Hong Kong Business High Flyers Awards

Silka Far East, Hong Kong

- "Service Excellence Hotel of the Year" by the Guangdong Hong Kong Macau Hotel General Managers Society.

Silka Seaview, Hong Kong

- "Top Rated Hotels" by AsiaRooms.com

Dorsett Shanghai

- "The Best Of The Best Hotel" Award by Gafencu Men Magazine
- "The Most Popular Hotel" by ly.com, Shanghai's Best Leading Leisure Travel Website.
- "The Best Urban Ecological Hotel" by China's Tourism Industry Association
- "China's Most Attractive Brand Hotel" and "China's Best Green Business Hotel" by The China Hotel Leader Summit Organizing Committee
- "Top Performer Partner" by Booking.com

AWARDS AND ACCOLADES

Dorsett Grand Chengdu

- "Customer Satisfaction, Hotel Amenities, Price Guarantee, Service" by HRS Top Quality Hotel
- "Gold Circle Award" by Agoda

Dorsett Grand Subang

- "Human Resources Development Award", "Certificate of Excellence" and "1st Recipient of the Pearl Award" by Human Resources Development Award

Dorsett Grand Labuan

- "Best Business Hotel Brand Award Malaysia" by Global Brand Magazine
- "Global Luxury Business Hotel" by World Luxury Hotel Awards

Dorsett Regency Kuala Lumpur

- "Best 5 General Manager of the Year in Malaysia" by Hospitality Asia Platinum Awards accorded to Christina Toh, Area General Manager for Dorsett Regency Kuala Lumpur and Silka Hotels in Malaysia
- "King of Kitchens – Ambassador of Cuisine Best 10 in Malaysia" by Hospitality Asia Platinum Awards accorded to Executive Chef K K Yau
- "Best 3 in Malaysia for Human Resources Excellence Award" by Hospitality Asia Platinum Awards accorded to Elisha Lee, Human Resources Manager
- "Outstanding Star Employee in Culinary" by Malaysia Association of Hotels, KL Chapter accorded to Sabri bin Norizan, Chef de Partie
- "Top Hotel Partners" by Gulliver's Travel Associates
- "Gold Circle Award" by Agoda

Silka Maytower, Kuala Lumpur

- "Gold Award (3-star Hotel)" by Kuala Lumpur Mayor's Tourism Award

Dorsett Shepherds Bush, London

- "Award of Excellence" by Booking.com

Dorsett Singapore

- "Most Tech-savvy Hotel (Bronze Winner)" by HotelQuickly Awards
- "Award of Excellence" by Booking.com

CORPORATE GOVERNANCE REPORT

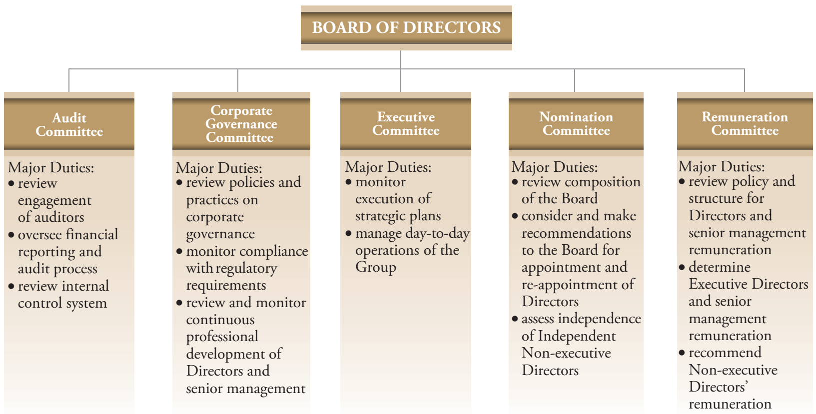
The Board and the management of the Company are committed to maintaining good corporate governance practices and procedures. The corporate governance principles of the Company emphasize professionalism, transparency and accountability to all Shareholders.

Throughout the Year, the Company has applied the principles of and complied with the provisions of the Corporate Governance Code (the "CG Code"), and, where applicable, the recommended best practices of the CG Code as set out in Appendix 14 to the Listing Rules, save for the exception of code provision A.6.7 with explanation described below.

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

A. THE BOARD

A.1 Responsibilities and Delegation



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

- approval of interim and annual financial statements of the Company;
- payment of dividend;
- approval of any transaction which is discloseable under the Listing Rules;
- extension of activities of the Company into new line of business or cessation of operation of any material part of the business of the Company;

- changes in the capital structure of the Company;
- annual operating and capital expenditure budgets and any material change to them;
- appointment or proposal for removal of Directors, company secretary or auditors of the Company;
- establishment of any committees of the Board and the respective terms of reference; and
- proposal for winding up of the Company.

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

A.2 Board Composition

MEMBERS OF THE BOARD

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

The Board currently comprises nine (9) Directors, two (2) of whom are Executive Directors, three (3) are Non-executive Directors and four (4) are Independent Non-executive Directors. All the Directors have extensive experience in the businesses of the Group. The profile of the Directors is set out in the "Profile of Directors" section of this annual report.

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

CORPORATE GOVERNANCE REPORT

The composition of the Board is reviewed from time to time to ensure the Board as a whole has a balance of skills and experience to lead and guide the Company. There are four (4) Independent Non-executive Directors on the Board which exceeds the minimum requirement of the Listing Rules to safeguard the interest of Shareholders. At least one (1) Independent Non-executive Director has the professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director an annual confirmation of his independence and considers that all Independent Non-executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

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

A.3 Chairman and President

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

Major responsibilities of Chairman

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

Major responsibilities of President

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

A.4 Appointment and Re-election of Directors

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

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation and every Director shall be subject to retirement by rotation at least once every three (3) years. Directors newly appointed by the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election at the meeting. Newly appointed Directors are given an induction on the regulatory requirements and business operations of the Group. The Company has arranged appropriate insurance cover in respect of legal action against the Directors and officers.

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

A.5 Board Meetings

Pursuant to provisions A.1.1 and A.1.3 of the CG Code, regular meetings of the Board should be held at least four (4) times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting(s). During the Year, the Board held five (5) Board meetings four (4) of which were regular Board meetings held at quarterly intervals.

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

Name of Board Member	Attendance/Number of Meetings Held
Executive Directors	
Ms. CHIU, Wing Kwan Winnie *(President)*	4/5
Mr. LAI, Wai Keung	5/5
Non-executive Directors	
Tan Sri Dato' CHIU, David *(Chairman)*	1/5
Mr. HOONG, Cheong Thard	5/5
Mr. CHAN, Chi Hing	5/5
Independent Non-executive Directors	
Mr. SHEK, Lai Him Abraham	5/5
Mr. TO, Peter	4/5
Dr. LIU, Ngai Wing	5/5
Mr. ANGELINI, Giovanni	3/5

CORPORATE GOVERNANCE REPORT

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

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

A.6 Model Code for Securities Transactions

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

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

Directors and relevant employees are notified by the Legal and Company Secretarial Department of the Company of prohibitions on dealings in the securities of the Company as required under the Listing Rules.

A.7 Training for Directors

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

The Company provides regular updates on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors. Training has been provided to the Directors to ensure Directors possess up-to-date information to discharge their duties.

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

B. BOARD COMMITTEES

As at 31 March 2015, the Board has five (5) Board committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee for overseeing various aspects of the Company's affairs. All Board committees have defined written terms of reference and report to the Board on their decisions or recommendations.

Board committees are provided with sufficient resources to discharge their duties and if required, are able to seek independent professional advice at the Company's expense.

B.1 Executive Committee

The Executive Committee currently comprises two (2) members, namely Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung, the Executive Directors and senior management of the Company. The Executive Committee operates as a general management committee under the direct authority of the Board for the day-to-day management of the operations of the Group. It monitors the execution of the strategic plans formulated by the Board and coordinates business units of the Group.

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

B.2 Audit Committee

The Audit Committee currently comprises three (3) members, all of whom are Independent Non-executive Directors, namely Dr. LIU, Ngai Wing, Mr. SHEK, Lai Him Abraham and Mr. TO, Peter. The Chairman of the Audit Committee is Dr. LIU, Ngai Wing who possesses the professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

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

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

CORPORATE GOVERNANCE REPORT

Major work performed in the Year

- reviewed the annual financial statements for the year ended 31 March 2014 and the interim financial statements for the six (6) months ended 30 September 2014, and the related accounting principles and practices adopted by the Company;
- reviewed the reports of the internal and external auditors and the response of the management to the recommendations of the auditors;
- reviewed the effectiveness of the internal control system and the adequacy of the accounting and financial reporting functions of the Group, including resources, staff qualifications and experience, training programmes and budgets in this respect;
- approved the internal audit plans;
- reviewed the audit and non-audit services performed by the external auditors and the respective professional fees;
- assessed the independence of the external auditors and made recommendations on the re-appointment of the Company's auditor at the Company's annual general meeting;
- reviewed the arrangement pursuant to the policy that can be used by employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and investigation procedures; and
- reviewed the continuing connected transactions for the year ended 31 March 2014.

During the Year, two (2) Audit Committee meetings were held and all the members of the Audit Committee and representatives of the external auditor and internal auditor of the Company were present at the meetings.

B.3 Remuneration Committee

The Remuneration Committee currently comprises six (6) members, namely:

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

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

Major work performed in the Year

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

During the Year, one (1) Remuneration Committee meeting was held and five (5) of the members of the Remuneration Committee, namely Mr. To Peter (Chairman of the Remuneration Committee), Mr. ANGELINI Giovanni, Mr. SHEK Lai Him Abraham, Dr. LIU Ngai Wing and Ms. CHIU Wing Kwan Winnie, were present at the meeting.

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

B.4 Nomination Committee

The Nomination Committee currently comprises five (5) members, namely:

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

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

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

(a) In considering the Board's composition, a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and other qualities will be duly considered in the selection of candidates.

(b) All Board appointments will be based on meritocracy in the context of the skills and experience the Board as a whole requires to be effective.

CORPORATE GOVERNANCE REPORT

(c) The Nomination Committee will review measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

(d) The Nomination Committee will review from time to time the Board Diversity Policy to ensure the effectiveness of it and discuss any revisions that may be required and recommend any such revisions to the Board for consideration and adoption.

At present, the Nomination Committee has not set any measurable objectives.

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

Major work performed in the Year

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

During the Year, one (1) Nomination Committee meeting was held and all the members of the Nomination Committee were present at the meeting.

B.5 Corporate Governance Committee

The Corporate Governance Committee currently comprises four (4) members, namely:

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

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

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

Major work performed in the Year
• reviewed the code of conduct and compliance manual of Model Code applicable to employees and Directors; • reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and • reviewed and adopted the amendments to the CG Code and the Corporate Governance Report on the Board Diversity Policy.

During the Year, one (1) Corporate Governance Committee meeting was held and all the members of the Corporate Governance Committee were present at the meeting.

C. DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

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

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

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

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

CORPORATE GOVERNANCE REPORT

D. AUDITOR'S REMUNERATION

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

Services	Fees charged HK$'000
Deloitte Touche Tohmatsu	
Audit services (including interim review)	4,013
Non-audit services	
(a) Tax services	275
(b) Other services	127
	4,415
Other auditors(Note)	
Audit services	1,666
Non audit services	
(a) Tax services	32
(b) Other services	–
	1,698
Total	6,113

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

E. INTERNAL CONTROLS

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

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

Based on the guidance of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), the Group operates within a comprehensive control environment to address three (3) major areas:

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

To achieve these three (3) objectives at the operational level, the Group established its internal control and risk management framework based on the five (5) interrelated components from COSO:

Control Environment	• Set tone of organisation influencing control consciousness of its people • Factors include integrity, ethical values, competence, authority and responsibility
Risk Assessment	• Identify and analyse relevant risks to achieve the Group's objectives
Control Activities	• Set policies & procedures that ensure management directives are carried out • Control activities include approvals, authorisations, verifications, reconciliations, assets security and segregation of duties
Information & Communication	• Identify, capture and communicate pertinent information in a timely manner • Access to internal and external information • Flow of information that allows for successful control actions
Monitoring	• Access control system's performance over time • Combine ongoing and specific evaluations • Internal Audit activities

CORPORATE GOVERNANCE REPORT

F. INTERNAL AUDIT

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

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

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

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

G. COMPANY SECRETARY

During the Year until 31 January 2015, the Company engaged an external service provider as its company secretary. The company secretary of the Company was Ms. MUI, Ngar May Joel ("Ms. MUI"). The primary corporate contact person of the Company is Ms. CHIU Wing Kwan, Winnie, the Executive Director and President of the Company.

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

The Board approved the resignation of Ms. MUI, and Mr. WONG, Kang Yean Clarence ("Mr. WONG"), the Chief Financial Officer of the Company, was appointed as the company secretary of the Company with effect from 1 February 2015.

Mr. WONG confirmed that he has complied with all the qualifications and training requirements under the Listing Rules.

H. COMMUNICATION WITH SHAREHOLDERS

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

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

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

The Company has adopted a Shareholders' Communication Policy.

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

2014 Annual General Meeting
The 2014 annual general meeting of the Company was held on 28 August 2014 to approve, among other matters, the adoption of financial statements for FY2014, declaration of final dividend, re-election of retiring Directors and authorization of the Board to fix Directors' remuneration, re-appointment of auditor and authorization of the Board to fix the auditor's remuneration, granting of general mandates to Directors to issue new Shares and repurchase Shares and extension of general mandate to issue new Shares up to the limits as set out in the notice of the meeting.

All of the resolutions, including re-election of each retiring Director, were voted on separately by way of poll. All the proposed resolutions were passed by the Shareholders, with approximately over 95% of the votes cast in favour of the resolutions. The chairmen of the Board, the Audit Committee, the Nomination Committee and the Corporate Governance Committee and representatives from the Company's auditor were present at the meeting to answer questions from the Shareholders. Due to unavoidable business engagement, the Chairman of the Remuneration Committee (Mr. TO Peter), was unable to attend the 2014 annual general meeting which constituted a deviation from code provision A.6.7 of the CG Code.

All the existing Directors except Mr. TO Peter were present at the 2014 annual general meeting.

2015 Annual General Meeting
Notice of the forthcoming AGM and a circular with further details of the matters to be considered at the meeting will be sent to Shareholders. Shareholders are encouraged to attend the AGM and have face-to-face interaction with the Directors.

I. SHAREHOLDERS' RIGHTS

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

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

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

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to the Shareholders their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2015.

Principal Activities

The Company is an investment holding company. The principal activities of the Group are hotel operation and management, property investment, property development and property trading. The principal activities and other particulars of the subsidiaries are set out in note 41 to the consolidated financial statements.

Results

The results of the Group for the Year and the state of the Group's affairs as at that date are set out in the consolidated financial statements on pages 92 to 153 of this annual report.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 160 of this annual report.

Dividends

The Board has declared an interim dividend of HK2 cents per ordinary share for the six months ended 30 September 2014.

The Board recommends the payment of a final dividend (the "Proposed Final Dividend") of HK2 cents per ordinary share for the Year. The Proposed Final Dividend, subject to Shareholders' approval of the Proposed Final Dividend at the AGM, will be paid in cash. The Proposed Final Dividend together with the interim dividend of HK2 cents per ordinary share already paid represents a dividend payout ratio for the whole year of approximately 89.0% based on the Company's distributable profit for the year. The total amount of the Proposed Final Dividend, based on the number of issued ordinary shares of the Company as at the date of this annual report, will therefore be approximately HK$42.0 million.

REPORT OF THE DIRECTORS

Closure of Register of Members

For the purpose of determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from 25 August 2015 to 27 August 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the "Branch Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 24 August 2015.

Subject to the approval of the Shareholders at the AGM, the Proposed Final Dividend will be distributed on or about 25 September 2015 to the Shareholders whose names appear on the register of members of the Company on 2 September 2015. For the purpose of determining the entitlement of the Shareholders to the Proposed Final Dividend, the register of members of the Company will be closed on 2 September 2015 and no transfer of shares will be effected. In order to qualify for the Proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 1 September 2015.

Reserves

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 95 of this annual report.

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

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

Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 March 2015 are set out in note 29 to the consolidated financial statements.

Share Capital

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

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

Pre-Emptive Rights

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

Directors

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

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

Non-executive Directors
Tan Sri Dato' CHIU, David
Mr. HOONG, Cheong Thard
Mr. CHAN, Chi Hing

Independent Non-executive Directors
Mr. SHEK, Lai Him Abraham, *G.B.S., J.P.*
Mr. TO, Peter
Dr. LIU, Ngai Wing
Mr. ANGELINI, Giovanni

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

Pursuant to Article 16.18 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at the annual general meeting of the Company at least once every three years. Tan Sri Dato' CHIU, David, Mr. LAI, Wai Keung and Mr. SHEK, Lai Him Abraham, *G.B.S., J.P.* will retire by rotation at the AGM and are eligible to offer themselves for re-election as Directors at the AGM.

Directors' Service Contracts

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

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

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

Directors' Remuneration

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

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

REPORT OF THE DIRECTORS

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

As at 31 March 2015, the interests or short positions of the Directors and/or chief executive of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' interest in Shares and underlying shares of the Company

	Shares in the Company[i]				Options granted by the Company[iv]		
Name of Directors	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	Approximate % of the Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	–	1,562,531,011[ii]	8,861	–	–	1,562,539,872	74.38%
CHAN, Chi Hing	3,000	–	–	–	2,836,364	2,839,364	0.14%
HOONG, Cheong Thard	–	–	–	4,242[iii]	2,269,091	2,273,333	0.11%
CHIU, Wing Kwan Winnie	206,756	–	–	–	1,818,182	2,024,938	0.10%
LAI, Wai Keung	–	–	–	–	1,272,728	1,272,728	0.06%

Notes:

(i) All interests of the Directors in the Shares or underlying shares of the Company were long positions.

(ii) 8,651,361 Shares were directly held by Sumptuous Assets Limited ("Sumptuous"), a company fully controlled by Tan Sri Dato' CHIU, David, and 1,553,879,650 Shares were directly held by Ample Bonus Limited ("Ample Bonus"), a wholly-owned subsidiary of FECIL. As at 31 March 2015, by virtue of the shares in FECIL owned by Sumptuous representing approximately 48.11% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus. Sumptuous is fully controlled by Tan Sri Dato' CHIU, David and therefore Tan Sri Dato' CHIU, David is deemed to be interested in the Shares directly owned by Ample Bonus and Sumptuous.

(iii) 4,242 Shares were jointly held by HOONG, Cheong Thard with his spouse, TENG, Pei Chun.

(iv) Further information on the options granted by the Company to the Directors is set out in the section headed "Share Option Scheme" of this Report of the Directors and note 38 to the consolidated financial statements.

Directors's interest in 6% CNY Bonds 2018 of the Company (the "Company Bonds")

Name of Directors	Capacity in which interests are held	Amount of the issued Company Bonds held
Tan Sri Dato' CHIU, David	Interest of spouse(i)	7,000,000

Notes:

(i) CNY7,000,000 Company Bonds were held by Ms. Nancy NG, spouse of Tan Sri Dato' CHIU, David.

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

	Shares in FECIL(i)				Options granted by FECIL(iv)		
Name of Directors	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	Approximate % of the Issued Share Capital of FECIL
Tan Sri Dato' CHIU, David	15,103,101	920,706,327(ii)	582,830	–	–	936,392,258	48.93%
HOONG, Cheong Thard	3,343,033	–	–	404,245(iii)	8,400,000	12,147,278	0.64%
CHAN, Chi Hing	2,010,000	–	–	–	3,500,000	5,510,000	0.29%
LIU, Ngai Wing	4,490	–	–	–	–	4,490	0.00%

Notes:

(i) All interests of the Directors in the shares or underlying shares of FECIL were long positions.

(ii) 920,692,654 shares in FECIL were held by Sumptuous and 13,673 shares in FECIL were held by Modest Secretarial Services Limited ("Modest"). Sumptuous and Modest are fully controlled by Tan Sri Dato' CHIU, David, and therefore, Tan Sri Dato' CHIU, David is deemed to be interested in the shares in FECIL held by Sumptuous and Modest.

(iii) 404,245 shares in FECIL were jointly held by HOONG, Cheong Thard with his spouse, TENG, Pei Chun.

(iv) Further information on the options granted by FECIL to the Directors is set out in note 38 to the consolidated financial statements.

Directors's interest in 5.875% CNY Bonds 2016 (the "FECIL Bonds") of FECIL, an associated corporation (within the meaning of Part XV of the SFO) of the Company

Name of Directors	Capacity in which interests are held	Amount of the issued FECIL Bonds held
Tan Sri Dato' CHIU, David	Held by controlled corporation(i)	30,700,000
Tan Sri Dato' CHIU, David	Held by spouse(ii)	7,000,000
LIU, Ngai Wing	Beneficial owner	1,000,000

Notes:

(i) CNY30,700,000 FECIL Bonds were held by Precious Stone Properties Limited, a company fully controlled by Tan Sri Dato' CHIU, David.

(i) CNY7,000,000 FECIL Bonds were held by Ms Nancy Ng, spouse of Tan Sri Dato' CHIU, David.

Save as disclosed above, none of the Directors or chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2015.

REPORT OF THE DIRECTORS

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

As at 31 March 2015, the interests or short positions of every person in Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholders	Capacity	Position(i)	Shares in the Company	Approximate % of the Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	Interests in controlled corporations(ii)	Long	1,562,531,011	
	Family Interests	Long	8,861	
			1,562,539,872	74.38%
Nancy Ng	Personal Interests	Long	8,861	
	Family Interests(iii)	Long	1,562,531,011	
			1,562,539,872	74.38%
Sumptuous	Beneficial Owner(ii)	Long	8,651,361	
	Interests in controlled corporation(ii)	Long	1,553,879,650	
			1,562,531,011	74.38%
FECIL	Interests in controlled corporation(ii)	Long	1,553,879,650	73.97%
Ample Bonus	Beneficial Owner(ii)	Long	1,553,879,650	73.97%

Notes:

(i) "Long" refers to the long position in Shares or underlying shares of the Company held by such person/entity, while "short" refers to the short position in Shares or underlying shares of the Company held by such person/entity.

(ii) Ample Bonus directly owned 1,553,879,650 Shares. Ample Bonus is a wholly-owned subsidiary of FECIL and accordingly FECIL is deemed to be interested in the Shares held by Ample Bonus.

Sumptuous directly owned 8,651,361 Shares. As at 31 March 2015, by virtue of the shares in FECIL owned by Sumptuous representing approximately 48.11% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus. Sumptuous is fully controlled by Tan Sri Dato' CHIU, David and therefore Tan Sri Dato' CHIU, David is deemed to be interested in the Shares directly owned by Ample Bonus and Sumptuous.

(iii) Nancy Ng is the spouse of Tan Sri Dato' CHIU, David and is deemed to be interested in the Shares in which Tan Sri Dato' CHIU, David is interested.

Save as disclosed above, no other interest or short position in Shares or underlying shares of the Company was recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 March 2015.

Major Customers and Suppliers

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

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

Share Option Scheme

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

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

As at the date of this annual report, the total number of Shares available for issue which may be granted under the Share Option Scheme is 185,585,455, representing approximately 8.83% of the issued share capital of the Company as at the date of this annual report. The maximum number of Shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

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

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

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

(i) the closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on the date of the grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and

(iii) the nominal value of the Shares.

REPORT OF THE DIRECTORS

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

		Number of share options[i]				
	Option type[ii]	Outstanding at 01/04/2014	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/03/2015
Directors						
CHIU, Wing Kwan Winnie	Tranche 1	454,545	–	–	454,545	–
	Tranche 2	454,545	–	–	–	454,545
	Tranche 3	454,545	–	–	–	454,545
	Tranche 4	454,545	–	–	–	454,545
	Tranche 5	454,547	–	–	–	454,547
		2,272,727	–	–	454,545	1,818,182
LAI, Wai Keung	Tranche 1	318,181	–	–	318,181	–
	Tranche 2	318,181	–	–	–	318,181
	Tranche 3	318,181	–	–	–	318,181
	Tranche 4	318,181	–	–	–	318,181
	Tranche 5	318,185	–	–	–	318,185
		1,590,909	–	–	318,181	1,272,728
HOONG, Cheong Thard	Tranche 1	567,272	–	–	567,272	–
	Tranche 2	567,272	–	–	–	567,272
	Tranche 3	567,272	–	–	–	567,272
	Tranche 4	567,272	–	–	–	567,272
	Tranche 5	567,275	–	–	–	567,275
		2,836,363	–	–	567,272	2,269,091
CHAN, Chi Hing	Tranche 1	709,090	–	–	709,090	–
	Tranche 2	709,090	–	–	–	709,090
	Tranche 3	709,090	–	–	–	709,090
	Tranche 4	709,090	–	–	–	709,090
	Tranche 5	709,094	–	–	–	709,094
		3,545,454	–	–	709,090	2,836,364
Employees (in aggregate)	Tranche 1	1,554,541	–	–	1,554,541	–
	Tranche 2	1,554,541	–	–	–	1,554,541
	Tranche 3	1,554,541	–	–	–	1,554,541
	Tranche 4	1,554,541	–	–	–	1,554,541
	Tranche 5	1,554,557	–	–	–	1,554,557
		7,772,721	–	–	1,554,541	6,218,180
Total		18,018,174	–	–	3,603,629	14,414,545

No share options were cancelled during the Year.

Notes:

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

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

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

Further information on the Share Option Scheme and the options granted by the Company as well as the Share Option Scheme of FECIL and the options granted by FECIL is set out in note 38 to the consolidated financial statements.

Arrangements to Purchase Shares or Debentures

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

Contract of Significance

Save as disclosed in note 39 (Related Party Transactions) to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director has a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Management Contracts

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

Continuing Connected Transactions

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

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

FECIL is the Controlling Shareholder of the Company and was interested in approximately 73.97% of the issued shares of the Company. The Landlord is therefore an associate (as defined in the Listing Rules) of FECIL and a connected person of the Company under the Listing Rules. The Tenancy Transaction constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

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

REPORT OF THE DIRECTORS

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

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

Fortune Plus Sdn Bhd is an indirect wholly-owned subsidiary of FECIL, the Controlling Shareholder of the Company and each of (i) Mayland Century Sdn Bhd, (ii) Mayland Avenue Sdn Bhd and (iii) Mayland Universal Sdn Bhd is an Associate of Tan Sri Dato' CHIU, David, the non-executive Director and Chairman of the Company and the controlling shareholder of FECIL. Hence, each of these entities is deemed to be a Connected Person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Hotel Management 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 Hotel Management Transactions represented more than 0.1% and more than HK$1.0 million but less than 5% of the applicable percentage ratios of the Company at the time of entering into these hotel management contracts, the Hotel Management Transactions were 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 Hotel Management 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 confirm that the Tenancy Transaction and the Hotel Management Transactions have been entered into:

(i) in the ordinary and usual course of business of the Company;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Save as disclosed above, related party transactions that did not constitute connected transactions or continuing connected transactions of the Company made during the Year are disclosed in note 39 to the consolidated financial statements. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Directors' Interests in Competing Businesses

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

Businesses which are considered to compete or likely to compete with the businesses of the Group			
Name of entity	**Description of businesses**	**Name of Director**	**Nature of interest of the Director in the entity**
Malaysia Land Properties Sdn. Bhd. ("Mayland")	Mayland is an unlisted major property developer which has built and successfully delivered over 10,000 apartments. It now has over 20 existing mixed development projects in Kuala Lumpur and Johor Bahru, Malaysia. Key developments include Regalia with 1,100 apartments and the Damas developments with over 2,000 shoplots, offices and apartments. Mayland also operates 3 shopping malls with prime international brands.	Tan Sri Dato' CHIU, David	Tan Sri Dato' CHIU, David has substantial indirect interest in Mayland and is the Chairman of Mayland
		CHIU, Wing Kwan Winnie	Director
Agora Hospitality Group Co., Ltd. ("Agora")	Agora is listed on the first section of the Tokyo Stock Exchange and its principal activities are operation of hotel and resort business in Japan, property investment, Memorial Park business and treasury operations.	Tan Sri Dato' CHIU, David	Owner of approximately 51.22% of Agora and chairman of the board of directors
		HOONG, Cheong Thard	Owner of approximately 0.046% of Agora, representative director and president
RC Hotel and Resort JV Holdings (BVI) Company Limited ("RC Hotel")	RC Hotel was incorporated in the British Virgin Islands and is an unlisted company. The principal business of RC Hotel is the development and operation of Ritz-Carlton Reserve Maldives, a resort which is expected to be completed in 2019.	Tan Sri Dato' CHIU, David	Owner of approximately 10% of RC Hotel
Land & General Berhad	Land & General Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of Land & General Berhad are investment holding, leasing of assets and provisions of management services. The principal activities of its subsidiaries are property development, property management, provision of education services, cultivation of oil palm and rubber, and management of club activities.	CHIU, Wing Kwan Winnie	Indirect interest in approximately 31.89% of the issued share capital of Land & General Berhad
		HOONG, Cheong Thard	Non-independent non-executive director

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

REPORT OF THE DIRECTORS

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

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

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

Sufficiency of Public Float

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

Retirement and Pension Schemes

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

Further information on the retirement and pension schemes of the Group is set out in note 37 to the consolidated financial statements.

Confirmation of Independence

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

Donations

During the Year, the Group made charitable and other donations amounting to HK$1,705,000.

Events after the Reporting Period

A joint announcement was made on 27 May 2015 by the Company and its controlling shareholder, FEC (the "Joint Announcement") regarding FEC's request to the Company to put forward to the Company's Shareholders a proposal regarding the possible privatisation of the Company by Willow Bliss Limited, a wholly owned subsidiary of FEC by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands. Please refer to the Company's website for details of the Joint Announcement.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2014–15 Interim Report and up to the date of this annual report are set out below:

1. **Ms. CHIU, Wing Kwan Winnie**
   Ms. Chiu's annual emolument (excluding bonus or other benefits payable at the discretion of the Company) has been increased from HK$2,278,800 to HK$2,379,756 with effect from 1 February 2015.

   Ms. Chiu's 2014 yearend bonus was fixed at HK$284,850.

2. **Mr. LAI, Wai Keung**
   Mr. Lai's 2014 yearend bonus was fixed at HK$157,500.

3. **Mr. SHEK, Lai Him Abraham**
   Mr. Shek will be appointed as an Independent Non-executive Director of Jinheng Automotive Safety Technology Holdings Limited, a public listed company in Hong Kong, with effect from 25 June 2015. Mr. Shek has been appointed as an non-executive director of the Mandatory Provident Fund Scheme Authority with effect from 17 March 2015.

   Mr. Shek has retired as a vice chairman of the Independent Police Complaints Council with effect from 1 January 2015.

Auditor

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

By Order of the Board
Dorsett Hospitality International Limited

CHIU, Wing Kwan Winnie
President and Executive Director

Hong Kong, 23 June 2015

FINANCIAL SECTION

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF DORSETT HOSPITALITY INTERNATIONAL LIMITED
帝盛酒店集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Dorsett Hospitality International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 92 to 153, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Hong Kong Companies Ordinance, 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 financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	9	**1,454,027**	1,785,850
Cost of properties sold		**–**	(350,911)
Operating costs		**(503,044)**	(438,769)
Depreciation and amortisation		**(259,850)**	(196,474)
Gross profit		**691,133**	799,696
Other income		**18,494**	4,088
Administrative expenses		**(402,608)**	(348,410)
Pre-opening expenses	10	**(14,080)**	(13,596)
Other gains and losses	11	**21,456**	140,174
Finance costs	12	**(164,481)**	(167,261)
Profit before tax		**149,914**	414,691
Income tax expense	13	**(55,562)**	(38,123)
Profit for the year	14	**94,352**	376,568
Other comprehensive (expense) income for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(186,936)**	15,431
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 27)		**(79,001)**	28,898
Reclassification from hedge reserve to profit or loss (note 27)		**–**	(27,329)
		(265,937)	17,000
Total comprehensive (expense) income for the year		**(171,585)**	393,568
Earnings per share	16		
– Basic (HK cents)		**4.50**	18.52
– Diluted (HK cents)		**4.50**	18.52

Consolidated Statement of Financial Position

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	6,545,503	6,384,555
Prepaid lease payments	19	536,962	574,164
Investment properties	20	651,014	600,996
Deposits for acquisition of property, plant and equipment		130,385	391,826
Interest in an associate	21	55,902	76,533
Utility and other deposits paid		13,523	15,125
Derivative financial instruments	27	–	20,062
Pledged deposits	23	2,564	2,831
Deferred tax assets	31	25,036	32,938
		7,960,889	8,099,030
Current assets			
Properties for sale			
Completed properties	25	6,756	7,379
Properties for/under development	25	18,468	21,030
Other inventories		8,936	9,159
Debtors, deposits and prepayments	26	233,061	242,713
Prepaid lease payments	19	14,326	14,755
Tax recoverable		14,039	5,957
Investment securities	22	643,761	514,264
Derivative financial instruments	27	1,268	–
Pledged deposits	23	261,559	165,080
Bank balances and cash	23	667,134	1,191,278
		1,869,308	2,171,615
Current liabilities			
Creditors and accruals	28	317,421	371,810
Secured bank borrowings	29	1,823,905	2,119,978
Derivative financial instruments	27	608	–
Tax payable		12,472	24,909
		2,154,406	2,516,697
Net current liabilities		(285,098)	(345,082)
Total assets less current liabilities		7,675,791	7,753,948

Consolidated Statement of Financial Position (continued)

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Secured bank borrowings	29	**2,649,696**	2,496,907
Rental deposits received		**8,798**	9,032
Derivative financial instruments	27	**58,939**	–
Bonds	30	**1,005,274**	1,002,691
Deferred tax liabilities	31	**124,473**	102,890
		3,847,180	3,611,520
Net assets		**3,828,611**	4,142,428
Capital and Reserves			
Share capital	32	**210,062**	209,798
Share premium		**2,393,807**	2,390,307
Reserves		**1,224,742**	1,542,323
Total equity		**3,828,611**	4,142,428

The consolidated financial statements on pages 92 to 153 were approved and authorised for issue by the Board of Directors on 23 June 2015 and are signed on its behalf by:

CHIU, WING KWAN WINNIE
DIRECTOR

LAI, WAI KEUNG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to the shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Property revaluation reserve HK$'000	Merger reserve HK$'000 (Note a)	Share options reserve HK$'000	Other reserve HK$'000 (Note b)	Hedge reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2013	200,000	2,237,153	142,238	9,014	(201,048)	8,603	207,440	–	1,182,423	3,785,823
Profit for the year	–	–	–	–	–	–	–	–	376,568	376,568
Exchange differences arising on translation of foreign operations	–	–	15,431	–	–	–	–	–	–	15,431
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 27)	–	–	–	–	–	–	–	28,898	–	28,898
Reclassification from hedge reserve to profit or loss (note 27)	–	–	–	–	–	–	–	(27,329)	–	(27,329)
Other comprehensive income for the year	–	–	15,431	–	–	–	–	1,569	–	17,000
Total comprehensive income for the year	–	–	15,431	–	–	–	–	1,569	376,568	393,568
Dividends (note 15)	–	–	–	–	–	–	–	–	(201,514)	(201,514)
Shares issued in lieu of cash dividends, net of expenses	9,798	153,154	–	–	–	–	–	–	–	162,952
Recognition of equity-settled share based payment expenses	–	–	–	–	–	1,599	–	–	–	1,599
Lapse of share options transferred to retained profits	–	–	–	–	–	(249)	–	–	249	–
As at 31 March 2014	209,798	2,390,307	157,669	9,014	(201,048)	9,953	207,440	1,569	1,357,726	4,142,428
Profit for the year	–	–	–	–	–	–	–	–	94,352	94,352
Exchange differences arising on translation of foreign operations	–	–	(186,936)	–	–	–	–	–	–	(186,936)
Fair value adjustments on cross currency swap contracts designated as cash flow hedges (note 27)	–	–	–	–	–	–	–	(79,001)	–	(79,001)
Other comprehensive expense for the year	–	–	(186,936)	–	–	–	–	(79,001)	–	(265,937)
Total comprehensive (expense) income for the year	–	–	(186,936)	–	–	–	–	(79,001)	94,352	(171,585)
Dividends (note 15)	–	–	–	–	–	–	–	–	(146,892)	(146,892)
Shares issued in lieu of cash dividends, net of expenses	264	3,500	–	–	–	–	–	–	–	3,764
Recognition of equity-settled share based payment expenses	–	–	–	–	–	896	–	–	–	896
Lapse of share options transferred to retained profits	–	–	–	–	–	(1,978)	–	–	1,978	–
As at 31 March 2015	210,062	2,393,807	(29,267)	9,014	(201,048)	8,871	207,440	(77,432)	1,307,164	3,828,611

Notes:

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

(b) Other reserve represents fair value adjustment of business acquired from the Parent Entities and gain on disposal of a subsidiary to the Parent Entities deemed to be capital contributed by the Parent Entities.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
Operating activities		
Profit before tax	149,914	414,691
Adjustments for:		
Depreciation and amortisation	259,850	196,474
Fair value gain arising on transfers from completed properties for sale to investment properties	–	(130,870)
Change in fair value of investment properties	(65,747)	–
Change in fair value of derivative financial instruments	4,131	(676)
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	–	(27,329)
Change in fair value of investment securities	14,879	18,242
Impairment loss on interest in an associate	20,631	–
Allowance for bad and doubtful debts	18	333
Loss on disposal of property, plant and equipment	794	233
Gain on partial repurchase of the bonds	–	(2,067)
Equity-settled share-based payment expenses	896	1,599
Interest income	(2,870)	(2,588)
Finance costs	164,481	167,261
Operating cash flows before movements in working capital	546,977	635,303
Decrease in properties for sale	–	262,059
Decrease (increase) in other inventories	223	(763)
Increase in debtors, deposits and prepayments	(2,918)	(139,883)
Decrease (increase) in utility and other deposits paid	941	(3,370)
Increase in investment securities	(144,376)	(503,952)
Increase in derivative financial instruments	(4,791)	–
(Decrease) increase in creditors and accruals	(69,909)	126,062
(Decrease) increase in rental deposits received	(234)	1,276
Decrease in sales deposits received	–	(275,926)
Cash generated from operations	325,913	100,806
Income tax paid	(47,658)	(39,217)
Net cash from operating activities	278,255	61,589
Investing activities		
Deposit paid for acquisition of hotel properties under development	–	(232,774)
Acquisition of property, plant and equipment	(119,791)	(87,196)
Acquisition of hotel properties	(88,238)	–
Development expenditure on hotel properties	(136,156)	(782,926)
Net proceeds from disposal of property, plant and equipment	545	250
Interest received	2,870	2,588
Placement of pledged bank deposits	(97,504)	(27,882)
Mature of time deposit with maturity over 3 months	–	12,500
Net cash inflow from disposal of a subsidiary	–	15,000
Net cash used in investing activities	(438,274)	(1,100,440)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
Financing activities		
Proceeds from issuance of bonds, net of transaction cost	–	1,050,172
Repurchase of bonds	–	(48,172)
Dividends paid	(143,128)	(38,562)
New bank borrowings raised	1,494,036	2,989,317
Repayments of bank borrowings	(1,548,468)	(2,268,700)
Interest paid	(189,968)	(184,763)
Net cash (used in) from financing activities	(387,528)	1,499,292
(Decrease) increase in cash and cash equivalents	(547,547)	460,441
Cash and cash equivalents at beginning of the year	1,191,278	729,519
Effect of foreign exchange rate changes	23,403	1,318
Cash and cash equivalents at end of the year	667,134	1,191,278
Represented by:		
Bank balances and cash	667,134	1,191,278

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. General

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

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

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the 2015 annual report issued by the Company.

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

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

2. Basis of Preparation of Consolidated Financial Statements

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$285,098,000 as at 31 March 2015. In the opinion of the Directors of the Company, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets which have not been pledged. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the amendments to HKFRSs and the new Interpretation 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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 liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

HKFRS 9 Financial Instruments (Continued)
Key requirements of HKFRS 9 are described below: (Continued)

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- 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 are in the process of assessing the impact on the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of that effect of HKFRS 9 until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers
In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the Directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Group's financial performance and the Group's financial positions for the future and/or on the disclosures set out in the financial statements of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 *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, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

The principal accounting policies 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Interests in associates

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

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

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

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

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

Revenue recognition

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

Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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 the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

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 terms of the relevant lease.

The Group as lessee

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

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment (other than hotel properties under development and construction-in-progress) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in 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 the disposal. 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 period in which the property is derecognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Inventories

Properties for sale

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

Other inventories

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

Properties under development

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

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

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

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)
Financial assets (Continued)
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including debtors, pledged deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

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

A financial asset is classified as held-for-trading if:

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

Financial assets at FVTPL are stated 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 incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 7.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as debtors, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

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

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

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

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

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

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

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is 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 it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)
Financial liabilities and equity instruments (Continued)
Financial liabilities at FVTPL (Continued)
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 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated 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 incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 7.

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

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

Interest expense is recognised on an effective interest basis.

Derivative financial instruments
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 the 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 fair values or cash flows of the hedged item attributable to the hedged risk.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)
Hedge accounting (Continued)
Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

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

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

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

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

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

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

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.

4. Significant Accounting Policies (Continued)

Equity-settled share-based payment transactions

Shares options granted to employees

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

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

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

Foreign currencies

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under "Hedge accounting" above).

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, 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 profits 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 period in which the liability is settled or the asset realised, based on tax rates (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 and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. Significant Accounting Policies (Continued)

Impairment losses on tangible assets

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

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

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

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

5. Key Sources of Estimation Uncertainty

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

Fair value measurements and valuation processes

Some 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 and liabilities, the causes of the fluctuations will be reported to the Directors of the Company.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 7 and 20 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Deferred tax

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

6. Capital Risk Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of borrowings less cash and cash equivalents and equity attributable to equity holders of the Group, comprising capital, share premium, reserves and retained profits.

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

7. Financial Instruments

a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Investment securities	643,761	514,264
Derivative financial instruments	1,268	20,062
Loans and receivables (including cash and cash equivalents)	1,072,207	1,519,338
Financial liabilities		
Derivative financial instruments	59,547	–
Amortised cost	5,682,792	5,887,491

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 and foreign currency 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 in a timely and effective manner.

Market risk

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate bank and other borrowings. The variable-rate bank borrowings carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), People's Bank of China ("PBOC") Prescribed Interest Rate, London Interbank Offered Rate ("LIBOR"), Singapore Swap Offered Rate ("S$ SOR") and Malaysia Base Lending Rates ("Malaysia BLR"). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis considers only bank borrowings which have significant impact on the financial statements. The analysis is prepared assuming that the bank borrowings outstanding at the end of the reporting periods were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in the interest rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk management (Continued)

Interest rate sensitivity analysis (Continued)

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax for the year would decrease or increase by HK$16,352,000 (2014: HK$16,905,000) and the interest capitalised to the Group's hotels and properties under development would increase/decrease by HK$2,397,000 (2014: HK$2,405,000).

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

Foreign currency risk management

Certain group entities have transactions denominated in foreign currencies which expose 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) at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Renminbi ("RMB")	95,656	58,114
Euro ("EUR")	20,133	2,263
Singapore Dollar ("S$")	10,677	5,390
Great Britain Pound ("GBP")	184,091	374

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than United States dollar ("US$") for the individual group entity in Hong Kong since HK$ are pegged to US$ 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 US$. The following table details the Group's sensitivity to a 5% (2013: 5%) weakening in the HK$ against the relevant foreign currencies other than US$, while all other variables are held constant. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK$ weakens 5% against the relevant foreign currency. A 5% strength in HK$ against the relevant foreign currencies would have an equal and opposite impact on profit.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase in profit after tax 2015 HK$'000	2014 HK$'000
RMB	3,993	2,426
EUR	841	94
S$	446	225
GBP	7,686	16

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.

Credit risk management

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

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

The Group's concentration of credit risk by geographical locations of customers are mainly in Singapore and Hong Kong (2014: Singapore and Malaysia) which accounted for 52% and 21% (2014: 54% and 20%) of trade receivables, respectively, as at 31 March 2015.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk management

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

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	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 undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2015							
Financial liabilities							
– Trade and other creditors	N/A	203,917	–	–	–	203,917	203,917
– Secured bank borrowings at variable interest rate	2.98	1,878,355	464,571	2,304,681	110,436	4,758,043	4,473,601
– Bonds	6.17	60,776	121,551	1,043,313	–	1,225,640	1,005,274
		2,143,048	586,122	3,347,994	110,436	6,187,600	5,682,792

	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 undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2014							
Financial liabilities							
– Trade and other creditors	N/A	267,915	–	–	–	267,915	267,915
– Secured bank borrowings at variable interest rate	3.23	2,196,731	376,261	2,228,110	137,469	4,938,571	4,616,885
– Bonds	6.17	60,776	121,551	1,073,701	–	1,256,028	1,002,691
		2,525,422	497,812	3,301,811	137,469	6,462,514	5,887,491

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Bank loans with a repayment on demand clause with carrying amount of HK$1,421,124,000 (2014: HK$1,424,711,000) as at 31 March 2015 are included in the "on demand or within one year" time band in the above maturity analysis but repayments are expected to be in accordance with the loan repayment schedule which are due in September 2033 (2014: September 2033). Taking into account the Group's financial position, the Directors of the Company believe that it is not probable that the counterparties will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows of the "variable interest rate financial liabilities" in the above analysis would be as follows:

	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2015	**1,602,563**	**801,615**	**2,392,791**	**264,911**	**5,061,880**	**4,473,601**
At 31 March 2014	986,963	1,327,637	2,458,284	305,519	5,078,403	4,616,885

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 2015

7. 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 2015 HK$'000	Fair value as at 31 March 2014 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Listed debt securities classified as investment securities	357,627	128,098	Level 1	Quoted prices in active markets
Investment funds classified as investment securities	286,134	386,166	Level 2	Redemption value quoted by the investment funds with reference to the underlying assets (mainly listed securities) of the funds
Cross currency swap contracts classified as derivative financial instruments designated as hedging instruments	(58,939)	20,062	Level 2	Discounted cash flow analysis. Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
Foreign currency forward contracts classified as derivative financial instruments	Assets – 1,268 Liabilities – (394)	–	Level 2	Discounted cash flow analysis. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
Interest rate swap contracts classified as derivative financial instruments	(214)	–	Level 2	Discounted cash flow analysis. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

8. Segment Information

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

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

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

(a) Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Hotel operations and management/property investment:				
Hong Kong	793,780	716,364	176,249	229,273
Malaysia	264,399	310,003	46,485	58,890
PRC	196,968	169,959	(53,780)	(69,913)
Singapore (Note)	102,606	74,108	31,256	131,141
UK	74,451	–	(20,295)	(11,571)
	1,432,204	1,270,434	179,915	337,820
Property development:				
Singapore	–	498,392	–	131,506
Securities and financial products investments:				
Hong Kong	21,823	17,024	(30,001)	(54,635)
	1,454,027	1,785,850	149,914	414,691

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

8. Segment Information (Continued)

(b) Segment assets

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

	Non-current assets		Segment assets	
	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Hotel operations and management/property investment:				
Hong Kong	3,414,990	3,359,073	3,984,926	3,964,449
Malaysia	831,623	916,674	968,052	1,071,002
PRC	2,131,179	2,153,703	2,223,323	2,302,657
Singapore	666,355	749,602	827,573	795,066
UK	889,142	884,209	942,576	934,554
	7,933,289	8,063,261	8,946,450	9,067,728
Property development:				
Singapore	–	–	–	85,227
Securities and financial products investments:				
Hong Kong	–	–	883,747	1,117,690
	7,933,289	8,063,261	9,830,197	10,270,645

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

8. Segment Information (Continued)

(c) Other information

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

	For the year ended 31 March 2015					
	Hong Kong HK$'000	Malaysia HK$'000	PRC HK$'000	Singapore HK$'000	UK HK$'000	Consolidated HK$'000
Allowance for bad and doubtful debts	–	–	–	–	(18)	(18)
Depreciation and amortisation	(116,164)	(23,368)	(89,112)	(17,903)	(13,303)	(259,850)
Change in fair value of derivative financial instruments	(4,131)	–	–	–	–	(4,131)
Change in fair value of investment properties	–	–	68,695	(2,948)	–	65,747
Interest income	2,178	431	188	–	73	2,870
Finance costs	(108,224)	(13,385)	(37,377)	(5,495)	–	(164,481)
Additions to property, plant and equipment	227,400	26,667	261,630	824	120,786	637,307
(Loss) gain on disposal of property, plant and equipment	(746)	(13)	(42)	7	–	(794)
Impairment loss on interest in an associate	–	–	(20,631)	–	–	(20,631)

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

9. Revenue

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

	2015 HK$'000	2014 HK$'000
Hotel room revenue, food and beverage	1,372,422	1,221,814
Sales of properties	–	498,392
Rental income from properties	59,782	48,620
Interest income from securities and financial products investments	21,823	17,024
	1,454,027	1,785,850

10. Pre-Opening Expenses

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

11. Other Gains and Losses

	2015 HK$'000	2014 HK$'000
Fair value gain arising on transfers from completed properties for sale to investment properties (note 20)	–	130,870
Impairment loss on interest in an associate	(20,631)	–
Change in fair value of investment properties	65,747	–
Change in fair value of investment securities	(14,879)	(18,242)
Change in fair value of derivative financial instruments	(4,131)	676
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss (note 27)	–	27,329
Gain on partial repurchase of the bonds (note 30)	–	2,067
Net foreign exchange loss	(3,855)	(122)
Allowance for bad and doubtful debts	(18)	(333)
Loss on disposal of property, plant and equipment	(794)	(233)
Others	17	(1,838)
	21,456	140,174

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

12. Finance Costs

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	120,410	110,110
– not wholly repayable within five years	16,563	22,822
Amortisation of front-end fee	5,257	12,836
Interest on bonds (note 30)	62,971	62,279
Less: net interest income from cross currency swap contracts	(10,128)	(10,572)
Others	1,271	1,140
	196,344	198,615
Less: amount capitalised to hotels properties under development, properties for sale under development and construction-in-progress	(31,863)	(31,354)
	164,481	167,261

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 6% (2014: nil) per annum to expenditure on the qualifying assets.

13. Income Tax Expense

	2015 HK$'000	2014 HK$'000
Current year income tax		
Hong Kong	25,970	34,104
Other jurisdictions		
Singapore	(1,769)	24,869
Malaysia	1,876	3,922
	26,077	62,895
Deferred taxation (note 31)	29,485	(24,772)
	55,562	38,123

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

13. Income Tax Expense (Continued)

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

	Year ended 31 March 2015					
	Hong Kong HK$'000	Malaysia HK$'000	PRC HK$'000	Singapore HK$'000	UK HK$'000	Total HK$'000
Profit (loss) before tax	146,248	46,485	(53,780)	31,256	(20,295)	149,914
Applicable income tax rate	16.5%	25%	25%	17%	21%	
Tax at the applicable income tax rate	24,131	11,621	(13,445)	5,314	(4,262)	23,359
Tax effect of expenses not deductible for tax purpose	18,391	3,001	8,966	2,222	4,262	36,842
Tax effect of income not taxable	(5,531)	(2,062)	(1,727)	–	–	(9,320)
Tax effect of tax losses not recognised	479	–	26,302	491	–	27,272
Utilisation of tax loss previously not recognised	(7,162)	(4,765)	(4,770)	(2,213)	–	(18,910)
(Over)underprovision of income tax of prior years	(315)	231	–	(1,864)	–	(1,948)
Tax effect of deductible temporary difference unrecognised	(1,198)	(1,379)	118	–	–	(2,459)
Others	(761)	347	1,848	(708)	–	726
Income tax expense for the year	28,034	6,994	17,292	3,242	–	55,562

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

14. Profit for the Year

	2015 HK$'000	2014 HK$'000
Profit for the year is arrived at after charging:		
Auditor's remuneration	6,113	5,174
Staff costs		
Directors' emoluments (note 17(a))	5,380	6,206
Other staff		
Salaries and other benefits	394,942	345,267
Retirement benefit scheme contributions	25,599	23,739
Share-based payment expenses	426	757
	426,347	375,969
Operating lease payments	6,486	6,208
Depreciation	249,685	187,003
Amortisation of prepaid lease payments	10,165	10,035
Less: amount capitalised to hotels under development and properties for sale under development	–	(564)
	10,165	9,471
and crediting:		
Rental income	59,782	48,620
Less: direct outgoings	(2,842)	(2,911)
	56,940	45,709
Bank interest income	2,870	2,588

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

15. Dividends

	2015 HK$'000	2014 HK$'000
Dividend recognised as distribution during the year:		
2015 interim dividend of HK2 cents per share (2014: 2014 interim dividend of HK2 cents per share)	41,993	41,514
2014 final dividend of HK5 cents per share (2014: 2013 final dividend of HK8 cents per share)	104,899	160,000
	146,892	201,514

A final dividend for the year ended 31 March 2015 of HK2 cents per share, amounting to HK$42,013,000 in aggregate, have been proposed by the Directors of the Company and is subject to the approval of the shareholders in the forthcoming annual general meeting.

Shareholders shall receive cash 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 32.

16. Earnings Per Share

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

Earnings	2015 HK$'000	2014 HK$'000
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the year attributable to shareholders of the Company	94,352	376,568

Number of shares	2015 '000	2014 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	2,098,664	2,033,415

The computation of diluted earnings per share for both years did not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

(a) Directors' emoluments

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

	For the year ended 31 March 2015					
Name of directors	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary incentive payments HK$'000 (Note a)	Retirement benefit schemes contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Executive directors						
Ms. CHIU, Wing Kwan Winnie	–	2,296	469	18	104	2,887
Mr. LAI, Wai Keung	–	1,260	215	18	73	1,566
Non-executive directors						
Tan Sri Dato' CHIU, David	–	–	–	–	–	–
Mr. HOONG, Cheong Thard	–	–	–	–	130	130
Mr. CHAN, Chi Hing	–	–	–	–	163	163
Independent non-executive directors						
Mr. SHEK, Lai Him Abraham	160	–	–	–	–	160
Mr. TO, Peter	158	–	–	–	–	158
Dr. LIU, Ngai Wing	160	–	–	–	–	160
Mr. ANGELINI, Giovanni	156	–	–	–	–	156
	634	3,556	684	36	470	5,380

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

(a) Directors' emoluments (Continued)

Notes:

(a) The discretionary incentive payments are discretionary and are determined with reference to the Group's and director's personal performance.

(b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company and FECIL under the share option schemes adopted by the Company and FECIL. Details of the share option schemes are disclosed in note 38.

(c) Ms. CHIU, Wing Kwan Winnie is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2014: one) was a director whose emolument is disclosed above. The emoluments of the remaining four (2014: four) individuals were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	6,979	7,337
Performance-based incentive payments	1,237	1,145
Contributions to retirement benefit scheme	70	45
Share-based payment expenses	84	149
	8,370	8,676

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

The employees' emoluments were within the following bands:

	Number of employees 2015	2014
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	3	4
	4	4

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

18. Property, Plant and Equipment

	Hotel properties		Leasehold improvements, furniture, fixtures and equipment	Construction-in-progress	Total
	Completed	Under development			
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 April 2013	3,499,099	2,283,715	403,785	–	6,186,599
Additions	–	814,844	58,338	–	873,182
Transfer on completion of development	1,685,087	(2,055,150)	370,063	–	–
Disposals	–	–	(2,774)	–	(2,774)
Exchange alignment	(41,629)	64,447	(10,106)	–	12,712
At 31 March 2014	5,142,557	1,107,856	819,306	–	7,069,719
Additions	320,679	164,687	127,337	24,604	637,307
Transfer on completion of development	604,901	(608,233)	3,332	–	–
Disposals	–	–	(4,238)	–	(4,238)
Exchange alignment	(183,138)	(66,198)	(27,062)	–	(276,398)
At 31 March 2015	5,884,999	598,112	918,675	24,604	7,426,390
DEPRECIATION					
At 1 April 2013	424,924	–	108,998	–	533,922
Provided for the year	122,597	–	64,406	–	187,003
Eliminated on disposals	–	–	(2,291)	–	(2,291)
Exchange alignment	(25,734)	–	(7,736)	–	(33,470)
At 31 March 2014	521,787	–	163,377	–	685,164
Provided for the year	156,330	–	93,355	–	249,685
Eliminated on disposals	–	–	(2,899)	–	(2,899)
Exchange alignment	(38,274)	–	(12,789)	–	(51,063)
At 31 March 2015	639,843	–	241,044	–	880,887
CARRYING VALUES					
At 31 March 2015	5,245,156	598,112	677,631	24,604	6,545,503
At 31 March 2014	4,620,770	1,107,856	655,929	–	6,384,555

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

18. Property, Plant and Equipment (Continued)

The carrying amounts of the properties shown above comprise:

	2015 HK$'000	2014 HK$'000
Leasehold land and buildings in Hong Kong:		
Long leases	352,191	360,854
Medium-term leases	2,766,924	2,711,825
Freehold land and buildings outside Hong Kong	1,514,488	1,586,426
Buildings on leasehold land outside Hong Kong:		
Long leases	276,423	325,062
Medium-term leases	933,242	744,459
	5,843,268	5,728,626

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

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

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK$18,432,000 (2014: HK$20,584,000).

The Group is in the process of obtaining the title of certain completed hotel properties located in Malaysia with carrying amount of HK$292,688,000 (2014: HK$305,306,000).

Properties with carrying amount of HK$4,692,204,000 (2014: HK$4,893,680,000) are under charge to secure bank borrowings of the relevant group entities.

19. Prepaid Lease Payments

	2015 HK$'000	2014 HK$'000
At beginning of the year	588,919	604,171
Amortisation	(10,165)	(10,035)
Exchange alignment	(27,466)	(5,217)
At end of the year	551,288	588,919

The carrying value represents leasehold land outside Hong Kong:

	2015 HK$'000	2014 HK$'000
Long-term lease with lease period of 99 years	279,831	307,626
Medium-term lease with lease period of 35 years	271,457	281,293
	551,288	588,919

Analysed for reporting purposes as:

	2015 HK$'000	2014 HK$'000
Non-current asset	536,962	574,164
Current asset	14,326	14,755
	551,288	588,919

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

20. Investment Properties

	2015 HK$'000	2014 HK$'000
FAIR VALUE		
At beginning of the year	600,996	412,500
Transfer from completed properties for sales	–	188,802
Increase in fair value	65,747	–
Exchange adjustments	(15,729)	(306)
At end of the year	651,014	600,996

The carrying amounts of the investment properties shown above comprise:

	2015 HK$'000	2014 HK$'000
Land and buildings situation in the PRC under medium-term leases	481,250	412,500
Land and buildings situation in Singapore under long leases	169,764	188,496
	651,014	600,996

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

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

During the year ended 31 March 2014, certain properties were transferred from completed properties for sale to investment properties evidenced by the commencement of operating lease to another party and the difference between the fair value of these investment properties at the date of transfer of S$30,600,000 (equivalent to HK$188,802,000) and their previous carrying amount of S$9,522,529 (equivalent to HK$59,125,000), amounted to S$21,077,471 (equivalent to HK$130,870,000), was recognised in profit or loss accordingly.

The fair values of the investment properties situated in the PRC and Singapore at 31 March 2015, 31 March 2014 and at the date of transfer from completed properties for sale to investment properties have been arrived at on the basis of a valuation carried out on the respective dates by the following independent qualified professional valuers not connected with the Group:

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

20. Investment Properties (Continued)

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

As at 31 March 2015

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment property – Property I-1	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.5% for retail portion.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, ranging from RMB76 to RMB200 per square metre ("sqm") per month.	The higher the market rent, the higher the fair value.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property I-2	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7.0% and 4.5% for retail portion and office portion, respectively.	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, ranging from RMB52 to RMB69 per sqm per month for retail portion, and of RMB43 per sqm per month for office portion.	The higher the market rent, the higher the fair value.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Completed investment property – Property I-3	Level 3	Market Comparison Method The key input is: Market unit rate	Market unit rate, taking into account the time, location, and individual factors, such as frontage, level, and size, between the comparables and the property, of S$46,885 per sqm.	The higher the market unit rate, the higher the fair value	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

20. Investment Properties (Continued)

As at 31 March 2014

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

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 by 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

20. Investment Properties (Continued)

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.

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

21. Interest in an Associate

	2015 HK$'000	2014 HK$'000
Cost of investments, unlisted	76,533	76,533
Less: Impairment loss recognised	(20,631)	–
	55,902	76,533

During the year ended 31 March 2015, the Directors of the Company assessed the expected future cash flows to be generated by an associate and an impairment loss of HK$20,631,000 was provided against the interest in an associate.

Particulars of the associate at 31 March 2015 and 31 March 2014 are as follows:

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

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

22. Investment Securities

	2015 HK$'000	2014 HK$'000
Investments held for trading:		
Listed debt securities (note 7.c.)	357,627	128,098
Investment funds (note 7.c.)	286,134	386,166
	643,761	514,264

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

23. Pledged Deposits/Bank Balances and Cash

Pledged deposits carry fixed interest at rates ranging from 0% to 0.90% (2014: 0.05% to 0.50%) per annum.

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

Bank deposits with maturity of less than three months and bank balances carry floating interest at market rates ranging from 0% to 3.35% (2014: 0% to 1.28%) per annum.

24. Joint Operation

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

Assets with a carrying amount of RM8,800,000, equivalent to HK$18,468,000 (2014: RM8,800,000, equivalent to HK$21,030,000) recognised in the consolidated financial statements as at 31 March 2015 in relation to the joint operation, representing the cost of the freehold land previously classified as property, plant and equipment, are included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

25. Properties for Sale

Properties for/under development for sale amounting to HK$18,468,000 (2014: HK$21,030,000) are expected to be completed and realised after one year from the end of the reporting period.

The carrying amount includes freehold land of RM8,800,000, equivalent to HK$18,468,000 (2014: RM8,800,000, equivalent to HK$21,030,000) transferred from property, plant and equipment in the prior year for joint development as detailed in note 24.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 March 2015

26. Debtors, Deposits and Prepayments

	2015 HK$'000	2014 HK$'000
Trade debtors	138,148	145,504
Advance to contractors	9,139	5,909
Prepayments and other receivables	85,774	91,300
	233,061	242,713

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

	2015 HK$'000	2014 HK$'000
0–60 days	63,314	63,898
61–90 days	2,315	1,291
Over 90 days	72,519	80,315
	138,148	145,504

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

Rental is payable upon presentation of demand note. 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$67,906,000 which represents the portion of 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 take place within one year after the end of the reporting period.

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

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

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	429	664
Impairment losses recognised	18	333
Amounts written off as uncollectible	(311)	(539)
Exchange alignment	(30)	(29)
Balance at end of the year	106	429

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

27. Derivative Financial Instruments

	Assets 2015 HK$'000	2014 HK$'000	Liabilities 2015 HK$'000	2014 HK$'000
Designated under hedge accounting				
Cross currency swap contracts (Note 1)	–	20,062	(58,939)	–
Designated not under hedge accounting				
Forward foreign exchange contracts (Note 2)	1,268	–	(394)	–
Interest rate swap contracts (Note 3)	–	–	(214)	–
	1,268	20,062	(59,547)	–
Analysed for reporting purpose as:				
Current	1,268	–	(608)	–
Non-current	–	20,062	(58,939)	–
	1,268	20,062	(59,547)	–

Note 1: Cross currency swap contracts

The Group has entered into cross currency swap contracts to reduce its exposure to the currency exchange rate fluctuation in relation to the RMB bonds issued by the Company as set out in note 30. Upon issuance of the bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flows arising from the bonds.

The bonds are denominated and settled in RMB, and bear coupon interest at the rate of 6% per annum payable semi-annually in arrears. Under the cross currency swap contracts outstanding as at 31 March 2015 and 31 March 2014, the Group would receive interest at a fixed rate of 6% per annum based on the principal amount of RMB810,340,000 and pay interest semi-annually at fixed rates ranging from 4.95% to 4.97% per annum based on the notional amounts of US$130,555,987 in aggregate, with a maturity date of 3 April 2018. The cross currency swap contracts have been negotiated to match the settlement periods of the bonds.

During the year, the fair value losses arising from the cross currency swap contracts of HK$79,001,000 (2014: fair value gains of HK$28,898,000) were recognised in other comprehensive income. During the year ended 31 March 2014, an amount of gain of HK$27,329,000 was reclassified from hedge reserve to profit or loss in the period when the hedged item is recognised in profit or loss.

Major terms of cross currency swap contracts at 31 March 2015 and 31 March 2014 are set out below:

1)	Date of contract:	25 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB476,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.97% per annum on US$76,817,669 semi-annually
	Principal exchanged amount:	US$76,817,669
2)	Date of contract:	27 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB333,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.95% per annum on US$53,738,318 semi-annually
	Principal exchanged amount:	US$53,738,318

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

27. Derivative Financial Instruments (Continued)

Note 2: Forward foreign exchange contracts

During the year, the Group entered into forward foreign exchange contracts with a bank in order to manage the Group's foreign currency exposure. These forward foreign exchange contracts were not accounted for under hedge accounting.

Major terms of outstanding forward foreign exchange contracts at 31 March 2015 are set out below:

(1) Notional amount: Aggregate amount of US$8,641,569
Maturity: April 2015
Forward contract rate: Buy US$/sell EUR at 0.895 to 0.921

(2) Notional amount: EUR5,364,510
Maturity: April 2015
Forward contract rate: Buy EUR/sell US$ at 0.923

(3) Notional amount: US$712,462
Maturity: April 2015
Forward contract rate: Buy US$/sell S$ at 0.726

Note 3: Interest rate swap contracts

During the year, the Group entered into interest rate swap contracts with a bank in order to manage the Group's interest rate exposure. These interest rate swap contracts were not accounted for under hedge accounting.

Major terms of outstanding interest rate swap contracts at 31 March 2015 are set out below:

(1) Date of contract: 12 February 2015
Effective date: 17 February 2015
Notional amount: US$2,000,000
Maturity: 2 July 2017
Interest payment: Pay interest at a fixed rate of 1.200% and receive interest at 3 months LIBOR

(2) Date of contract: 12 February 2015
Effective date: 17 February 2015
Notional amount: US$2,000,000
Maturity: 24 January 2018
Interest payment: Pay interest at a fixed rate of 1.282% and receive interest at 3 months LIBOR

28. Creditors and Accruals

	2015 HK$'000	2014 HK$'000
Trade creditors	43,414	39,945
Construction cost and retention payable	95,105	135,423
Reservation deposits and receipts in advance	21,231	39,697
Other payable and accrued charges	157,671	156,745
	317,421	371,810

The following is an aged analysis of the trade creditors:

	2015 HK$'000	2014 HK$'000
0–60 days	31,956	28,776
61–90 days	1,589	1,757
Over 90 days	9,869	9,412
	43,414	39,945

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

29. Secured Bank Borrowings

	2015 HK$'000	2014 HK$'000
Bank loans	4,491,361	4,637,316
Less: front-end fee	(17,760)	(20,431)
	4,473,601	4,616,885
Analysis for reporting purpose as		
Current liabilities	1,823,905	2,119,978
Non-current liabilities	2,649,696	2,496,907
	4,473,601	4,616,885
The loans repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	1,343,641	857,053
More than one year but not exceeding two years	179,112	915,698
More than two years but not exceeding five years	2,738,622	2,604,580
More than five years	229,986	259,985
	4,491,361	4,637,316

The carrying amounts of the bank borrowings include an amount of HK$481,525,000 (2014: HK$1,264,035,000) which is not repayable within one year based on scheduled repayment dates has however been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

The range of effective interest rates of the bank loans is 0.93% to 8.19% (2014: 1.96% to 8.19%) per annum. The bank loans denominated in various currencies and carrying interest at prevailing market rates are analysed below.

Currencies	**Interest rates**	2015 HK$'000	2014 HK$'000
HK$	HIBOR plus 1.65% to HIBOR plus 3.00% (2014: HIBOR plus 1.65% to HIBOR plus 3.00%)	3,024,662	3,094,262
US$	0.6% per annum above Bank's Cost of Funds	28,403	–
RMB	100% of 1 year PBOC Prescribed Interest Rate to 125% of 1 to 3 year PBOC Prescribed Interest Rate (2014: 100% of 1 year PBOC Prescribed Interest Rate to 125% of 1 to 3 year PBOC Prescribed Interest Rate)	600,213	636,699
GBP	LIBOR plus 2.80% (2014: LIBOR plus 2.80%)	255,567	257,360
S$	S$ SOR plus 1.20% (2014: S$ SOR plus 1.85%)	366,600	383,492
RM	Malaysia BLR plus 1.25% to 1.50% (2014: Malaysia BLR plus 1.25% to 1.50%)	215,916	265,503
		4,491,361	4,637,316

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

30. Bonds

	2015 HK$'000	2014 HK$'000
At beginning of the year	1,002,691	–
Issue of bonds	–	1,062,500
Transaction cost	–	(12,328)
Interest charged during the year	62,971	62,279
Interest paid during the year	(61,852)	(61,263)
Repurchase during the year	–	(50,239)
Exchange adjustments	1,464	1,742
At end of the year	1,005,274	1,002,691

The bonds were issued by the Company on 3 April 2013, to independent third parties at issue price equal to the principal amount with maturity date on 3 April 2018. The bonds bear interest at 6% per annum payable semi-annually.

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

As at 31 March 2015 and 31 March 2014, the aggregate principal amount of the bonds outstanding was RMB810,340,000 (equivalent to HK$1,012,925,000 and HK$1,012,925,000 as at 31 March 2015 and 31 March 2014, respectively).

The principal terms of the bonds:

a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the bonds, the bonds are transferable without restrictions.

b) Unless previously redeemed or purchased and cancelled, the Company will redeem each bond at 100% at its principal amount together with unpaid accrued interest on the maturity date.

c) At any time the Company may, having given not less than 30 nor more than 60 days' notice to the bondholders in accordance with the terms and conditions of the bonds (which notice shall be irrevocable) redeem all, and not some only, of the bonds at their principal amount together with interest accrued to the date fixed for redemption on the redemption date as a result of any change in, or amendment to, the applicable tax laws or regulations of the Cayman Islands or Hong Kong.

d) When a change of control occurs with respect to the Company, the bondholder of each bond will have the right at such holder's option, to require the Company to redeem all or some only of that holder's bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.

e) The bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

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

During the year ended 31 March 2014, the Company partially repurchased a principal amount of RMB39,660,000 (equivalent to HK$49,972,000) of the bonds with carrying amount of RMB39,832,000 (equivalent to HK$50,239,000) at a consideration of HK$48,172,000. The gain on partial repurchase of the bonds of HK$2,067,000 was recognised in profit or loss (note 11).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

31. Deferred Tax Assets/Liabilities

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

	Accelerated tax depreciation HK$'000	Fair value adjustment of hotel properties HK$'000	Revaluation of investment properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2013	61,897	37,641	8,858	(13,672)	94,724
Charge (credit) to profit or loss	10,787	(1,245)	–	(34,314)	(24,772)
At 31 March 2014	72,684	36,396	8,858	(47,986)	69,952
Charge (credit) to profit or loss	2,129	(1,245)	16,740	11,861	29,485
At 31 March 2015	74,813	35,151	25,598	(36,125)	99,437

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:

	2015 HK$'000	2014 HK$'000
Deferred tax assets	(25,036)	(32,938)
Deferred tax liabilities	124,473	102,890
	99,437	69,952

At 31 March 2015, the Group had unused tax losses of HK$454,400,000 (2014: HK$489,688,000) available to offset against future profits. A deferred tax asset of HK$36,125,000 (2014: HK$47,986,000) has been recognised in respect of HK$173,538,000 (2014: HK$225,262,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$280,862,000 (2014: HK$264,426,000) due to the unpredictability of future profit streams. Tax loss can be carried forward indefinitely.

As at 31 March 2015, the Group has deductible temporary differences in relation to accelerated depreciation of property, plant and equipment amounted to HK$311,073,000 (2014: HK$323,378,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

32. Share Capital

	Number of ordinary shares of HK$0.1 each	Nominal value HK$'000
Authorised:	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2013	2,000,000,000	200,000
Issue of shares in lieu of cash dividends	97,983,352	9,798
At 31 March 2014	2,097,983,352	209,798
Issue of shares in lieu of cash dividends	2,643,298	264
At 31 March 2015	**2,100,626,650**	**210,062**

On 3 March 2015, the Company issued and alloted 998,100 new fully paid shares of HK$0.1 each at HK$1.332 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2015 interim dividend pursuant to the scrip dividend scheme announced by the Company on 25 November 2014. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

On 31 October 2014, the Company issued and alloted 1,645,198 new fully paid shares of HK$0.1 each at HK$1.480 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2014 final dividend pursuant to the scrip dividend scheme announced by the Company on 25 June 2014. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

33. Charges on Assets

Bank borrowings with aggregate carrying amount of HK$4,491,361,000 (2014: HK$4,637,316,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group together with a floating charge over other assets of the property owning subsidiaries and benefits accrued to those properties:

	2015 HK$'000	2014 HK$'000
Property, plant and equipment	**4,692,204**	4,893,680
Prepaid lease payments	**551,288**	588,919
Investment properties	**651,014**	600,996
Properties for sale	**25,224**	28,409
Bank deposits	**264,123**	167,911
	6,183,853	6,279,915

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

34. Contingent Liabilities

During the year ended 31 March 2010, Hong Kong (SAR) Hotel Limited ("HKSAR Hotel"), a former subsidiary of the Company, initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK$25,841,000. HKSAR Hotel was disposed of during the year ended 31 March 2013 but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 and further adjourned to the period between 8 August 2013 and 19 August 2013. Both HKSAR Hotel and the contractor have filed the closing submissions and the reply submissions in September 2013 and October 2013. There is no final judgement up to the date of this report. In the opinion of the Directors of the Company, 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.

35. Capital Commitments

	2015 HK$'000	2014 HK$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted for but not provided in the consolidated financial statements	259,477	153,281
– authorised but not contracted for	210,346	22,750

36. Operating Lease Arrangements

The Group as lessor

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

	2015 HK$'000	2014 HK$'000
Within one year	43,269	44,608
In the second to fifth years inclusive	127,494	115,764
Over five years	68,140	46,733
	238,903	207,105

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

The Group as lessee

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

	2015 HK$'000	2014 HK$'000
Within one year	2,571	6,192
In the second to fifth years inclusive	781	2,501
	3,352	8,693

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

Included in the above are HK$1,043,700 (2014: HK$3,548,580) future minimum lease payments under non-cancellable operating lease with the Parent Entities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

37. Retirement Benefits Schemes

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

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

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

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

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

Total retirement benefit expense charged to profit or loss for the year amounted to HK$25,635,000 (2014: HK$23,769,000).

38. Share Option Scheme

(a) Share option scheme of the Company

The Company's share option scheme was adopted pursuant to a resolution passed on 10 September 2010 (the "Share Option Scheme") for the purpose of providing incentives or rewards to directors and employees of the Company and any of its subsidiaries and the Parent Entities and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Company and any of its subsidiaries. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. Share Option Scheme (Continued)

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

As at 31 March 2015, the number of options which remained outstanding under the Share Option Scheme was 14,414,545 (2014: 18,018,174) which, if exercised in full, represents 0.68% (2014: 0.85%) of the enlarged capital of the Company. 10,810,887 (2014: 10,810,887) share options were exercisable at the end of the reporting period.

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

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

No options were granted during the year ended 31 March 2015 and no options granted were exercised during the years ended 31 March 2014 and 31 March 2015. Movements of the share options are as follows:

Grantee	Option type	At 1.4.2013	Lapsed during the year ended 31.3.2014	At 31.3.2014	Lapsed during the year ended 31.3.2015	At 31.3.2015
Directors						
Ms. CHIU, Wing Kwan	Tranche 1	454,545	–	454,545	(454,545)	–
Winnie	Tranche 2	454,545	–	454,545	–	**454,545**
	Tranche 3	454,545	–	454,545	–	**454,545**
	Tranche 4	454,545	–	454,545	–	**454,545**
	Tranche 5	454,547	–	454,547	–	**454,547**
		2,272,727	–	2,272,727	(454,545)	**1,818,182**
Mr. LAI, Wai Keung	Tranche 1	318,181	–	318,181	(318,181)	–
	Tranche 2	318,181	–	318,181	–	**318,181**
	Tranche 3	318,181	–	318,181	–	**318,181**
	Tranche 4	318,181	–	318,181	–	**318,181**
	Tranche 5	318,185	–	318,185	–	**318,185**
		1,590,909	–	1,590,909	(318,181)	**1,272,728**
Mr. HOONG, Cheong	Tranche 1	567,272	–	567,272	(567,272)	–
Thard	Tranche 2	567,272	–	567,272	–	**567,272**
	Tranche 3	567,272	–	567,272	–	**567,272**
	Tranche 4	567,272	–	567,272	–	**567,272**
	Tranche 5	567,275	–	567,275	–	**567,275**
		2,836,363	–	2,836,363	(567,272)	**2,269,091**
Mr. CHAN, Chi Hing	Tranche 1	709,090	–	709,090	(709,090)	–
	Tranche 2	709,090	–	709,090	–	**709,090**
	Tranche 3	709,090	–	709,090	–	**709,090**
	Tranche 4	709,090	–	709,090	–	**709,090**
	Tranche 5	709,094	–	709,094	–	**709,094**
		3,545,454	–	3,545,454	(709,090)	**2,836,364**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. Share Option Scheme (Continued)

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

Grantee	Option type	At 1.4.2013	Lapsed during the year ended 31.3.2014	At 31.3.2014	Lapsed during the year ended 31.3.2015	At 31.3.2015
Other employees in aggregate	Tranche 1	1,663,631	(109,090)	1,554,541	(1,554,541)	–
	Tranche 2	1,663,631	(109,090)	1,554,541	–	**1,554,541**
	Tranche 3	1,663,631	(109,090)	1,554,541	–	**1,554,541**
	Tranche 4	1,663,631	(109,090)	1,554,541	–	**1,554,541**
	Tranche 5	1,663,651	(109,094)	1,554,557	–	**1,554,557**
		8,318,175	(545,454)	7,772,721	(1,554,541)	**6,218,180**
		18,563,628	(545,454)	18,018,174	(3,603,629)	**14,414,545**

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$896,000 (2013: HK1,599,000) 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.

(b) Share option scheme of FECIL

On 31 August 2012, FECIL adopted a share option scheme to replace the share option scheme adopted on 28 August 2002, which has expired on 28 August 2012. The share option scheme of FECIL (the "FECIL Share Option Scheme") was approved by FECIL for the purpose of providing incentives and rewards to employees or executives or officers (including executive and non-executive directors) of FECIL or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to FECIL or any of its subsidiaries. Under the FECIL Share Option Scheme, the board of directors of FECIL may grant options to eligible employees, including directors of FECIL and its subsidiaries, to subscribe for shares in FECIL.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. Share Option Scheme (Continued)

(b) Share option scheme of FECIL (Continued)

Details of share options, which were granted on 21 October 2004, 8 May 2009 and 27 March 2013 at an initial exercise price of HK$2.075 per share, HK$1.500 per share and HK$2.550 per share, respectively, are as follows:

Options granted on 21 October 2004

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

Options granted on 8 May 2009

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

Options granted on 27 March 2013

Option type	Vesting period	Exercisable period	Exercise price HK$
Tranche 1	27.3.2013 to 28.2.2014	1.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 29.2.2015	1.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	1.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	1.3.2017 to 28.2.2020	2.550

The movements of the share options under the FECIL Share Option Scheme during the two years are as follows:

Grantee	Date of grant	Option type	At 1.4.2013	Exercised during the year ended 31.3.2014	At 31.3.2014	Exercised during the year ended 31.3.2015	At 31.3.2015
Mr. LAI, Wai Keung	21.10.2004	Tranche 3	300,000	(300,000)	–	–	–
		Tranche 4	475,000	(100,000)	375,000	(375,000)	–
		Tranche 5	525,000	–	525,000	(525,000)	–
			1,300,000	(400,000)	900,000	(900,000)	–
Mr. HOONG, Cheong Thard	8.5.2009	Tranche 1	1,850,000	(1,850,000)	–	–	–
		Tranche 2	1,850,000	(150,000)	1,700,000	(1,700,000)	–
		Tranche 3	1,850,000	–	1,850,000	(300,000)	1,550,000
		Tranche 4	1,850,000	–	1,850,000	–	1,850,000
	27.3.2013	Tranche 1	750,000	–	750,000	–	750,000
		Tranche 2	1,000,000	–	1,000,000	–	1,000,000
		Tranche 3	1,250,000	–	1,250,000	–	1,250,000
		Tranche 4	2,000,000	–	2,000,000	–	2,000,000
			12,400,000	(2,000,000)	10,400,000	(2,000,000)	8,400,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. Share Option Scheme (Continued)

(b) Share option scheme of FECIL (Continued)

Grantee	Date of grant	Option type	At 1.4.2013	Exercised during the year ended 31.3.2014	At 31.3.2014	Exercised during the year ended 31.3.2015	At 31.3.2015
Mr. CHAN, Chi Hing	21.10.2004	Tranche 3	500,000	(500,000)	–	–	–
		Tranche 4	1,800,000	(1,800,000)	–	–	–
		Tranche 5	2,000,000	(2,000,000)	–	–	–
	27.3.2013	Tranche 1	525,000	–	525,000	–	525,000
		Tranche 2	700,000	–	700,000	–	700,000
		Tranche 3	875,000	–	875,000	–	875,000
		Tranche 4	1,400,000	–	1,400,000	–	1,400,000
			7,800,000	(4,300,000)	3,500,000	–	3,500,000
Other employees in aggregate	21.10.2004	Tranche 4	200,000	(200,000)	–	–	–
		Tranche 5	400,000	(200,000)	200,000	(200,000)	–
			600,000	(400,000)	200,000	(200,000)	–
			22,100,000	(7,100,000)	15,000,000	(3,100,000)	11,900,000
Weighted average exercise price			2.065	1.913	2.137	1.704	2.250
Number of options exercisable at the end of the year			13,600,000		7,775,000		6,375,000

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

39. Related Party Transactions

(a) The Group has rented properties from the Parent Entities. Rental expense during the year amounted to HK$2,505,000 (2014: HK$2,505,000).

(b) The Group entered into four hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2015, hotel management services income of HK$234,000 (2014: nil) was received under these contracts.

(c) Remuneration paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 17.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

40. Summarised Financial Information of the Company

	2015 HK$'000	2014 HK$'000
Investments in subsidiaries	313,482	308,110
Derivative financial instruments designated as hedging instruments	–	20,062
Amounts due from subsidiaries	4,327,646	4,561,171
Other assets	163,873	270,278
Total assets	4,805,001	5,159,621
Amounts due to subsidiaries	1,158,422	1,162,324
Derivative financial instruments designated as hedging instruments	58,939	–
Bonds	1,005,274	1,002,691
Other liabilities	57,577	56,039
Total liabilities	2,280,212	2,221,054
Net assets	2,524,789	2,938,567
Share capital	210,062	209,798
Share premium and reserves (Note)	2,314,727	2,728,769
Total equity	2,524,789	2,938,567

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Hedge reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013	200,000	2,237,153	8,603	–	431,373	2,877,129
Profit for the year	–	–	–	–	96,832	96,832
Fair value adjustments on cross currency swap contracts designated as cash flows hedges (note 27)	–	–	–	28,898	–	28,898
Reclassification of hedge reserve to profit or loss (note 27)	–	–	–	(27,329)	–	(27,329)
Total comprehensive income for the year	–	–	–	1,569	96,832	98,401
Dividends (note 15)	–	–	–	–	(201,514)	(201,514)
Share issued in lieu of cash dividend, net of expenses	9,798	153,154	–	–	–	162,952
Recognition of equity-settled share based payments expenses	–	–	1,599	–	–	1,599
Lapse of share options transferred to retained profits	–	–	(249)	–	249	–
At 31 March 2014	209,798	2,390,307	9,953	1,569	326,940	2,938,567
Loss for the year	–	–	–	–	(192,545)	(192,545)
Fair value adjustments on cross currency swap contracts designated as cash flows hedges (note 27)	–	–	–	(79,001)	–	(79,001)
Total comprehensive expense for the year	–	–	–	(79,001)	(192,545)	(271,546)
Dividends (note 15)	–	–	–	–	(146,892)	(146,892)
Share issued in lieu of cash dividend, net of expenses	264	3,500	–	–	–	3,764
Recognition of equity-settled share based payments expenses	–	–	896	–	–	896
Lapse of share options transferred to retained profits	–	–	(1,978)	–	1,978	–
At 31 March 2015	210,062	2,393,807	8,871	(77,432)	(10,519)	2,524,789

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

41. Particulars of Principal Subsidiaries

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

Name of company	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital*	Principal activities
Direct subsidiaries:			
Charter Joy Limited	Hong Kong ("HK")	2 shares of HK$2 (note)	Hotel operation
Complete Delight Limited	British Virgin Islands ("BVI")/HK	1 share of US$1	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$10,000 (note)	Hotel operation
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of RM1 each	Hotel operation
Double Advance Group Limited	BVI/HK	1 share of US$1	Hotel operation
Grand Expert Limited	HK	10,000 shares of HK$10,000 (note)	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1 (note)	Loan financing
Dorsett Hospitality International Services Limited	HK	2 shares of HK$2 (note)	Hotel management
Tang Hotel Investments Pte. Ltd.	Singapore	2 shares of S$1 each	Investment holding and development of residential property and hotel
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$10,000 (note)	Hotel operation
Asia Harvest Investments Limited	BVI/HK	1 share of US$1	Treasury management
Indirect subsidiaries:			
Ching Chu (Shanghai) Real Estate Development Co., Ltd.#	PRC	US$36,000,000*	Hotel management services
Elite Region Limited	BVI/UK	1 share of US$1	Hotel development
Esmart Management Limited	HK	2 shares of HK$2 (note)	Hotel management services
Everkent Development Limited	HK	2 shares of HK$2 (note)	Hotel operation

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

41. Particulars of Principal Subsidiaries (Continued)

Name of company	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital*	Principal activities
Indirect subsidiaries: (Continued)			
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 shares of RM1 each	Hotel operation
Novel Orient Investments Limited	HK	1 share of HK$1 (note)	Hotel development
Panley Limited	HK	1 share of HK$1 (note)	Hotel operation
Dorsett London Hotel Limited	UK	1 share of GBP1	Hotel development
Richfull International Investment Limited	HK	1 share of HK$1 (note)	Bar operation
Ruby Way Limited	HK	2 shares of HK$2 (note)	Hotel operation
Subang Jaya Hotel Development Sdn. Bhd.	Malaysia	245,000,000 shares of RM1 each	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Hotel operation
Tang Suites Pte. Ltd.	Singapore	1,000,000 shares of S$1 each	Development of residential property
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Hotel operation
九江帝盛酒店管理有限公司#	PRC	US$16,000,000	Hotel operation
武漢遠東帝豪酒店管理有限公司#	PRC	US$29,800,000*	Hotel operation
武漢港澳中心物業管理有限公司##	PRC	RMB500,000*	Property management services
遠東帝豪酒店管理(成都)有限公司#	PRC	US$58,000,000*	Hotel development
成都帝盛酒店有限公司#	PRC	RMB100,000*	Hotel operation
上海帝盛酒店有限公司 (formerly known as 麗悅酒店管理(上海)有限公司)#	PRC	RMB2,000,000*	Hotel operation

\# Wholly-owned foreign enterprise
\#\# Domestic wholly-owned enterprise

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

41. Particulars of Principal Subsidiaries (Continued)

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.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2015	2014
Investment holding	Hong Kong	**5**	3
	Malaysia	**6**	6
	PRC	**9**	9
	UK	**6**	5
		26	23
Inactive	Hong Kong	**13**	10
	Malaysia	**2**	2
	PRC	**3**	3
	Singapore	**1**	1
	UK	**5**	3
		24	19

42. Event After the Reporting Period

On 20 May 2015, the board of directors of the Company and FEC jointly announced the privatisation proposal of the Company by Willow Bliss Limited, a wholly-owned subsidiary of FEC. Details of the above proposal put forward by FEC were disclosed in the Company's announcement dated 27 May 2015.

List of Principal Properties

	Name of property and location	Lot number	Group's interest	Site area (m^2)
Hong Kong				
1.	Cosmopolitan Hotel Hong Kong Nos. 387-397 Queen's Road East Wan Chai	IL 1578 RP	100%	–
2.	Silka West Kowloon, Hong Kong No. 48 Anchor Street Tai Kok Tsui	KIL 6374	100%	–
3.	Cosmo Hotel Hong Kong Nos. 375-377 Queen's Road East Wan Chai	IL 1578 s.Ass1	100%	–
4.	Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	100%	–
5.	Silka Far East, Hong Kong Nos. 135-143 Castle Peak Road Tsuen Wan	Lot No. 2158 in DD 449	100%	–
6.	Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	KIL 7429, 9701, 9705, 9727, 9769 & 9944	100%	–
7.	Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	KIL 8050 RP	100%	–
8.	Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	KTIL 162	100%	–
9.	Dorsett Tsuen Wan, Hong Kong No. 659 Castle Peak Road Kwai Chung	KCTL 193	100%	–
10.	Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	KCTL 167	100%	1,312
11.	Shop Nos. 1-4 on Ground Floor Shop Nos. 5-6 on Lower Ground Floor Grand View Mansion, 383, 383A, 385 and 385A Queen's Road East, Wanchai Hong Kong	Lot No. 1578 section B	100%	–

List of Principal Properties (continued)

Approximate gross floor area (m^2)	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	2016
659	O	Completed	Existing

H – Hotel
O – Office

List of Principal Properties (continued)

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

List of Principal Properties (continued)

Approximate gross floor area (m^2)	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	2018
36,905	H	Under development	2018
35,220	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H&R	Completed	Existing

H – Hotel
R – Residential

List of Principal Properties (continued)

	Name of property and location	Lot number	Group's interest	Site area (m^2)
3.	Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL No. 207531888, Town of Labuan Federal Territory of Labuan	100%	–
4.	Silka Maytower Hotel & Serviced Residences No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur	Lot No. 301 Section 40 held under Title No. GRN 54118 Town and District of Kuala Lumpur Wilayah Persekutuan	100%	–
5.	Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim Plentong Johor Bahru State of Johor	Lot No. 66270 held under Title No. GRN 358714 Mukim of Plentong District of Johor Bahru	100%	–
6.	Dorsett Singapore 333 New Bridge Road Singapore	Lot Nos 777W & 782P Town Subdivision (TS)	100%	–
7.	Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London	N/A	100%	–
8.	Dorsett City, London 9 Aldgate High Street London	N/A	100%	1,127
9.	Dorsett Shepherds Bush 2, London 56 Shepherd's Bush Green London	N/A	100%	836

List of Principal Properties (continued)

Approximate gross floor area (m^2)	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	2017
5,574	H	Under development	2018

H – Hotel
R – Residential

Financial Summary

	For the year ended 31 March				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue	1,454,027	1,785,850	1,152,942	1,096,097	867,100
Cost of properties sold	–	(350,911)	–	–	–
Operating costs	(503,044)	(438,769)	(364,672)	(326,826)	(296,648)
Depreciation and amortisation	(259,850)	(196,474)	(137,879)	(118,545)	(98,166)
Gross profit	691,133	799,696	650,391	650,726	472,286
Other income	18,494	4,088	5,811	3,955	3,036
Administrative expenses	(402,608)	(348,410)	(294,267)	(263,738)	(208,626)
Pre-opening expenses	(14,080)	(13,596)	(26,107)	(8,651)	(1,403)
Other gains and losses	22,250	140,407	(2,282)	2,313	(43)
(Loss)/gain on disposal of property, plant and equipment	(794)	(233)	424	379,465	25
Gain on disposal of a subsidiary	–	–	458,358	–	81,385
Listing expenses	–	–	–	–	(22,506)
Finance costs	(164,481)	(167,261)	(100,005)	(90,703)	(88,430)
Profit before taxation	149,914	414,691	692,323	673,367	235,724
Income tax expense	(55,562)	(38,123)	(44,867)	(68,275)	(27,320)
Profit for the year	94,352	376,568	647,456	605,092	208,404

	For the year ended 31 March				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Profit before taxation	149,914	414,691	692,323	673,367	235,724
Interest income	(2,870)	(2,588)	(3,288)	(1,652)	(1,725)
Finance costs	164,481	167,261	100,005	90,703	88,430
Depreciation and amortisation	259,850	196,474	137,879	118,545	98,166
EBITDA	571,375	775,838	926,919	880,963	420,595
Pre-opening expenses	14,080	13,596	26,107	8,651	1,403
Change in fair value of investment properties	(65,747)	–	–	(1,818)	(2,612)
Fair value gain arising on transfers from completed properties for sales to investments properties	–	(130,870)	–	–	–
Change in fair value of financial assets at fair value through profit or loss	14,879	18,242	(4,083)	–	–
Change in fair value of derivative financial instruments	4,131	(676)	8,307	1,911	1,949
Gain on reclassification from hedge reserve to profit or loss upon recognition of the hedged item to profit or loss	–	(27,329)	–	–	–
Impairment loss on interest in an associate	20,631	–	–	–	–
Other non-recurring items	–	–	(458,358)	(380,288)	(58,879)
Net operating profit	559,349	648,801	498,892	509,419	362,456
Net operating margin(1)	38%	36%	43%	46%	42%

	At 31 March				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES					
Total assets	9,830,197	10,270,645	8,296,189	7,564,366	6,892,305
Total liabilities	(6,001,586)	(6,128,217)	(4,510,366)	(4,144,569)	(3,995,571)
	3,828,611	4,142,428	3,785,823	3,419,797	2,896,734

Note:

(1) Net operating margin = Net operating profit/revenue.

GLOSSARY

"AGM"	the forthcoming annual general meeting of the Company to be convened and held on 27 August 2015 at 10:00 a.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wan Chai, Hong Kong
"ARR"	average room rate
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CNY" or "RMB"	Chinese Yuan, Renminbi, the lawful currency of the PRC
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company" or "Dorsett"	Dorsett Hospitality International Limited, a company incorporated under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2266)
"Connected Person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Company
"Director(s)"	director(s) of the Company
"Executive Committee"	the executive committee of the Company
"Executive Director(s)"	executive director(s) of the Company
"FECIL" or "FEC"	Far East Consortium International Limited, a company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35), the indirect Controlling Shareholder and a substantial shareholder of the Company within the meaning of Part XV of the SFO
"FECIL Group" or "Parent Entities"	FECIL and its subsidiaries (other than the Group)
"FY"	the financial year
"Group" or "Dorsett Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	independent non-executive director(s) of the Company

GLOSSARY (CONTINUED)

"LFL"	Like for like comparison, excluding results from hotels which did not have full year operation for both the current financial year and previous financial year
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	11 October 2010, the date on which dealings in the Shares first commenced on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Non-executive Director(s)"	non-executive director(s) of the Company
"OCC"	occupancy
"Permitted Mixed Development"	(i) the development of any hotel within Plaza Damas 3 and Cheras Sentral, both in Malaysia, which is currently being developed by one of Tan Sri Dato' CHIU, David's associates (as defined in the Listing Rules), Malaysia Land Properties Sdn. Bhd., and (ii) a mixed development project (i.e. comprising both a residential and commercial development), which does not include a hotel development as part of its development plans
"PRC" or "Mainland China" or "China"	the People's Republic of China and, for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC
"Previous Year" or "FY2014"	the financial year of the Company from 1 April 2013 to 31 March 2014
"Remuneration Committee"	the remuneration committee of the Company
"Restricted Activity"	hotel investment, operation, management and development (save for any Permitted Mixed Development)
"RevPAR"	revenue per available room, room revenue of a hotel or hotels (including related service charges) during a period divided by the Total Available Room Nights of such hotel or hotels during the same period
"S$" or "SG$"	Singapore dollars, the lawful currency of Singapore
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Year" or "FY2015"	the financial year of the Company from 1 April 2014 to 31 March 2015
"%"	per cent

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