

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Website : <http://www.dorsett.com>

(Stock Code: 2266)

**ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED
31 MARCH 2014**

FINAL RESULTS

The board of directors (the “Board”) of Dorsett Hospitality International Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the financial year (“FY”) ended 31 March 2014 (the “Year”) as follows:

OPERATIONAL AND FINANCIAL HIGHLIGHTS

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

Notes:

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

HIGHLIGHTS OF THE FINAL RESULTS

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

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	4	1,785,850	1,152,942
Cost of properties sold		(350,911)	—
Operating costs		(438,769)	(364,672)
Depreciation and amortisation		(196,474)	(137,879)
Gross profit		799,696	650,391
Other income		4,088	5,811
Gain on disposal of a subsidiary		—	458,358
Administrative expenses		(348,410)	(294,267)
Pre-opening expenses		(13,596)	(26,107)
Other gains and losses	5	140,174	(1,858)
Finance costs	6	(167,261)	(100,005)
Profit before taxation		414,691	692,323
Income tax expense	7	(38,123)	(44,867)
Profit for the year	8	<u>376,568</u>	<u>647,456</u>
Other comprehensive income (expense) for the year			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		15,431	(4,021)
Fair value adjustments on cross currency swap contracts designated as cash flow hedges		28,898	—
Reclassification of hedge reserve to profit or loss		(27,329)	—
		<u>17,000</u>	<u>(4,021)</u>
Total comprehensive income for the year		<u>393,568</u>	<u>643,435</u>
Earnings per share	9		
- Basic (HK cents)		<u>18.52</u>	<u>32.37</u>
- Diluted (HK cents)		<u>18.52</u>	<u>32.37</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,384,555	5,652,677
Prepaid lease payments		574,164	589,330
Investment properties		600,996	412,500
Deposits for acquisition of property, plant and equipment		391,826	133,864
Interest in an associate		76,533	76,533
Utility and other deposits paid		15,125	11,755
Derivative financial instruments designated as hedging instruments		20,062	—
Pledged deposits		2,831	2,897
Deferred tax assets		32,938	5,000
		<u>8,099,030</u>	<u>6,884,556</u>
Current assets			
Properties for sale			
Completed properties		7,379	—
Properties for/under development		21,030	353,141
Other inventories		9,159	8,396
Debtors, deposits and prepayments	10	242,713	120,624
Prepaid lease payments		14,755	14,841
Tax recoverable		5,957	6,926
Investment securities		514,264	28,554
Pledged deposits		165,080	137,132
Time deposits		—	12,500
Bank balances and cash		1,191,278	729,519
		<u>2,171,615</u>	<u>1,411,633</u>
Current liabilities			
Creditors and accruals	11	371,810	244,616
Secured bank borrowings	12	2,119,978	3,287,936
Sales deposits received		—	275,926
Derivative financial instruments		—	9,516
Tax payable		24,909	2,200
		<u>2,516,697</u>	<u>3,820,194</u>
Net current liabilities	1	<u>(345,082)</u>	<u>(2,408,561)</u>
Total assets less current liabilities		<u>7,753,948</u>	<u>4,475,995</u>

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities			
Secured bank borrowings	<i>12</i>	2,496,907	582,692
Rental deposits received		9,032	7,756
Bonds		1,002,691	—
Deferred tax liabilities		<u>102,890</u>	<u>99,724</u>
		<u>3,611,520</u>	<u>690,172</u>
Net assets		<u>4,142,428</u>	<u>3,785,823</u>
Capital and Reserves			
Share capital		209,798	200,000
Share premium		2,390,307	2,237,153
Reserves		<u>1,542,323</u>	<u>1,348,670</u>
Total equity		<u>4,142,428</u>	<u>3,785,823</u>

NOTES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$345,082,000 as at 31 March 2014. In the opinion of the Directors, 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. In addition, the Directors also take note that the bank borrowings in the current liabilities include an amount of HK\$1,264,035,000 which is not repayable within one year based on scheduled repayment dates was however being shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning on 1 April 2013.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

4. SEGMENT INFORMATION

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

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

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

(a) Segment revenue and results

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

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

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

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

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

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

(b) **Segment assets**

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

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

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.

5. OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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

8. PROFIT FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year is arrived at after charging:		
Auditor's remuneration	5,174	4,608
Staff costs		
Directors' emoluments	6,206	6,091
Other staff		
Salaries and other benefits	345,267	284,924
Retirement benefit scheme contributions	23,739	18,354
Share-based payment expenses	757	1,265
	375,969	310,634
Operating lease payments	6,208	5,558
Depreciation	187,003	129,234
Amortisation of prepaid lease payments	10,035	9,765
Less: amount capitalised to hotels under development and properties for sale under development	(564)	(1,120)
	<u>9,471</u>	<u>8,645</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
and crediting:		
Rental income	48,620	47,548
Less: direct outgoings	<u>(2,911)</u>	<u>(3,575)</u>
	45,709	43,973
Bank interest income	<u>2,588</u>	<u>3,288</u>

9. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings		
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	<u>376,568</u>	<u>647,456</u>
	2014 <i>'000</i>	2013 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>2,033,415</u>	<u>2,000,000</u>

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.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade debtors	145,504	57,922
Advance to contractors	5,909	2,930
Prepayments and other receivables	91,300	44,772
Balance of proceeds from disposal of a subsidiary	<u>—</u>	<u>15,000</u>
	<u>242,713</u>	<u>120,624</u>

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

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

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

Rentals are payable upon representation of demand notes. Hotel room revenue is normally settled by cash or credit cards. 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 sales and purchase agreements.

Included in trade debtors is an amount of S\$12,040,000 (equivalent to HK\$74,169,000) which represents the portion of the proceeds that have been settled by the buyers and are being held in escrow account. The funds would be remitted to the Group upon the issuance of relevant certificate by the government authorities in Singapore, which is expected to be taken place within one year after the end of the reporting period.

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

11. CREDITORS AND ACCRUALS

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

The following is an aged analysis of the trade creditors:

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

12. SECURED BANK BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank loans	4,637,316	3,881,455
Less: front-end fee	<u>(20,431)</u>	<u>(10,827)</u>
	<u>4,616,885</u>	<u>3,870,628</u>
Analysis for reporting purpose as		
Current liabilities	2,119,978	3,287,936
Non-current liabilities	<u>2,496,907</u>	<u>582,692</u>
	<u>4,616,885</u>	<u>3,870,628</u>

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

On demand or within one year	857,053	2,459,716
More than one year but not exceeding two years	915,698	398,473
More than two years but not exceeding five years	2,604,580	884,297
More than five years	<u>259,985</u>	<u>138,969</u>
	<u>4,637,316</u>	<u>3,881,455</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

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

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

Acquisitions and New Opening

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

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

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

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

Business & Project Development

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

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

(1) Total rooms and commencement date may change

(2) Opened in the month of June 2014

(3) Opened in the month of June 2014

(4) The hotel names may change

(5) Estimated rooms subject to changes after planning approval

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

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

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

(1) Total rooms and commencement date may change

(2) Opened in the month of April 2014

Review of Consolidated Statement of Comprehensive Income

(a) Revenue

The Group generates its recurring revenue primarily through the operating income generated 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 lease tenants. All revenue is presented on an ex-business tax basis (where such taxes are levied in the countries at which the hotels are situated). For the financial year ended 31 March 2014, the Group's reported revenue includes revenue of HK\$498.4 million generated from the sales of apartments in Singapore.

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

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

	2014		2013	
	HK\$'000	% of Total	HK\$'000	% of Total
Hong Kong				
Room revenue	663,073		689,676	
Food and beverage revenue	21,597		21,403	
Leasing revenue	12,958		14,198	
Other revenue	18,736		19,435	
Total	716,364	56.4%	744,712	64.6%
PRC				
Room revenue	102,764		73,131	
Food and beverage revenue	34,035		15,484	
Leasing revenue	31,283		29,453	
Other revenue	1,877		2,022	
Total	169,959	13.4%	120,090	10.4%

	2014		2013	
	<i>HK\$'000</i>	% of Total	<i>HK\$'000</i>	% of Total
Malaysia				
Room revenue	186,738		168,040	
Food and beverage revenue	104,169		101,605	
Leasing revenue	2,473		3,897	
Other revenue	16,623		14,598	
Total	310,003	24.4%	288,140	25.0%
Singapore				
Room revenue	71,229		—	
Food and beverage revenue	152		—	
Leasing revenue	1,906		—	
Other revenue	821		—	
Total	74,108	5.8%	—	—
Group Total				
Room revenue	1,023,804	80.6%	930,847	80.8%
Food and beverage revenue	159,953	12.6%	138,492	12.0%
Leasing revenue	48,620	3.8%	47,548	4.1%
Other revenue	38,057	3.0%	36,055	3.1%
Total	1,270,434	100.0%	1,152,942	100.0%

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

	2014	2013
Owned		
Hong Kong		
Available room nights	749,003	740,220
Occupied room nights	703,683	690,566
Occupancy rate	93.9%	93.3%
Average room rate (HK\$)	942	997
RevPAR (HK\$)	885	930

	2014	2013
PRC		
Available room nights	357,997	201,480
Occupied room nights	194,469	141,524
Occupancy rate	54.3%	70.2%
Average room rate (HK\$)	573	549
RevPAR (HK\$)	311	385
Malaysia		
Available room nights	517,203	491,111
Occupied room nights	355,820	336,032
Occupancy rate	68.8%	68.4%
Average room rate (HK\$)	519	498
RevPAR (HK\$)	357	341
Singapore		
Available room nights	82,407	—
Occupied room nights	55,351	—
Occupancy rate	67.2%	—
Average room rate (HK\$)	1,275	—
RevPAR (HK\$)	857	—
Group Total		
Available room nights	1,706,610	1,432,811
Occupied room nights	1,309,323	1,168,122
Occupancy rate	76.7%	81.5%
Average room rate (HK\$)	786	799
RevPAR (HK\$)	603	651

The ARR of hotels in Hong Kong decreased by 5.5% year-on-year while the occupancy (“OCC”) recorded a marginal increase of 0.6% point year-on-year. The RevPAR was HK\$885, down by 4.8% from the previous financial year. The RevPAR performance in Hong Kong, which is our key market and revenue contributor was adversely affected by the combination of (i) increase supply of room inventories from both the hotel industry and other unconventional sources including the guest houses and private room operators, both licensed and illegal; (ii) the slow down on tourist arrival growth, in particular the over-night category; (iii) the renovation of our flagship hotels in Hong Kong, namely the Cosmopolitan Hotel and the Lan Kwai Fong Hotel; (iv) the decline of long haul tourist arrivals; and (v) the impact on the regulation introduced by the PRC

government restricting the zero fare tour group. Despite the challenges, concerted sales and marketing efforts to expand the distribution channel and the ongoing strategy to adjust our guest profile enable our operation in Hong Kong to withstand the pressure and continue to produce solid results. Based on the numbers announced by Hong Kong Tourism Board, the management believes that the OCC for our Hong Kong operation of 93.9% outperformed the market.

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

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

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

(b) *Segment results*

Details of the segment information are provided in Note 4 to the consolidated financial statements set out in this announcement. Consolidated profit before taxation (“PBT”) declined 40.1% to HK\$414.7 million (2013: HK\$692.3 million) due to higher base in the corresponding period which included a gain of HK\$458.4 million on disposal of a subsidiary which owns the Dorsett Regency Hong Kong Hotel. The PBT for current period was however, boosted by the contribution of HK\$262.4 million from sales of apartments in Singapore and revaluation gains on investment properties in Singapore.

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

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

(c) *Net operating profit*

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

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

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

Notes:

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

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

(d) *Distributable profit*

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

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

Financial Resources and Liquidity

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

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

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

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

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

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

Capital Expenditures

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

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

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

Capital Commitments

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

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

Contingent Liabilities

During the financial year ended 31 March 2010, HKSAR Hotel initiated a lawsuit against the contractor for unsatisfactory performance in relation to the construction of a hotel in an amount of HK\$14,356,000. In response to the claim, the contractor has filed counterclaims against HKSAR Hotel for an amount of HK\$25,841,000. HKSAR Hotel was disposed of during the current year but the Group undertakes to use all reasonable endeavours to procure the full and final settlement of the litigation. The trial commenced on 30 July 2012 and further adjourned to the period between 8 August and 19 August 2013. Both HKSAR Hotel and the contractor have filed the closing submissions and the reply submissions in September 2013 and October 2013. There is no final judgement up to the date of this announcement. In the opinion of the Directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

Human Resources

As at 31 March 2014, the Group has 2,421 employees (2013: 2,394) with total employee cost for the Year of HK\$376.0 million (2013: HK\$335.6 million). Staff to room ratio for operating hotels improved to approximately 0.41 for the Year (2013: 0.44). In order to attract and retain talents to ensure smooth operations and to cater for the Group's expected growth, the Group offers competitive employee remuneration packages with reference to market conditions and individual qualifications, experience and job scope. Such remuneration packages consist of basic salary plus discretionary and performance related annual bonus.

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

Properties

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

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

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

Hotels in Operation

As at the end of the current financial year, the Group was operating and managing 20 hotels representing 5,666 rooms across Hong Kong, the PRC, Malaysia and Singapore. 18 of the 20 hotels in operation with 5,429 rooms are self-owned, which can be summarized as 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	February 2014
Dorsett Regency Kuala Lumpur	Malaysia	320	April 1998
Dorsett Grand Subang	Malaysia	478	February 2007
Dorsett Grand Labuan	Malaysia	178	September 2007
Dorsett Wuhan	PRC	317	June 2008
Dorsett Shanghai	PRC	264	February 2010
Dorsett Grand Chengdu	PRC	556	August 2012
Dorsett Singapore	Singapore	285	March 2013
d. Collection			
Cosmo Hotel Hong Kong	Hong Kong	142	October 2005
Lan Kwai Fong Hotel@Kau U Fong	Hong Kong	162	March 2006
Silka Hotels			
Silka Seaview, Hong Kong	Hong Kong	268	January 2001
Silka West Kowloon, Hong Kong	Hong Kong	141	May 2005
Silka Far East, Hong Kong	Hong Kong	240	October 2006
Silka Maytower Hotel & Serviced Residences	Malaysia	179	October 2008
Silka Johor Bahru	Malaysia	<u>252</u>	October 2008
		<u>5,429</u>	

Other Financial Information

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

EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK

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

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

Going forward, the growth of Chinese outbound travelers is likely to continue even though the growth rate in the near term might be affected by the slower economic growth in the PRC and the impact from the regulation on zero fare tour groups. On the back of the increase sophistication of Chinese travelers, the management believes

that the regulation on zero fare tour groups will only have limited adverse impact on the growth of outbound travelers from PRC as slower growth in tour group from PRC will be gradually replaced by the stronger Free Independent Travelers (“FIT”) over time. In fact, according to a report from the Chinese Tourism Academy, the outbound Chinese Travelers exceeded 98 million for the calendar year 2013, representing a growth of 17.8% year on year.

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

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

There are currently 11 hotels under various stages of planning and development, 4 under management contracts and 7 own properties, the Group’s total room inventories will exceed 8,500 rooms in the upcoming years upon completion of these development projects. The additional room inventories will further drive our growth in recurring revenue and recurring operating profit as well as increasing our recurring cash flow. Nevertheless, it is expected that the Group’s average RevPAR and recurring operating profit margins may be adversely impacted in the short-term as these new hotels would take time to ramp up and stabilize in term of operations.

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

FINAL DIVIDEND

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

The Scrip Dividend Scheme will be subject to (i) Shareholders’ approval of the Proposed Final Dividend at the Company’s forthcoming annual general meeting to be held on 28 August 2014 (the “Annual General Meeting”); and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 consecutive trading days prior to and including 18 September 2014. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election on or around 29 September 2014. Dividend warrants and/or new share certificates will be posted on or around 31 October 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend the Annual General Meeting to be held on 28 August 2014, the register of members of the Company will be closed from 26 August 2014 to 28 August 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “Branch Registrar”) at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 25 August 2014.

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on professionalism, transparency and accountability to all Shareholders. Throughout the Year, the Company has applied the principles of and complied with the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except the deviation from code provision E.1.2 described below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

AUDIT COMMITTEE

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

The principal duties of the Audit Committee include, inter alia, reviewing and supervising the Group's financial reporting system, internal control procedures, financial information and the relationship with the external auditor of the Company. It also acts as an important link between the Board and the Company's external auditor. The Audit Committee has reviewed the annual results of the Group for the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the Year, the Company had purchased a total principal amount of RMB39,660,000 of the 6.0% bonds due 2018 of the Company (Bond Stock Code: 85917) on the Stock Exchange of Hong Kong Limited via its subsidiary, Asian Harvest Investment Limited, and such principal amount of bonds had been cancelled thereafter. Detail of which is as follows:

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.dorsett.com>). The annual report will be dispatched to the Shareholders and will be published on the above websites in due course.

By order of the Board
Dorsett Hospitality International Limited
CHIU, Wing Kwan Winnie
President and Executive Director

Hong Kong, 25 June 2014

As at the date of this announcement, the executive directors of the Company are Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung. The non-executive directors of the Company are Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing. The independent non-executive directors of the Company are Mr. SHEK, Lai Him Abraham, G.B.S., J.P., Mr. TO, Peter, Dr. LIU, Ngai Wing and Mr. ANGELINI, Giovanni.

This announcement 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 announcement shall prevail over the Chinese text.