KOSMOPOLITO
Hotels International

Kosmopolito Hotels International Limited
麗悅酒店集團有限公司

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司
Stock Code 股票代號: 2266

Annual 年報 Report
2011-2012

Contents

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
Mr. MOK, Kwai Pui Bill

Independent Non-Executive Directors

Mr. SHEK, Lai Him Abraham
Mr. TO, Peter
Dr. LIU, Ngai Wing
Mr. ANGELINI, Giovanni

Audit Committee

Dr. LIU, Ngai Wing *(Chairman)*
Mr. SHEK, Lai Him Abraham
Mr. TO, Peter

Corporate Governance Committee

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

Remuneration Committee

Mr. TO, Peter *(Chairman)*
Mr. SHEK, Lai Him Abraham
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
Mr. TO, Peter
Dr. LIU, Ngai Wing

Company Secretary

Ms. MUI, Ngar May Joel

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

6th Floor, Unicorn Trade Centre
127-131 Des Voeux Road Central
Central
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wan Chai
Hong Kong

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
Cathay United Bank Company, Limited
Citic Ka Wah Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

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

Singapore
The Hongkong and Shanghai Banking Corporation Limited

China
Agricultural Bank of China Limited
DBS Bank (China) Limited
HSBC Bank (China) Company Limited

Listing Information

Ordinary Shares (Code: 2266)
The Stock Exchange of Hong Kong Limited

Website

http://www.kosmohotels.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

		2012 HK$'000	2011 HK$'000	Change
Revenue		**1,096,097**	867,100	26.4%
Profit for the year		**605,092**	208,404	190.3%
Earnings per share – basic and diluted	HK$	**0.3025**	0.1122	169.6%
Adjusted EBITDA [(1)]		**509,419**	362,456	40.5%
Adjusted EBITDA margin [(2)]		**46.5%**	41.8%	4.7pp [(3)]
After adjustment for revaluation surplus [(4)]				
Net assets attributable to shareholders		**11,169,716**	8,875,496	25.8%
Net debt to equity		**24.6%**	30.0%	(5.4pp) [(3)]
Net assets attributable to shareholders per share	HK$	**5.58**	4.44	25.8%
Proposed final dividend	HK$	**0.10**	0.04	150.0%

Notes:

(1) Adjusted EBITDA = profit before taxation, interest income, finance costs, depreciation and amortisation, pre-opening expenses, management fees, change in fair value of investment properties, change in fair value of derivative financial instruments, one-off gains/(losses) and other non-recurring items

(2) Adjusted EBITDA margin = Adjusted EBITDA/revenue

(3) pp – percentage points

(4) Revaluation surplus for its property, plant and equipment was not recognised in the financial statements as the Group has elected the cost model instead of revaluation model as its accounting policy

Highlights of the Final Results

- Revenue for the Year was HK$1,096.1 million, up 26.4% from last year, mainly driven by 38.3% year-on-year increase in Hong Kong room revenue.

- During the Year, the Group recorded one-off gain of HK$380.3 million on disposal of Central Park Hotel, situated at Hollywood Road, Hong Kong.

- With significant growth in operating profit and one-off gain on disposal of Central Park Hotel, the Group for the Year recorded net profit of HK$605.1 million, which represents a 190.3% increase from last year.

- Adjusted EBITDA, management's primary measure of operating performance of the member hotels, reached HK$509.4 million for the Year. This represents 40.5% year-on-year increase driven by 23.9% growth in revenue per available room ("RevPAR") and 11.5% growth in number of available room nights and compounded by 4.7% point increase in adjusted EBITDA margin.

- Hotel revaluation surplus as of 31 March 2012 of HK$7,749.9 million was not reflected in the Group's consolidated financial statements. This compares to HK$5,978.8 million revaluation surplus at the end of the last financial year. The significant increase in revaluation surplus is predominantly attributable to the appreciation of the Hong Kong assets.

- Including revaluation surplus, net assets attributable to shareholders per share increased by 25.8% to HK$5.58 as at 31 March 2012.

- The Board proposes a final dividend of HK10 cents per share, together with the interim dividend of HK2 cents per share, bringing the total dividend payout for the Year to HK12 cents per share. This represents 39.7% of total distributable profit, which compares with 38.5% last year.

Chairman's Statement and President's Report

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Kosmopolito Hotels International ("KHI"), I am very honoured to announce that our group has completed a truly remarkable financial year in terms of both financial and operating performance.

While the economic problems of many western countries further deepened last year, the China market continued to show respectable economic growth. According to the China National Tourism Administration, total outbound trips from China are projected to exceed 100 million over the next 10 to 15 years. With an increasing number of Chinese travellers aspire to visit different countries, KHI's "Chinese Wallet" strategy and market positioning at the 3- to 4-star segments will continue to benefit our operations resulting in enviable financial returns to all shareholders.

During the past financial year, our operations have surpassed many high water marks laying strategic milestones in our corporate history.

For instance, our full year total revenue exceeded HK$1 billion for the first time and net profit soared to HK$605 million for the financial year. This is enviable financial performance resulted by over 23% year-on-year increase in revenue per available room ("RevPAR"), 11.5% growth in the number of available room nights and compounded by 4.7% point increase in adjusted EBITDA margin. Also, during the year, we recorded one-off gain of HK$380 million upon disposal of a relatively smaller hotel at Hollywood Road, Hong Kong.

The encouraging financial results are accompanied by the continual significant growth in our hotel portfolio reflecting our strategy of recycling capital. In April 2012, KHI completed the acquisition of an industrial property (previously known as the "Big Orange") at Kwai Chung, Hong Kong for HK$210 million with a plan of redeveloping into Silka Tsuen Wan (420-rooms). Together with the other seven projects under development, KHI' total guest room inventory is expected to exceed the highly respectable 7,000 mark in the upcoming years. The hotel portfolio will soon cover from Hong Kong, the Mainland China, Malaysia, Singapore to London on the other side of the globe. Such phenomenal growth in size and profitability in the midst of the current economic doldrums will further strengthen KHI's market position as an up and coming international hotel name.

Success of our business relies on service standard and brand recognition. Albeit the relatively short operating history, our operations have won during the past financial year many awards and accolades. For instance, KHI was awarded the "Outstanding High-Growth Company (Hotel) 2011", Yue Shanghai Hotel won "The Most Charming Boutique Hotel 2011", The Mercer won "Outstanding Enterprises – Boutique Hotel 2011"; to name but a few.

All these would not have been possible without the dedication and commitment of our management team and employees.

With that, I would like to take this opportunity to thank our fellow colleagues on the Board, the management and staff members of Kosmopolito Hotels International for their contribution and loyal service throughout the year.

Tan Sri Dato' CHIU, David
Chairman

President's Report

It is encouraging to see that overall our Group, being a relatively young player in the hospitality industry, continues to show healthy returns and generate new milestones in the industry. Even though the global economy remains uncertain, the Group recorded solid growth in revenue and operating profits for the financial year ended 31 March 2012.

We have recorded a 190.3% increase in Group net profit to HK$605 million. Adjusted EBITDA reached HK$509.4 million for the year, representing a 40.5% year-on-year increase, driven by 23.9% growth in revenue per available room ("RevPAR") and 11.5% growth in the number of available room nights. The Group's gross profit for the year grew by 37.8% to HK$651 million and gross margin jumped to 59.4%, primarily driven by strong revenue growth at our Hong Kong hotels and improvement in overall operating margins. In particular, our hotels in Hong Kong recorded gross margin growth from 63% to 67%, while occupancy rate was 96%, up 4.5-pp during the same year.

We are cognisant of the importance of a strong statement of financial position and strive to maintain an appropriate level of gearing. As of 31 March 2012, on a reported basis, our net debt as a percentage of total equity was 80.5%, but would only be 24.6% when taking into account the revaluation surplus which is not reflected in the financial statement.

Looking ahead, whilst there is considerable uncertainty in some markets in the world, we are well-positioned to continue to deliver high-quality growth. With Northeast Asia's travel patterns projected to grow by 5.0% in 2012 and 5.5% in 2013, Southeast Asia by 7.0% and 6.0% and South Asia by 6.0% and 5.6% over the same periods, these indicators are indeed encouraging for our operations as over 60% of KHI's travellers reside within Asia.

The hospitality industry is indeed a competitive one and undoubtedly a strong brand image is important to ensure that we continue to deliver positive results and market share growth for our shareholders. To achieve this, we are committed to implementing marketing strategies including: the launch of the Group's new brand architecture, adding new hotels into our portfolio, strengthening alignment of our distribution channels with guests' demands, further increasing direct bookings through our websites, reinforcing the 'Chinese Wallet' strategy and implementing tactical campaigns to build and strengthen brand awareness.

In optimising operating efficiency, we have in place various strategic management systems such as the implementation of central purchasing system and group-wide budgetary control, as well as more proactive treasury management to enhance financial performance.

People are our most important assets. They are our brand ambassadors and are crucial to our success. Without their talent, innovation and expertise, we would not have achieved such commendable results. To ensure that our people continue to be in alignment with our vision and strategies, the corporate human capital development team has put in place a sustainable human development and succession programme aimed at recognising, rewarding, motivating and retaining talented individuals so as to attract talented human resources to be part of our vibrant team.

All of our efforts related to human capital are strongly linked to our dedication to our core values – Inspiration, Innovation, Integrity and Initiative. These core values are inter-dependent and have positive impact on associates' satisfaction and therefore on consumer preference. This in return stimulates positive financial results on a long term basis.

Whilst we continue with our pursuit to deliver a high growth, a resilient business model and a robust financial position for our shareholders, we have not neglected our responsibilities in the communities where we operate. KHI continues to demonstrate our commitment to and to take part actively in environmental and social sustainability development.

Our efforts in these areas have been recognised through numerous awards. This year, 9 of our 16 operating hotels in Asia have received the TripAdvisor® Certificate of Excellence awards, which are only given to those establishments that consistently achieve outstanding traveller reviews on TripAdvisor.

Our achievements would not be possible without the teamwork and dynamic synergy within the Group and our hotels. I gratefully acknowledge the hard work, dedication and loyalty of all our management and team associates, as well as the support and guidance provided by my fellow colleagues on the Board.

CHIU, Wing Kwan Winnie
President and Executive Director

Profile of Directors

Ms. CHIU, Wing Kwan Winnie

Aged 32, has been an Exec-Director since 8 June 2010 and the President of the Company since 1 November 2011. Ms. Chiu is a member of the Remuneration Committee, the Chairman of the Corporate Governance Committee and has been the Chief Strategy Officer since 1 September 2010. Ms. Chiu is also a director of various subsidiaries of the Company. Ms. Chiu graduated from King's College, University of London in the United Kingdom in 2002 with a Bachelor of Science degree in Business Management. She has accumulated ten years of experience in the property development business covering various aspects of project development and retail management. Since 2002, Ms. Chiu has been a director of Malaysia Land Properties Sdn. Bhd. ("Mayland") and continues to serve on its board, she is responsible for the overall project development and retail management of Mayland. Ms. Chiu led all stages of development for Plaza Damas, an iconic mixed used development of Mayland in Kuala Lumpur, Malaysia. Since 2005 and up to the Listing Date, Ms. Chiu was director of property development of FECIL where she had responsibility for overall project development and oversaw FECIL's hotels development in Hong Kong, PRC, Malaysia and Singapore. Prior to joining Mayland and FECIL, she worked for a few major international banks where she gained financial management experience. Since 17 July 2008, Ms. Chiu has been appointed as a non-independent and non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia and is principally engaged in property development and investment in plantation, education and leisure sectors. Ms. Chiu is a member of the board of governors of the Hong Kong Philharmonic Society Limited. Ms. Chiu is the daughter of Tan Sri Dato' David Chiu, a Non Exec-Director, Chairman of the Board, the Chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr. LAI, Wai Keung

Aged 47, has been an Exec-Director since 8 June 2010, the Chief Operating Officer, China since 1 June 2010 and a member of the Corporate Governance Committee and is responsible for the hotel operations of the Group in Hong Kong and China. 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. He has more than 10 years' experience in the hotel industry. In 1989, he joined FECIL's finance and accounting department as an accountant and internal auditor. In 2002, he was appointed as the financial controller of Kosmopolito Hotels International Services Limited and was responsible for the overall finance and accounting matters of the company. In 2006, he became the director of hotel operations of the Dorsett Hotel group, where major duties included managing the group's operation, administration works and developing the business strategy with the general managers of the group's hotels. He was also responsible for the assessment and overall project management of hotel development and redevelopment projects of the group.

Profile of Directors

Tan Sri Dato' CHIU, David

Aged 58, Non Exec-Director, Chairman of the Board, the Chairman of the Nomination Committee and a member of the Remuneration Committee. Tan Sri Dato' David Chiu was appointed as a Director on 23 January 2007 and is a director of certain subsidiaries of the Company. He graduated from the University of Sophia in Japan with a double degree of Bachelor of Science in Business Administration and Economics in 1975. He 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 operation through organic growth and acquisitions, covering mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. He is the chief executive officer, an executive director and the chairman of FECIL. Tan Sri Dato' David Chiu 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.

With regard to Tan Sri Dato' David Chiu's devotion to the community services, he is a trustee member of "The Better Hong Kong Foundation" and the former chairman of "the Festival Celebration for the Chinese People's Liberation Army Force" in Hong Kong. He is the counsellor of the China-United States Exchange Foundation. He is also 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". He is the school management committee member of Ju Ching Chu School (Kwai Chung) (Yuen Long) (Tuen Mun) in Hong Kong. He is also the honorary President of Hong Kong Guangdong Chamber of Foreign Investors. 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.

Tan Sri Dato' David Chiu is the father of Ms. CHIU, Wing Kwan Winnie, an Exec-Director, the President, the Chairman of the Corporate Governance Committee and a member of the Remuneration Committee. He is a director of Sumptuous Assets Limited and Ample Bonus Limited, the substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. HOONG, Cheong Thard

Aged 43, has been a Non Exec-Director since 8 June 2010 and a member of the Corporate Governance Committee. He is a director of certain subsidiaries of the Company. Mr. Hoong has over 12 years of experience in the corporate finance and investment banking industry in Asia. He 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. 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, Mr. Hoong worked for Deutsche Bank AG, Hong Kong Branch as a director. From 2006 to 2008, Mr. Hoong was the chief executive officer and an executive director of China LotSynergy Holdings Limited, a company listed on the Growth Enterprise Market of Stock Exchange. Mr. Hoong remains as a non-executive director of China LotSynergy Holdings Limited. He joined FECIL as the managing director in September 2008. Mr. Hoong is the president and director of Agora Hospitality Group Co., Ltd. (formerly known as Tokai Kanko Co., Ltd.), a company listed on the first section of the Tokyo Stock Exchange, since 27 March 2009, and a non-independent and non-executive director of Land & General Berhad, a company listed on the main market of Bursa Malaysia, since 1 June 2010. Mr. Hoong is a member of the Institute of Chartered Accountants in England and Wales.

Profile of Directors

Mr. CHAN, Chi Hing

Aged 48, a Non Exec-Director and a member of each of the Nomination Committee and Corporate Governance Committee. He was appointed as a Director on 23 January 2007 and is 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. He has over 10 years' experience in the hotel industry. Mr. Chan 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 is responsible for the Hong Kong, Macau and China based activities of FECIL with emphasis on commercial management, property development and investment, and project development. He is also responsible for the industrial and infrastructure businesses of FECIL in the PRC. He has been an independent non-executive director of Hidili Industry International Development Limited, a company listed on the Main Board of Stock Exchange, since 21 June 2007. Before joining FECIL, he was an audit supervisor of Kwan Wong Tan & Fong (presently known as Deloitte Touche Tohmatsu). Mr. Chan has over 10 years of audit experience. He is a member of the Hong Kong Institute of Project Management.

Mr. MOK, Kwai Pui Bill

Aged 51, a Non Exec-Director of the Company and a member of the Corporate Governance Committee. Mr. Mok has been appointed as a Director since 23 January 2007 and was re-designated from an Exec-Director to a Non Exec-Director and ceased to act as President of the Company on 1 November 2011. Mr. Mok graduated from the University of Washington in the United States with a Bachelor of Arts degree in Business Administration in 1984 and from Seattle University in the United States with a Master of Business Administration degree in 1987. From 1988 to 1993 he worked for Price Waterhouse Company (presently known as PriceWaterhouseCoopers) as a staff accountant and was later promoted to deputy manager. From 1993 to 1995, he worked for Jade Dynasty Publications Limited as its finance manager. From 1995 to 1996 he worked for The Hong Kong and China Gas Company Limited as finance manager of its PRC projects. In 1996, Mr. Mok joined the investment industry where he worked for Nava SC Securities Limited until 1997, when it was taken over by Prudential-Bache, where he continued to work until 1999 before moving to ING Securities Limited in 1999 where he stayed until 2003. Mr. Mok joined FECIL in 2004 as chief financial officer and prior to the Listing Date, he was a member of FECIL's senior management where he helped develop the strategies of FECIL's hotel operations. Since 1 November 2011, Mr. Mok joined Fortune Oil PLC as chief financial officer. Mr. Mok is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants.

Profile of Directors

Mr. SHEK, Lai Him Abraham

Aged 66, has been an INED 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 currently is a member of Legislative Council for the Hong Kong Special Administrative Region, the Court and Council of The University of Hong Kong and the Court of The Hong Kong University of Science & Technology, and the vice chairman of Independent Police Complaints Council.

Mr. Shek is currently a non-executive director of The Hong Kong Mortgage Corporation Limited. He is also 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), Titan Petrochemicals Group Limited, 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, Hsin Chong Construction Group Limited, Chuang's China Investments Limited, ITC Properties Group Limited and China Resources Cement Holdings Limited, all of which are companies listed on the Main Board of Stock Exchange.

Mr. TO, Peter

Aged 64, has been an INED since 10 September 2010 and is the Chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee. He 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 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. Mr. To has been active in the property development and investment industry for more than 30 years and is currently a member of the board of the Urban Renewal Authority.

Profile of Directors

Dr. LIU, Ngai Wing

Aged 61, has been an INED 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 in Hong Kong, a Master of Arts Degree in China Studies from The Hong Kong University of Science and Technology, 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 chief executive officer from 1 November 1998 to 9 March 2000. Dr. Liu has been an independent non-executive director of Daiwa Associate Holdings Limited, a company listed on the Main Board of Stock Exchange, since 17 September 2004.

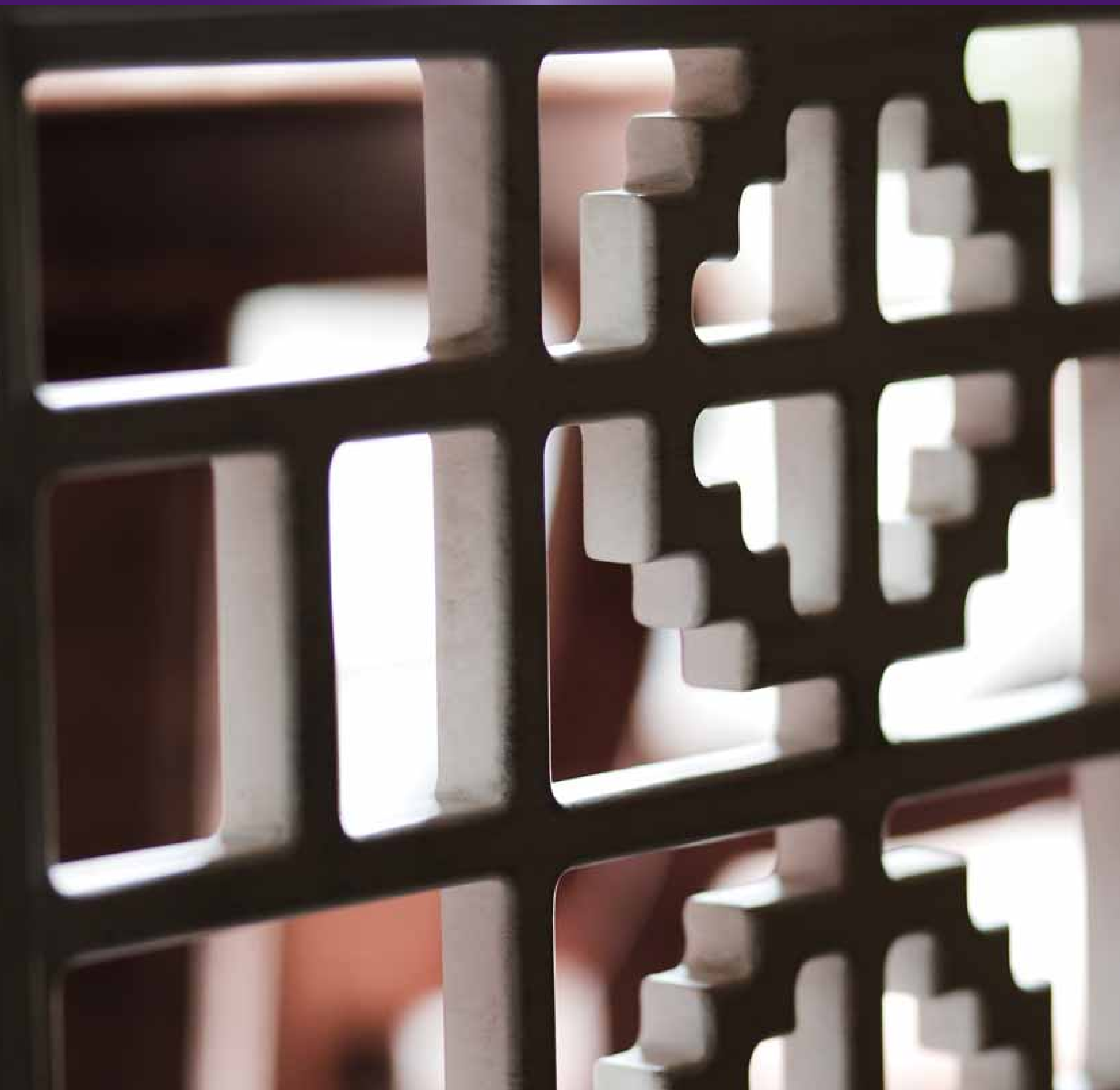
Mr. ANGELINI, Giovanni

Aged 66, has been an INED since 6 March 2012 and is a member of Remuneration Committee. Mr. Angelini is a senior and well respected professional within the hospitality industry world-wide with experience of over 46 years. Before retirement, he has spent 19 years with Shangri-La Hotels and Resorts including over 9 years as chief executive officer and the managing director of the Global Management Group and an executive director of the listed company Shangri-La Asia Limited. 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, he has worked for 15 years with Westin Hotels and Resorts holding several key positions including the senior vice president for Asia-Pacific supervising the operating hotels and the development activities within the region. Prior to Westin, he 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. Mr. Angelini currently is an independent consultant to the travel and tourism industry.

Management Discussion and Analysis



Business and Operational Review

Despite the slowing global economy especially in Europe and the US, the Group recorded encouraging financial results for the financial year ended 31 March 2012 across all regions, amongst which Hong Kong remained the key driver.

In addition to achieving strong operational performance for the existing hotels, the Group has completed the following significant transactions during the Year:

Acquisitions and Disposals

In September 2011, the Group acquired the Shepherd's Bush Pavilion, London at a consideration of £16 million (equivalent to HK$198.9 million). The landmark building is being converted into Dorsett Regency London (322 rooms).

In November 2011, the Group disposed of Central Park Hotel to an independent third party at a consideration of HK$515 million, resulting in a gain of approximately HK$380 million.

In December 2011, the Group acquired the entire equity interest in Capital Fortune Investment Limited, which holds 25% of the equity interest in Cosmopolitan Resort (Zhuji) Limited, together with the assignment of shareholder's loan, from a wholly-owned subsidiary of FECIL, the controlling shareholder of the Company, at a consideration of approximately HK$76 million. The Company holds a property, which is being developed into Grand Dorsett Zhuji (200 rooms).

In April 2012, the Group completed the acquisition of the Big Orange industrial building located at Kwai Chung, Hong Kong from an independent third party at a consideration of HK$210 million. The property is being converted into Silka Tsuen Wan (420 rooms).

Business & Project Development

On the existing portfolio, in June 2011, the Group commenced operations of Dorsett Regency Hong Kong (209 rooms), which achieved occupancy rate ("OCC") of 90.5% for the year ended 31 March 2012.

Moreover, construction has been actively underway for Grand Dorsett Chengdu (556 rooms) and Dorsett Regency Singapore (285 rooms). For Dorsett Regency Tsuen Wan (548 rooms), superstructure works have been completed and fitting out works commenced in April 2012. Importantly, Dorsett Regency Kwun Tong (361 rooms) is now scheduled to operate in July 2012.

As disclosed in the announcement and circular of the Company dated 11 October 2011 and 14 October 2011 respectively published by the Company, in October 2011, Subang Jaya Hotel Development Sdn Bhd ("Subang Jaya"), a wholly-owned subsidiary of the Company, entered into an agreement with Mayland Valiant Sdn Bhd ("Mayland Valiant") to jointly develop certain portion of the land plot where the Group's Grand Dorsett Subang Hotel is situated at. Mayland Valiant is wholly-owned by Malaysia Land Properties Sdn Bhd, which in turn is wholly-owned by Prestige Aspect Sdn Bhd, the majority equity interest of which is owned by Tan Sri Dato' CHIU, David who is a Non Exec-Director and the Chairman of the Board. Subang Jaya, as owner of the land, provides the land and Mayland Valiant is responsible for the development activities and the subsequent sales of the 1,989 units. Subang Jaya will be entitled to 50% of the profit or loss from the development. As of 11 June 2012, Mayland Valiant has received booking deposits for approximately 1,250 units, of which the eventual sale will contribute approximately RM500 million in aggregate revenue on completion of the units which is expected to be in 2015.

Management Discussion and Analysis

Review of Consolidated Statement of Comprehensive Income

(a) Revenue

The Group generates revenue primarily from operating income 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).

Revenue grew by HK$229.0 million (or 26.4%) to HK$1,096.1 million for the Year (2011: HK$867.1 million) primarily driven by continued revenue growth in Hong Kong.

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

	2012		2011		Change
	HK$'000	**% of Total**	HK$'000	% of Total	%
Hong Kong					
Room revenue	**656,512**		474,611		
Food and beverage revenue	**14,853**		16,670		
Leasing revenue	**12,627**		10,119		
Other revenue	**23,874**		15,673		
Total	**707,866**	**64.6%**	517,073	59.6%	36.9%
Malaysia					
Room revenue	**172,560**		151,838		
Food and beverage revenue	**104,484**		95,695		
Leasing revenue	**4,155**		3,976		
Other revenue	**12,963**		14,814		
Total	**294,162**	**26.8%**	266,323	30.7%	10.5%
PRC					
Room revenue	**51,498**		47,982		
Food and beverage revenue	**12,553**		6,768		
Leasing revenue	**28,089**		27,472		
Other revenue	**1,929**		1,482		
Total	**94,069**	**8.6%**	83,704	9.7%	12.4%
Group Total					
Room revenue	**880,570**	**80.4%**	674,431	77.8%	
Food and beverage revenue	**131,890**	**12.0%**	119,133	13.7%	
Leasing revenue	**44,871**	**4.1%**	41,567	4.8%	
Other revenue	**38,766**	**3.5%**	31,969	3.7%	
Total	**1,096,097**	**100.0%**	867,100	100.0%	26.4%

While Hong Kong's already high OCC edged up by 4.5% points to record breaking 96.0% for the Year, our eight owned hotels continued to benefit from the excessive demand for room nights resulting in 18.9% year-on-year growth in average room rate ("ARR"). The number of available rooms under operations has grown to 3,901, up 1.7% from last year. The increase was due to the commencement of operations of Dorsett Regency Hong Kong (209 rooms) in June 2011, which accounted for HK$47.1 million, and the first-time full year contribution from Cosmo Hotel Mongkok during the Year, which led to a year-on-year increase of HK$50.2 million. The Group's revenue was also contributed by hotel management income from two managed hotels, namely The Mercer and Central Park Hotel. Total revenue from Hong Kong has grown by 36.9% during the Year as a result.

In Mainland China, strong pick-up in business by Dorsett Regency Wuhan after its completion of renovation work in September 2011 augmented the already recovering Yue Shanghai resulting in moderate growth of 2.5% on RevPAR for the full year. With lower rates contributed by Dorsett Regency Wuhan bringing down the yearly ARR by 10.4%, the healthy increase in business volume boosted OCC for the region by 6.9% points.

In Malaysia, our five hotels have exhibited moderate growth in both ARR and OCC contributing to the overall RevPAR growth of 10.8% for the year concerned. In particular, three out of the five Malaysia hotels (2011: one) achieved over 80% OCC for the year.

The breakdown of the room revenue is as follows:

	2012	2011	Change
Owned			
Hong Kong			
Available Room Nights	**705,512**	637,457	10.7%
Occupied Room Nights	**677,103**	583,287	16.1%
Occupancy rate	**96.0%**	91.5%	4.5pp[(1)]
Average room rate (HK$)	**969**	815	18.9%
RevPAR (HK$)	**930**	746	24.7%
Malaysia			
Available Room Nights	**468,759**	448,950	4.4%
Occupied Room Nights	**349,523**	326,327	7.1%
Occupancy rate	**74.6%**	72.7%	1.9pp[(1)]
Average room rate (HK$)	**494**	457	8.1%
RevPAR (HK$)	**368**	332	10.8%
PRC			
Available Room Nights	**192,500**	173,020	11.3%
Occupied Room Nights	**103,714**	81,244	27.7%
Occupancy rate	**53.9%**	47.0%	6.9pp[(1)]
Average room rate (HK$)	**541**	604	(10.4%)
RevPAR (HK$)	**291**	284	2.5%
Managed			
Hong Kong			
Available Room Nights	**37,454**	–	n/m[(2)]
Occupied Room Nights	**29,854**	–	n/m[(2)]
Occupancy rate	**79.7%**	–	n/m[(2)]
Average room rate (HK$)	**1,534**	–	n/m[(2)]
RevPAR (HK$)	**1,223**	–	n/m[(2)]
Group Total			
Available Room Nights	**1,404,225**	1,259,427	11.5%
Occupied Room Nights	**1,160,194**	990,858	17.1%
Occupancy rate	**82.6%**	78.7%	3.9pp[(1)]
Average room rate (HK$)	**802**	680	17.9%
RevPAR (HK$)	**663**	535	23.9%

Note:

(1) pp – percentage points

(2) n/m – not meaningful

Management Discussion and Analysis

(b) Operating costs

Operating costs mainly relate to staff costs for hotel operations, room costs (which include amenities, laundry costs and travel agent commissions), food and beverage costs for self-owned restaurants in the Group's hotels, utilities and others.

Operating costs increased by HK$30.2 million, or 10.2%, to HK$326.8 million for the Year (2011: HK$296.6 million), of which the increase is in line with the increase in number of occupied room nights.

(c) Depreciation and amortisation

Depreciation and amortisation reflect depreciation expenses of the cost of the Group's property, plant and equipment and amortisation of prepaid lease payments.

Depreciation and amortisation rose by HK$20.4 million or 20.8% to HK$118.5 million for the Year (2011: HK$98.2 million) primarily due to the increase in capital expenditure incurred for the refurbishment and other capital improvement as compared with last year in view of the full year operation of Cosmo Hotel Mongkok and the completion of Dorsett Regency Hong Kong in June 2011.

(d) Gross profit

Gross profit for the Year was up 37.8% to HK$650.7 million (2011: HK$472.3 million) and gross profit margin improved to 59.4% (2011: 54.5%), primarily driven by the strong revenue growth in Hong Kong and moderate improvement in operating margins.

The breakdown of gross profit margin is as follows:

	2012 Gross profit margin	2011 Gross profit margin	Change
Hong Kong	**67%**	63%	4pp[(1)]
Malaysia	**54%**	41%	13pp[(1)]
PRC	**25%**	25%	–
Group	**59%**	55%	4pp[(1)]

Note:

(1) pp – percentage points

(e) Administrative expenses

Administrative expenses refer to selling and distribution expenses, staff costs for management, selling and administrative personnel, repair and maintenance costs, insurance and government rent and rates.

Administrative expenses increased by HK$55.1 million from the last financial year. During the Year, the Company has had a net increase of 202 employees due to the opening of Dorsett Regency Hong Kong in June 2011 and in anticipation of opening of Dorsett Regency Kwun Tung and Grand Dorsett Chengdu in the second half of calender 2012. Average staff cost per person also increased by 3.4% during the Year. In addition, the Company recorded HK$9.2 million as legal and professional fees while the fees were mostly capitalized in the last financial year wherein the listing of the Company took place.

(f) Pre-opening expenses

Pre-opening expenses consist of staff costs and other miscellaneous expenses incurred prior to the commencement of operation of hotels.

Pre-opening expenses of HK$8.7 million were recorded during the Year, as opposed to HK$1.4 million last year. The increase was mainly owing to the significant first-time staff cost incurred before Dorsett Regency Hong Kong commenced operations in June 2011 and that incurred from September 2011 to March 2012 in anticipation of the opening of Dorsett Regency Kwun Tong in the second half of calendar 2012.

(g) Gain on disposal

During the last financial year ended 31 March 2011, the Group disposed of a subsidiary (which owns The Mercer) resulting in gain on disposal of a subsidiary of HK$81.4 million. The Group in November 2011 disposed of Central Park Hotel resulting in gain of HK$380.3 million. The Group recorded year-on-year net increase of HK$298.9 million from disposal gain.

These disposals are consistent with the Group's strategy to recycle its capital by disposing assets of smaller size and reinvesting into bigger properties with higher efficiency.

(h) Finance costs

During the Year, total finance costs increased by HK$2.3 million as the Group ceased to capitalize interest expenses from Dorsett Regency Hong Kong after the commencement of operations in June 2011. Effective cost of borrowing during the Year increased from 3.0% to 3.3% reflecting the gradually rising cost of new borrowing.

(i) Income tax expense

Income tax expense increased by HK$41.0 million, mainly owing to the increase in Hong Kong by HK$32.8 million and in Malaysia by HK$8.3 million. The increase in chargeable income in Hong Kong was mainly attributable to the increase in operating profit and the reversal of capital allowance as balancing charge on the disposal of Central Park Hotel. The income tax expense of Malaysia also increased with decreased extent of utilisation of tax losses for the Year.

(j) Adjusted EBITDA

Management of the Group believes that using Adjusted EBITDA as a metric can enhance an understanding of the Group's financial performance from operations and allows comparison of the performance with those of the competitors.

The Adjusted EBITDA margin on the operating earnings stood at 46.5% for the Year, up 4.7% points from last year.

Management Discussion and Analysis

The following table sets forth the reconciliation of Adjusted EBITDA from profit before taxation:

	2012 **HK$'000**	2011 HK$'000	Change
Profit before taxation	**673,367**	235,724	185.7%
Interest income	**(1,652)**	(1,725)	(4.2%)
Finance costs	**90,703**	88,430	2.6%
Depreciation and amortisation	**118,545**	98,166	20.8%
EBITDA	**880,963**	420,595	109.5%
Pre-opening expenses	**8,651**	1,403	516.6%
Change in fair value of investment properties	**(1,818)**	(2,612)	(30.4%)
Change in fair value of derivative financial instruments	**1,911**	1,949	(1.9%)
Other non-recurring items [1]	**(380,288)**	(58,879)	545.9%
Adjusted EBITDA	**509,419**	362,456	40.5%
Adjusted EBITDA margin[2]	**46.5%**	41.8%	4.7pp[3]

Notes:

(1) Other non-recurring items consist of listing expenses and gain from the disposal of the Group's interest in the hotel "The Mercer" in 2011 and gain from disposal of Central Park Hotel in 2012.

(2) Adjusted EBITDA margin = Adjusted EBITDA/revenue

(3) pp – percentage points

(k) 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$605.2 million (2011: HK$207.7 million), an increase of 191.3%.

	2012 **HK$'000**	2011 HK$'000	Change
Profit for the year	**605,092**	208,404	190.3%
Adjusted for:			
Change in fair value of derivative financial instruments	**1,911**	1,949	(1.9%)
Change in fair value of investment properties	**(1,818)**	(2,612)	(30.4%)
Distributable profit	**605,185**	207,741	191.3%

Financial Resources and Liquidity

At 31 March 2012, the Group's total debt was HK$3,627.4 million (2011: HK$3,561.7 million) and comprised short-term and long-term loans from commercial banks. The net debt to equity after revaluation surplus was 24.6% (2011: 30.0%) and was represented by net debt of HK$2,752.8 million (2011: HK$2,664.7 million) against total equity plus revaluation surplus amounting to HK$11,169.7 million (2011: HK$8,875.5 million).

The overall borrowings and charges on the Group are analysed as follows:

	2012 HK$'000	2011 HK$'000
Bank loans	**3,646,443**	3,588,243
Less: front-end fee	**(19,062)**	(26,573)
	3,627,381	3,561,670

The loans are repayable:

On demand or within one year	**659,199**	464,136
More than one year but not exceeding two years	**2,144,271**	253,356
More than two years but not exceeding five years	**619,481**	2,620,867
More than five years	**223,492**	249,884
	3,646,443	3,588,243

The Group's borrowings are secured over certain of the Group's properties. The Group's bank loans carry interest at floating rates, with a range of effective interest rates of 1.31% to 8.81% per annum (2011: 0.93% to 7.92% per annum).

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 the bank borrowings outstanding at the end of the reporting period. These derivative financial instruments are not accounted for under hedge accounting. The Group recorded a decrease in fair value of derivative financial instruments of HK$1.9 million for the year (2011: HK$1.9 million).

The non-current secured bank borrowings primarily reflect a syndicated loan for the amount of HK$1.7 billion and is repayable in full on maturity in September 2013. The key financial ratio requirement the Group is required to meet for the syndicated loan is the loan-to-value ratio threshold of 47.0% on the charged properties. Based on the property valuation as of 31 March 2012, the corresponding loan-to-value ratio of the said properties was approximately 31.1% as at the end of the financial year, representing a buffer of approximately 15.9% points.

Capital Expenditure

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

For the Year, the Group's capital expenditures amounted to HK$744.8 million, an increase of HK$412.7 million, or 124.3% (2011: HK$332.1 million). These capital expenditures were funded by bank borrowings and internal resources. The increase in capital expenditure was mainly attributable to the acquisition of Dorsett Regency London during the Year. In addition, more capital expenditures were also incurred for Grand Dorsett Chengdu and Dorsett Regency Tsuen Wan as compared with last year.

As the Group continues to expend on the planned construction work and to seek new acquisitions, the Group plans to incur approximately HK$720 million in capital expenditures in the financial year 2013. The management expects to fund the planned capital expenditures by bank borrowings and internal resources.

Management Discussion and Analysis

Capital Commitments

The following table summarises the Group's capital commitments as at 31 March 2012 and 2011:

	2012 **HK$'000**	2011 HK$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and acquisition of other property, plant and equipment:		
– contracted but not provided in the financial statements	**585,760**	595,557
– authorised but not contracted for	**319,593**	28,177

Contingent Liabilities

During the year ended 31 March 2010, a subsidiary of the Company initiated a lawsuit against a contractor for the unsatisfactory performance in relation to the construction of a hotel for an amount of HK$14,356,000. In response to the claims, the contractor has filed counterclaims against the subsidiary for an amount of HK$25,841,000. The trial will commence on 30 July 2012. In the opinion of the directors, there is a fair chance of winning the lawsuit after consulting with our attorneys. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

Human Resources

As at 31 March 2012, the Group had 2,039 employees representing a low staff-to-room ratio of approximately 0.46 (2011: 0.52). Total employee cost for the Year was HK$261.8 million (2011: HK$228.4 million), which represents 23.9% of the Group's total revenue (2011: 26.3%). 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, performance related annual bonus.

Some of the 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$4.9 million is charged as share option expense for the Year.

Properties

As at 31 March 2012, the Group owned 23 hotels in operation and under development across the world: 11 in Hong Kong, 5 in the PRC, 5 in Malaysia, 1 in Singapore and 1 in the United Kingdom.

For the purpose of financial statement presentation, the management has selected the cost model instead of revaluation model under the HKFRS 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.

Together with the residential complex of Dorsett Regency Singapore, which is classified as "Properties for Sale" in the Statement of Financial Position stated at the lower of cost and net realizable value under the HKFRS, our property portfolio and investment properties were carried at HK$6,268.0 million (2011: HK$5,715.9 million) in the consolidated financial statements.

While the fair value increase has not been recognised in the financial statements, in order to provide users of the financial statements about the fair value of the Group's net assets, the management has commissioned independent property valuers to perform a valuation on the Group's properties. In this regard, the Group's property portfolio was valued at HK$14,017.9 million (2011: HK$11,694.7 million), representing a hotel revaluation surplus of HK$7,749.9 million as at 31 March 2012 (2011: HK$5,978.8 million), or an increase of 29.6% in hotel revaluation surplus as compared with last year.

Hotels in Operation

As at the end of the Year, the Group was operating 15 hotels representing 3,901 rooms across Hong Kong, Malaysia and the mainland PRC:

Company Owned Hotel Properties	Location	Total rooms	Commencement
Dorsett			
Cosmopolitan Hotel Hong Kong	Hong Kong	454*1	January 2005
Cosmo Hotel Mongkok	Hong Kong	285*2	July 2010
Dorsett Regency Hong Kong	Hong Kong	209	June 2011
Dorsett Regency Kuala Lumpur	Malaysia	320	April 1998
Grand Dorsett Subang	Malaysia	478#	February 2007
Grand Dorsett Labuan	Malaysia	178	September 2007
Dorsett Regency Wuhan	PRC	329	June 2008
Yue Shanghai Hotel	PRC	264*3	February 2010
Boutique			
Cosmo Hotel Hong Kong	Hong Kong	142	October 2005
Lan Kwai Fong Hotel @ Kau U Fong	Hong Kong	162	March 2006
Silka			
Silka Seaview	Hong Kong	268	January 2001
Silka West Kowloon	Hong Kong	141	May 2005
Silka Far East	Hong Kong	240	October 2006
Silka Maytower Hotel & Serviced Residences	Malaysia	179	October 2008
Silka Johor Bahru	Malaysia	252	October 2008
		3,901	

\# On the assumption that the proposed 125 additional rooms located on 13/F to 17/F of Grand Dorsett Subang are fully completed.

*1 To be re-branded as Dorsett Regency Causeway Bay

*2 To be re-branded as Dorsett Regency Mongkok

*3 To be re-branded as Dorsett Regency Shanghai

Management Discussion and Analysis

Hotels Under Development

The eight owned hotels that are under development are largely progressing as planned as follows:

Company Owned Hotels Under Development	Location	Total rooms	Expected Commencement
Dorsett			
Dorsett Regency Kwun Tong	Hong Kong	361	July 2012
Dorsett Regency Tsuen Wan	Hong Kong	548	September 2013
Grand Dorsett Chengdu	PRC	556	July 2012
Grand Dorsett Zhuji[#]	PRC	200	April 2013
Dorsett Regency Zhongshan	PRC	416	December 2013
Dorsett Regency Singapore	Singapore	285	December 2012
Dorsett Regency London	United Kingdom	322	January 2014
Silka			
Silka Tsuen Wan	Hong Kong	420	August 2014
		3,108	

[#] The group owns 25% interest of the hotel

While the Group is still in the process of obtaining the title certificates for Dorsett Regency Zhongshan, 中山市人民政府西區辦事處 has formed a committee for assisting the reinstatement and refurbishment work of the distressed property. Based on the existing progress, the management believes that the likelihood of non-completion of the agreement is low and expects the acquisition to be completed within the calendar year of 2012.

Event After Reporting Period

As disclosed in the announcement of the Company dated 25 May 2012, the Group entered into an agreement with an independent third party for the disposal at an aggregate consideration of approximately HK$800.0 million of the Group's entire equity interest in Hong Kong (SAR) Hotel Limited ("HKSAR Hotel"), together with the shareholder's loan advanced by the Group to HKSAR Hotel. HKSAR Hotel is the owner and operator of Dorsett Regency Hong Kong. The Group is expected to record a gain from the disposal of approximately HK$450.0 million upon completion.

The disposal is subject to the approval of the respective shareholders of the Company and FECIL. Pursuant to Rule 14.44 of the Listing Rules, written approval in lieu of approval by shareholders at a shareholders' meeting of the Company has been obtained from Ample Bonus Limited, which directly owns 73.1% of the issued share capital of the Company and is a wholly-owned subsidiary of FECIL. A circular containing relevant details of the disposal will be despatched to the shareholders of the Company in due course as required under the Listing Rules.

Dividend

The Board recommends the payment of a final dividend (the "Final Dividend") of HK10 cents per ordinary share for the Year which, together with the interim dividend of HK 2 cents per ordinary share already paid, represents a dividend payout ratio for the whole year of approximately 39.7% based on the Company's distributable profit. The total amount of the Final Dividend, based on the current number of issued ordinary shares of the Company, will therefore be approximately HK$200 million.

The payment of the Final Dividend is subject to the approval of the shareholders at the forthcoming annual general meeting (the "Annual General Meeting") of the Company to be held on 31 August 2012. Notice of the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required under the Listing Rules in due course.

Use of Proceeds

As at 31 March 2012, 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 to the purposes stated in the prospectus dated 28 September 2010 issued by the Company, including:

Use of IPO proceeds

		Allocated HK$'000	**Utilised** HK$'000	**Balance** HK$'000
1)	Approximately 80% will be used for continue expansion of the Group's hotel portfolio	443,868	443,868	–
2)	Approximately 20% will be used for expansion into hotel management business, which will incorporate rebranding initiative	110,967	1,986	108,981
Total		554,835	445,854	108,981

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

Vision and Core Values

Vision

"Kosmopolito Hotels International will be a Global Hotel Company in the Value and Midscale Segment bringing Asian Inspired Hospitality to the World."

Core Values

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

- **Inspiration** (Knowledge & Care)
  We consistently create an inspirational work environment that is intellectually stimulating and emotionally engaging

- **Innovation** (Innovate & Passion)
  We embrace and encourage new ideas and will go beyond expectations to be the best in class

- **Integrity** (Respect, Empathy & Accountability)
  We are accountable to our internal and external stakeholders for the highest standards of behaviour, honesty and fairness in all aspects of our work

- **Initiative** (Empowerment & Openness)
  We empower and equip our employees to excel, while encouraging flexibility and increased efficiency through open communication

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

Our Business Strategy

Branding

The management sees that our current brand architecture looks unclear and at times somewhat diffused. This leaves room for fine tuning and realignment. Recently, we made several high level changes to the overall brand architecture. To ensure a long lasting impact, we engaged the services of a highly experienced Hong Kong based branding agency to develop a strong, meaningful and impactful corporate identity throughout all layers of our brand architecture.

New Brand Architecture

Dorsett Hospitality International

Dorsett Hotels & Resorts

- Grand Dorsett Chengdu
- Grand Dorsett Zhuji
- Grand Dorsett Labuan
- Grand Dorsett Subang
- Dorsett Regency Causeway Bay *
- Dorsett Regency Hong Kong
- Dorsett Regency Kwun Tong
- Dorsett Regency Mongkok **
- Dorsett Regency Tsuen Wan
- Dorsett Regency Shanghai ***
- Dorsett Regency Wuhan
- Dorsett Regency Zhongshan
- Dorsett Regency Kuala Lumpur
- Dorsett Regency Singapore
- Dorsett Regency London

Silka Hotels

- Silka Far East
- Silka Seaview
- Silka Tsuen Wan
- Silka West Kowloon
- Silka Johor Bahru
- Silka Maytower Hotel & Serviced Residences

A Collection of Boutique Hotels (brand name to be determined)

- Cosmo Hotel Hong Kong
- Lan Kwai Fong Hotel@Kau U Fong
- The Mercer

* Former Cosmopolitan Hotel
** Former Cosmo Hotel Mongkok
*** Former Yue Shanghai Hotel

To summarise, the corporate name 'Kosmopolito Hotels International' is to be replaced with the overall brand umbrella name of '**Dorsett Hospitality International**'. This name will give the respective sub-brands more power and transparency – not only to the end consumer, but also to the investment community and, more importantly, to all current and future associates within the organisation.

Our Business Strategy

Regarding the properties, there will be three brands in the portfolio:

- Dorsett Hotels and Resorts
- Silka Hotels
- A Collection of Boutique Hotels (brand name to be determined)

We will continue to have Grand Dorsett and Dorsett Regency hotels whereby the core differentiator between the two is primarily large or 'Grand' meeting facilities and a more classic or creative design elements for Dorsett Regency properties. Bringing both types under one brand cover will also strengthen the possibilities to cross sell between the two products.

The new branding will accord us with greater business leverage and the ability to grow further organically, as well as further supporting our portfolio expansion by signing up future management agreements with the simpler and more transparent brand.

Channel Shift

It is our goal to drive more business through our direct channel of distribution, in particular to encourage consumers to book through our hotel website instead of other booking channels, such as online travel agents, traditional travel agents.

We are implementing various strategies to influence consumer behaviour to book directly with us by implementing online marketing initiatives which will also create more brand awareness.

Central Reservation System Platform

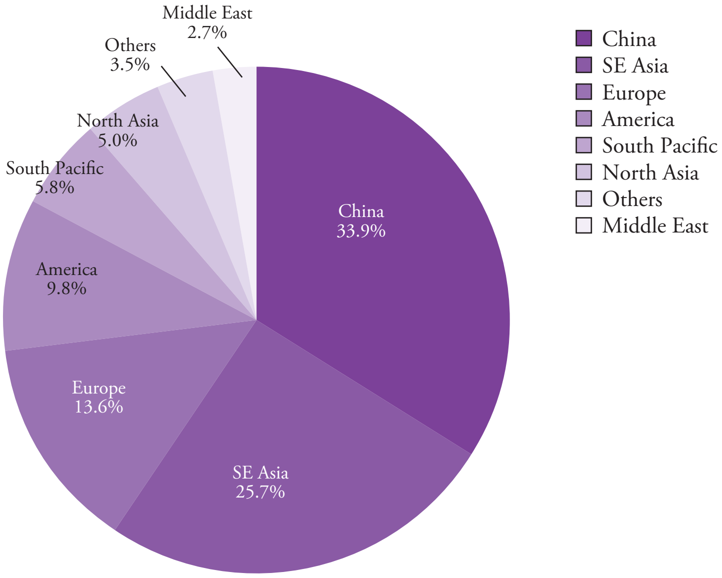
One of the major impediments to our operation is the current reservation system, which is characterised by inadequate functionality in revenue management. In addition, the current website design is unable to maximise reservation traffic, which in turn affects the overall cost of acquiring bookings.

The Group recently selected Sabre Hospitality Solutions to provide a central reservation system (CRS) that permits greater control of our room inventory and more efficient distribution of rooms so as to maximise our sales through one access – one login – one consolidated view.

China continues to be the fastest growing feeder market

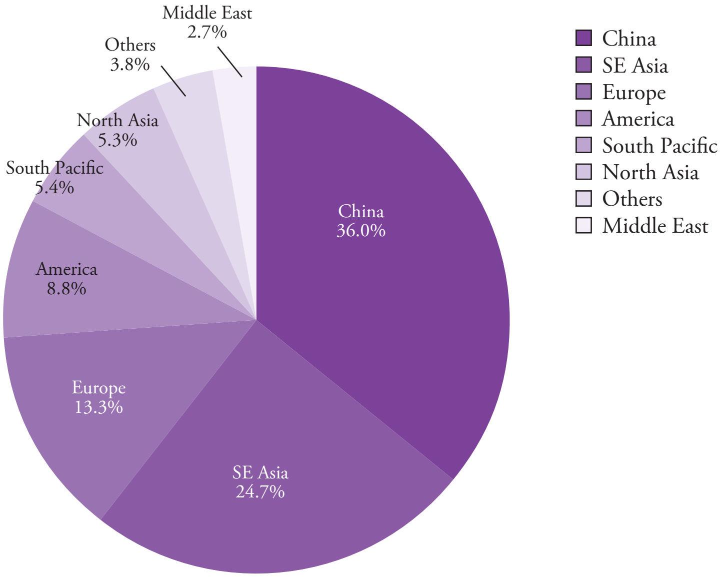
With all these marketing initiatives, the management believes our business is well poised to capitalise on the continual growth in China outbound traffic to the markets in which we operate.

Room Revenue – By Countries 2011



* Data is exclusive of Dorsett Regency Hong Kong and The Mercer as both hotels were not fully operational in 2011.

Room Revenue – By Countries 2012



Our Business Strategy

Outlook

The global economic conditions are expected to become more challenging in the coming year in view of the European economic crisis and the expected slowdown of economic growth in China. According to the latest Pacific Asia Travel Association's (PATA) forecasts, it is projected that there will be additional 8.7 million arrivals from Europe to Pacific Asia by 2013, increasing from 34.5 million in 2009 to over 43 million arrivals. Overall, arrivals growth in the Asia Pacific region is expected to be close to double that of the world average.

As over 60% of the Group's customers are from Asia, we are in a relatively good position to capture this continually growing Asia travel market. The Group will continue with its "Chinese Wallet" strategy driving further growth. With the newly acquired Silka Tsuen Wan (420 rooms) and Dorsett Regency London (322 rooms), the Group is scheduled to grow its hotel room numbers from 3,901 to exceed 7,000 in the upcoming years. The expansion of its portfolio of operating hotels is expected to generate significantly larger cash flow stream for the Group. In addition, the sale of HKSAR Hotel (the owner of Dorsett Regency Hong Kong), will bring in a gain of approximately HK$450 million. The Group's profitability will be further enhanced as the 68 hotel residence units in the Dorsett Regency Singapore project are delivered upon expected completion in 2012. Longer term, the joint venture project of Subang Jaya to develop 1,989 residential units is expected to generate approximately RM500 million in aggregate revenue on completion of units starting from 2015. The Group will be entitled to 50% of the profit and loss from the development.

The Group believes that with the investment it has made in the past several years, it has laid a strong foundation for growth and will continue the growth strategy through development, acquisition and management contracts.

Corporate Social Responsibility

Corporate Social Responsibility is embodied as one of Kosmopolito Hotels International's (KHI) operating cultures. We are committed to conducting business operations in a manner that is both environmentally and socially responsible.

Spearheaded by the Group's corporate human capital development, KHI formed an in-house team that dedicates their time and effort to work closely with non-government organisations (NGO) in various significant social activities involving people, charity and community as well as the environment.

Corporate Governance

We are committed towards upholding the highest international standards of corporate governance and corporate ethics through practice of accountability and transparency in the way we manage and operate our business.

People

At KHI, we care for our people and uphold fair employment practices. We offer a safe and healthy working environment, and provide comprehensive training as well as skill enhancement support for our people.

As education and training play an integral part in the development of our future talent and knowledge sharing, the Group has and will continue to contribute scholarships, financial assistance and participate in vocational training and career development talks to ensure that our next generation are more knowledgeable, industry-ready and competent.

In February 2012, Anita Chan (General Manager of Cosmopolitan Hotel Hong Kong; Cosmo Hotel Hong Kong and Cosmo Hotel Mongkok) was invited as a guest lecturer by Hong Kong Institute of Vocational Education to deliver a topic on 'Green Hotel and Boutique Hotel' to 100 final year students pursuing High Diploma in International Hospitality Management.

As part of our responsibility towards cultivating the younger generation and to create the awareness of job opportunities available in the hospitality sector, the Group participated in the Career Expo organised by Hong Kong Institute of Vocational Education in April 2012 which attracted more than 2,000 graduating students and; in June 2012, participated in the Hong Kong United Youth Associates Career Expo which attracted more than 3,000 fresh university graduates.

In February 2012, the Group was awarded the coveted 'Caring Company' award by the Hong Kong Council of Social Service in recognition of the Group's commitment in caring for the community, employees and the environment.

In Malaysia, our hotel teams were accorded numerous awards over the past 12 months including Employer of Choice Award, and the HR Leader of the Year Award at the Malaysia HR Awards 2011.

Corporate Social Responsibility

Charity & Community

We intensely believe in supporting community charities and work closely with NGOs to support the sustainable development and learning of local communities in the regions we operate.

The Group has and will continue to work with local institutes and in cities where we operate by raising the awareness about the variety of jobs within the hospitality industry, provide funding for schools and scholarships to deserving students to promote continuous learning.

In June 2012, Chairman Tan Sri Dato' David Chiu donated HK$1.8 million in scholarship to Ju Ching Chu Secondary School to encourage, motivate and to nurture talented students. The Group is also currently pursuing a memorandum of understanding with INTI School of Hospitality in Kuala Lumpur, Malaysia which will enable the Group to share its expertise in hospitality management with students aiming for a career development in hospitality field.

In December 2011, the Group presented a total of HK$150,000 worth of scholarships to students who were pursuing Higher Diploma in hotel, service and tourism studies at Hong Kong Institute of Vocational Education.

In the same month, the in-house team of volunteers visited the Duchess of Kent Children's Hospital in Hong Kong to spend quality time and to distribute Christmas gifts to children at the hospital.

In October 2011, President and Executive Director Ms Winnie Chiu, visited the National Heart Institute in Kuala Lumpur, Malaysia and presented a substantial amount which was used to fund heart treatments, especially for the children.

Environment

We embrace an environmental friendly business operating system in our daily processes to reduce our carbon footprints.

In April 2012, our hotel teams in Hong Kong took part in the Tree Planting Challenge event that encompassed a 10 kilometre jungle trek while planting tree seedlings along the way.

In March 2012, our hotels in Hong Kong and Malaysia participated in the World Wide Fund for Nature (WWF)-initiated Earth Hour project, which is focused on bringing upon an increase awareness of the environment concerns and prevailing global climate changes happening around the world.

For our commitment towards reducing carbon footprints in our operations, two of our hotels in Hong Kong, Cosmo Hotel Hong Kong and Cosmo Hotel Mongkok were certified by Green Globe for their compliance with the Green Globe standards for Sustainable Travel and Tourism. Both hotels have implemented a variety of initiatives to assume social responsibility and reduce energy and water consumption as well as waste, installed energy-efficient lighting and are redesigning amenities in guestrooms to reduce the use of disposable items.

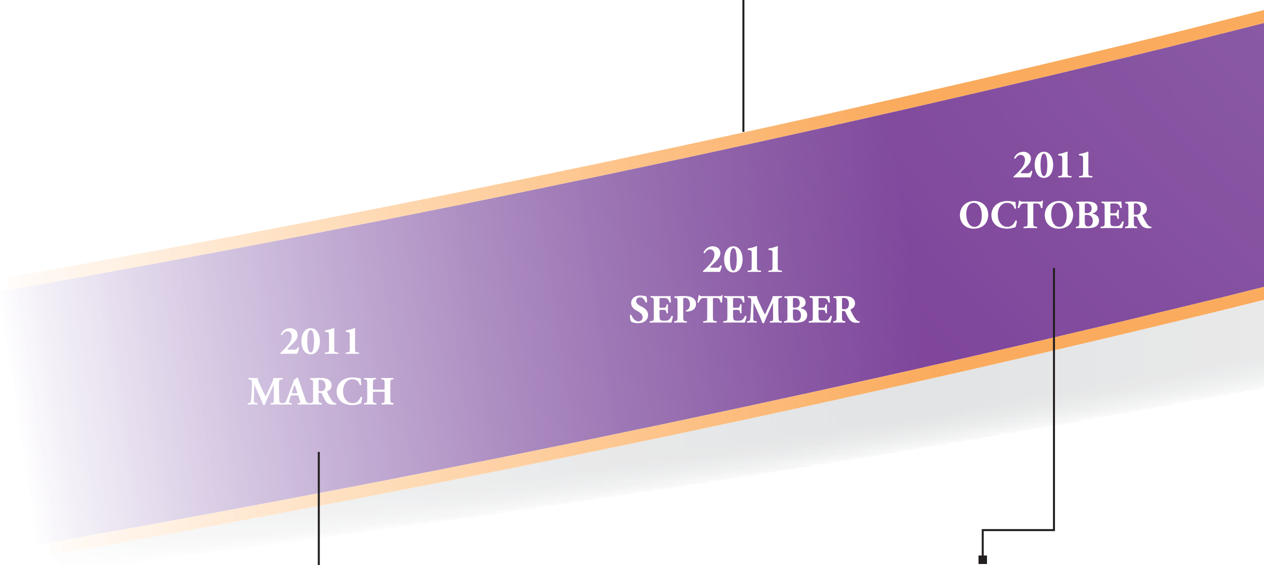
The Group will continue to create an inclusive, balanced and collaborative environment that enables our people to develop and maximise their capabilities; and to continue to play an active role in social responsibilities in the community and environment where we operate.

Our Track Record of Success

2011

12 September

- Completion of acquisition of Shepherd's Bush, London at HK$198.9 million
- The property is being converted into Dorsett Regency London with 322 rooms and expected to open in 2014



2011

11 October

- Joint-venture project of Subang Jaya, Malaysia to develop 1,989 apartment units and expected to open in 2015

2011

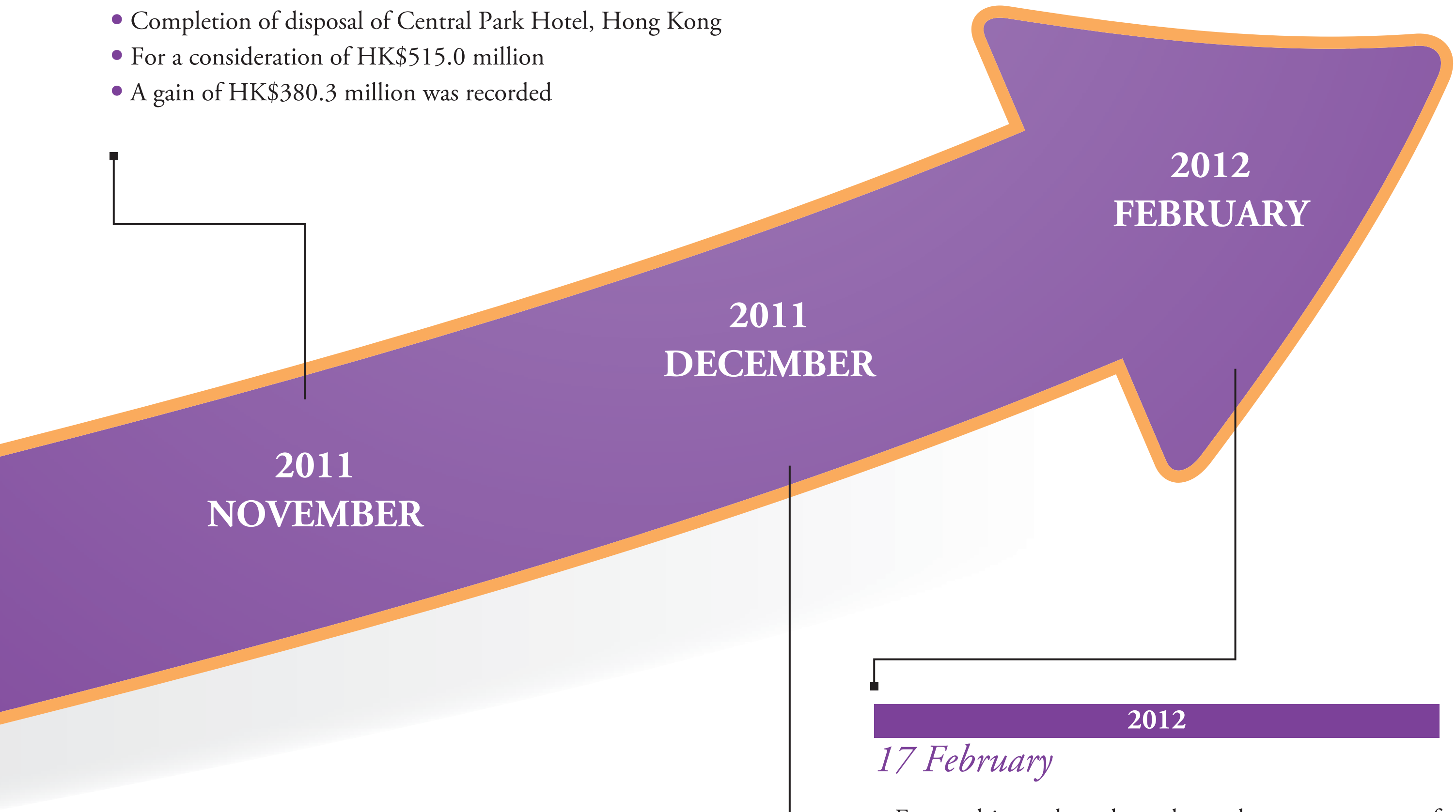
31 March

- Completion of disposal of The Mercer, Hong Kong
- For a consideration of HK$290 million
- A gain of HK$81.4 million was recorded

2011

30 November

- Completion of disposal of Central Park Hotel, Hong Kong
- For a consideration of HK$515.0 million
- A gain of HK$380.3 million was recorded



2011

21 December

- Joint-venture project of developing Grand Dorsett Zhuji with 200 rooms and expected to open in 2013

2012

17 February

- Entered into the sale and purchase agreement of "Big Orange"
- Completion of acquisition on 17 April 2012
- The property will be converted into Silka Tsuen Wan (420 rooms) and expected to open in 2014

SUBSEQUENT TO THE YEAR END

25 May 2012

- Entered into the sale and purchase agreement of Dorsett Regency Hong Kong
- For a consideration of approximately HK$800 million
- A gain of approximately HK$450 million

Our Hotel Portfolio

Hong Kong

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

Situated at Hong Kong's prime business area, Cosmo Hotel Hong Kong is a smoke-free boutique hotel packed with cool, hip design features. It is renowned for its vibrant use of colour and contemporary design as well as the hotel's sleek interior includes imaginative colour-coded rooms with a wealth of up-to-the-minute amenities.

*Number of Rooms 142 *
Commencement 2005

Cosmo Hotel Mongkok
88 Tai Kok Tsui Road, Tai Kok Tsui, Kowloon

Situated at the heartbeat of the effervescent Kowloon Peninsula, the contemporary and youthful Cosmo Hotel Mongkok is a boutique hotel in Kowloon that has become the chosen destination for discerning travellers. The Hotel has a selection of refreshing, brightly lit rooms and suites all presented with modish décor and functional design making them most well-appointed for any kind of stay.

*Number of Rooms 285 *
*Commencement 2010 *
Will be rebranded to Dorsett Regency Mongkok

Hong Kong

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

Epitomising a high standard of comfort and personalised service, the hotel was formerly the landmark building that housed Xin Hua News Agency. With a unique location close to the commercial district in Wan Chai and the shopping attractions in Causeway Bay, this midscale hotel is ideal for both business and leisure travellers. Most of the guest rooms have views of the Happy Valley racecourse or the skyline of Causeway Bay.

Number of Rooms 454 \ Commencement 2005 \ Will be rebranded to Dorsett Regency Causeway Bay

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

Situated at Kennedy Town, and overlooking the scenic views of Mount Davis, Green Island and Little Green Island. Dorsett Regency Hong Kong is a midscale business hotel provides the comfort and ease of a home away from home for travellers.

Number of Rooms 209 \ Commencement 2011

Our Hotel Portfolio

Hong Kong

Dorsett Regency Kwun Tong
84 Hung To Road, Kwun Tong, Kowloon

Situated at the heart of Kowloon East, Dorsett Regency Kwun Tong is a midscale hotel targeted at both business and leisure travellers. The Hotel offers 361 aesthetically-appealing designed guestrooms, complemented with 24-hour free Wi-Fi internet access, a range of technology-driven facilities and instantaneous services.

*Number of Rooms 361 \
Commencement 3rd Quarter of 2012*

Dorsett Regency Tsuen Wan
698 Castle Peak Road, Kwai Chung, Kowloon

Being converted from an industrial building "Toppy Tower", the Hotel will have quality restaurants, a grand ballroom, conference facilities, swimming pool and gymnasium.

*Number of Rooms 548 \
Commencement 3rd Quarter of 2013*

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 with decor, modern in style with Chinese accents. Each room's furniture, fabrics and artifacts are meticulously chosen displaying striking individuality. The Hotel is located in central business district which is minutes away from premiere dining and entertainment destinations.

Number of Rooms 162 \ Commencement 2006

Silka Far East
135-143 Castle Peak Road, Tsuen Wan, Kowloon

Silka Far East is a value hotel located in Tsuen Wan, a bustling bay in Hong Kong. It is just steps away from Tsuen Wan MTR station, providing easy access to and from the commercial hubs of Central and Tsim Sha Tsui. Each guest room is tastefully designed and well-equipped to offer guests a superior experience at the best value for money.

Number of Rooms 240 \ Commencement 2006 \ Rebranded 2011

Our Hotel Portfolio

Hong Kong

Silka Seaview
268 Shanghai Street, Yau Ma Tei, Kowloon

Silka Seaview is situated at Yau Ma Tei, just a footstep away from Yau Ma Tei MTR station and right next to the Temple Street Market and Jade Market. This prime location provides unrivalled access to the busy commercial and entertainment life of Hong Kong.

*Number of Rooms 268 \
Commencement 2001 \
Rebranded 2011*

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

Silka West Kowloon is a modern value hotel situated in Tai Kok Tsui, a booming new city in Kowloon. The Hotel aims to provide guests with superior stay experiences at the best value, making it a perfect place to stay for business and leisure travellers.

*Number of Rooms 141 \
Commencement 2005 \
Rebranded 2011*

Hong Kong

Silka Tsuen Wan

119 Wo Yi Hop Road, Kwai Chung, Kowloon

Situated at the densely populated Kwai Chung district, Silka Tsuen Wan is a value hotel with 420 guest rooms and restaurants. It is currently being developed and scheduled for completion in 2014.

Number of Rooms 420 \ Commencement 3rd Quarter of 2014

The Mercer

29 Jervois Street, Sheung Wan, Hong Kong

Situated at the very heart of Hong Kong, The Mercer is a boutique hotel located in Sheung Wan which offers premium dining, with an abundance of Michelin starred and other highly recommended restaurants. It is typified by exquisitely tasteful contemporary design; spacious and luxuriously furnished rooms providing unparalleled comfort and privacy as well as a generous workspace away from the office.

Number of Rooms 55 \ Commencement 2011

Our Hotel Portfolio

China

Dorsett Regency Wuhan
118 Jianghan Road, Hong Kong & Macao Centre, Hankou, Wuhan, Hubei, China

Situated at the heart of downtown, Dorsett Regency Wuhan is within proximity to the most famous shopping areas, diverse dining and entertainment outlets. With its contemporary decor, stylish fixtures, state-of-the-art meeting and banquet facilities as well as comprehensive recreational facilities, Dorsett Regency Wuhan succeeds in blending simplicity with elegance and offering a unique stay experience in town.

*Number of Rooms 329 *
Commencement 2008 \ Rebranded 2011

Dorsett Regency Zhongshan
107 Zhongshan Yi Road, Zhongshan, Guangdong, China

Situated at the heart of business district, Dorsett Regency Zhongshan is a midscale business hotel with 416 rooms and suites, restaurants and meeting facilities. It is currently being developed and scheduled for completion in 2013.

*Number of Rooms 416 *
Commencement 4th Quarter of 2013

China

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

Situated at the famous historical Luoma Market area of Chengdu, Grand Dorsett Chengdu is an upscale hotel provides an intimate and luxurious environment for guests with every possible modern amenity. All rooms are lavishly appointed with elegant furnishings and contemporary designs. The 900 square-metre pillar free ballroom and various meeting rooms are well-equipped with the latest technical facilities.

*Number of Rooms 556 *
Commencement 3rd Quarter of 2012

Grand Dorsett Zhuji
Wuxie Town, Zhuji, Zhejiang, China

Situated at Wuxie Town, Zhuji, Zhejiang Province, Grand Dorsett Zhuji has a range of food and beverage outlets, meeting rooms and a banquet hall.

*Number of Rooms 200 *
Commencement 2nd Quarter of 2013

Our Hotel Portfolio

China

Yue Shanghai Hotel
800 Hua Mu Road, Pudong New Area, Shanghai, China

Situated at the heart of Pudong, Yue Shanghai Hotel is adjacent to the city's oasis, Century Park. The Hotel is uniquely designed with a fusion of modernistic themes with Chinese elements and luxurious interiors. All well-appointed guestrooms are ideal for relaxing or working with its comprehensive facilities, complemented with the highest level of quality service. Over 80% of its rooms have a balcony, which offers stunning views of the city and Century Park.

Number of Rooms 264 \ Commencement 2010 \ Will be rebranded to Dorsett Regency Shanghai

Malaysia

Dorsett Regency Kuala Lumpur
172 Jalan Imbi, Kuala Lumpur, Malaysia

Situated at the heart of Kuala Lumpur's Golden Triangle, Dorsett Regency Kuala Lumpur is a great choice for business and leisure travellers. The Hotel is surrounded by the city's most popular shopping malls, entertainment centres and touristic spots. Dorsett Regency Kuala Lumpur is fully equipped with a fitness centre and an outdoor swimming pool, state-of-the-art facilities to handle business conferences, meetings, cocktail events and weddings.

Number of Rooms 320 \ Commencement 1998

Malaysia

Grand Dorsett Labuan
462 Jalan Merdeka, Labuan F.T. Malaysia

Situated at the revitalised business district of Labuan, Grand Dorsett Labuan is only minutes from the bustling town centre and the Labuan Airport. The Hotel has 178 well-appointed rooms overlooking the serene harbour or views of the city. It features three distinct food and beverage outlets. 24-hour in-room dining service is available for guests who prefer to dine within the comfort of their rooms.

Number of Rooms 178 \ Commencement 2007

Grand Dorsett Subang
Jalan SS12/1, Subang Jaya, Malaysia

Situated at the commercial hub of Subang Jaya, Grand Dorsett Subang is an upscale urban resort offers 478 tastefully furnished rooms and suites, spacious conference facilities for up to 2,000 persons and hi-tech facilities including Wi-Fi internet access. The Hotel is an ideal choice for business, conference and leisure travellers.

Number of Rooms 478 \ Commencement 2007

Our Hotel Portfolio

Malaysia

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

Silka Johor Bahru is a value hotel with 252 well-appointed rooms that are suitable for families, business and value-conscious travellers. The Hotel has a full range of food and beverage outlets, meeting rooms and a banquet hall which cater for all dining, function and event needs. Recreation facilities come in the form of full club facilities which include a sparkling free form swimming pool, well-equipped gymnasium, tennis and squash courts.

*Number of Rooms 252 \
Commencement 2008 \
Rebranded 2011*

Silka Maytower Hotel & Serviced Residences
7 Jalan Munshi Abdullah, Kuala Lumpur, Malaysia

Situated at central Kuala Lumpur, Silka Maytower Hotel & Serviced Residences is opposite to Capital Square Mall and is within walking distance to Merdeka Square, KL Tower, Central Market, Chinatown, Petronas Twin Towers, Lake Garden and Sogo. It provides ideal accommodation for those who are interested in exploring Malaysia's popular tourist attractions, history, modern and natural sights, shopping, street food, fine dining and local communities.

*Number of Rooms 179 (Plus 14 studio apartments) \
Commencement 2008 \ Rebranded 2012*

Singapore

Dorsett Regency Singapore
333 New Bridge Road, Singapore

Situated at New Bridge Road in Singapore's central business district, Dorsett Regency Singapore is only a 30-second sheltered walk to Outram Station. It is close to the two integrated resorts, with the Resort World Sentosa one station stop away and two station stops to reach the Marina Bay Sands.

*Number of Rooms 285 *
Commencement 4th Quarter of 2012

United Kingdom

Dorsett Regency London
58 Shepherd's Bush Green, Shepherd's Bush, London, United Kingdom

Situated at the heart of Shepherd's Bush, West London, Dorsett Regency London is close to Westfield Shopping Centre as well as Earls Court and Olympia Exhibition Centres. The area has an excellent transport and communications network, served by four underground stations and rail, within a 30-minute drive to Heathrow Airport.

*Number of Rooms 322 *
Commencement 1st Quarter of 2014

Awards and Accolades

2011
Kosmopolito Hotels International

"Outstanding High-Growth Company (Hotel) 2011" of Quamnet Outstanding Enterprise Awards by Quamnet.com

"Caring Company" by the Hong Kong Council of Social Service

Yue Shanghai Hotel, China

"The Most Charming Boutique Hotel 2011" by China Network of Tourism and Leisure from the China Tourism Association

The Mercer, Hong Kong

"Outstanding Enterprises – Boutique Hotel" by Hong Kong Business High Flyers Awards 2011

Cosmo Hotel Mongkok, Hong Kong

"Gold Circle Award 2011" by Agoda

Cosmo Hotel Hong Kong

Recommended as "Comfortable Hotel in Hong Kong" by Michelin Guide Hong Kong and Macau 2011

Cosmopolitan Hotel Hong Kong

"Best Partner Award 2011" by Travelocity

Recommended as "Comfortable Hotel in Hong Kong" by Michelin Guide Hong Kong and Macau 2011

Silka Far East, Hong Kong

"Gold Circle Award 2011" by Agoda

Grand Dorsett Subang, Malaysia

- "Festival Diners' Choice-Best Use of the Festival Theme Award of Excellence" and "Festival Master Chef-Chef Robin Chua" by Malaysia International Gourmet Festival

Dorsett Regency Kuala Lumpur

"Top Hotel Partner Award 2011" by Gullivers Travel Associates (GTA)

2012

Lan Kwai Fong Hotel@Kau U Fong, Hong Kong

"HotelClub Hotel Awards 2012-Hottest Spot to Discover Hong Kong Heritage" by HotelClub

Cosmo Hotel Hong Kong

Cosmo Hotel Mongkok

Cosmopolitan Hotel Hong Kong

Dorsett Regency Hong Kong

Dorsett Regency Kuala Lumpur

Dorsett Regency Wuhan

Grand Dorsett Labuan, Malaysia

The Mercer

Yue Shanghai Hotel

"2012 Certificate of Excellence" by TripAdvisor

Cosmo Hotel Hong Kong

Cosmo Hotel Mongkok

"Certified Green Hotel" by Green Globe Certification

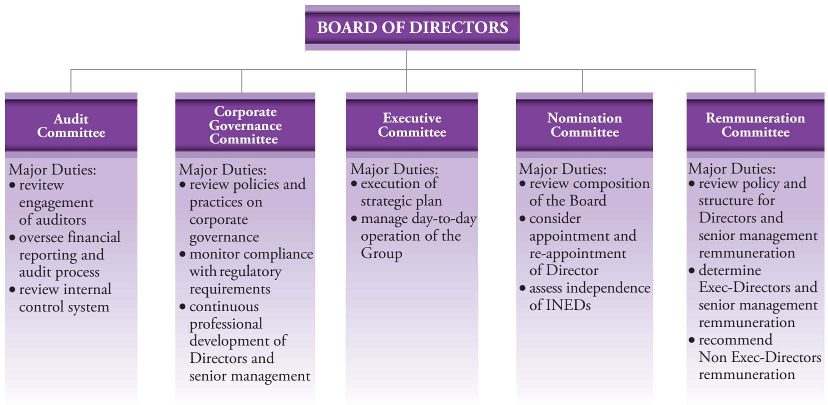
Corporate Governance Report

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, except for the deviation from code provisions A.1.1 and A.1.3 of the CG Code, the Company has complied with the code provisions and, where applicable, has applied the recommended best practices of the CG Code. The key corporate governance principles and practices of the Company as well as details of the foregoing deviations of the code provisions 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. The Board has set the parameters within which the Executive Committee conducts the business and monitors the performance of the Executive Committee. The Executive Committee comprises all the Exec-Directors who are regarded as the senior management of the Company and are collectively responsible for the daily management and operation of the Group. The following major issues of the Company are reserved for the decision of the Board:

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

In addition to the Executive Committee, the Board has also established Audit Committee, Nomination Committee, Remuneration Committee and 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

2 Exec-Directors	4 Non Exec-Directors	4 INEDs
Ms. CHIU, Wing Kwan Winnie	Tan Sri Dato' CHIU, David	Mr. SHEK, Lai Him Abraham
Mr. LAI, Wai Keung	Mr. HOONG, Cheong Thard	Mr. TO, Peter
	Mr. CHAN, Chi Hing	Dr. LIU, Ngai Wing
	Mr. MOK, Kwai Pui Bill	Mr. ANGELINI, Giovanni

The Board currently comprises ten Directors, two of whom are Exec-Directors, four are Non Exec-Directors and four are INEDs. All the Directors have profound knowledge and extensive experience in the businesses of the Group. The profile of the Directors are 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 Exec-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 Exec-Director, member of the Executive Committee and the Remuneration Committee, and the chairman of the Corporate Governance Committee. Save as disclosed, there is no other relationship among members of the Board.

The composition of the Board is reviewed from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Company and there is a strong independent element on the Board to safeguard the interests of the Shareholders. During the Year, the Board invited Mr. ANGELINI, Giovanni to join the Company as an INED. Following the appointment of Mr. ANGELINI, there are four INEDs on the Board and exceeds the minimum requirement of the Listing Rules.

During the Year, the INEDs reviewed the connected and continuing connected transactions of the Company. As disclosed in the Report of the Directors of this annual report, INEDs 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.

The Company has received from each of the four INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of them meet the independence criteria set out in Rule 3.13 of the Listing Rules.

A.3 Chairman and President

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

Major responsibilities of Chairman

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

Major responsibilities of President

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

Corporate Governance Report

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 at least once every three years. Director newly appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Newly appointed Director is given induction on the regulatory requirements and business operation of the Group.

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

A.5 Board Meetings

Pursuant to code provisions A.1.1 and A.1.3 of the CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting. During the Year, the Board held five Board meetings of which three Board meetings were regular Board meetings held at quarterly intervals. Other Board meetings were not qualified as regular Board meetings as notice of less than 14 days had been given in view of the items on the agenda of the Board meetings required prompt discussions and decisions of the Board.

The compliance with corporate governance practice of the Company is from time to time reviewed by the Board. In view of the deviation from code provisions A.1.1 and A.1.3 of the CG Code during the Year, the dates for holding of four regular Board meetings at approximately quarterly intervals during the financial year ending 31 March 2013 have been scheduled and such practice would be implemented for each of the financial year.

In the five Board meetings held during the Year, all the Directors during the period of their office were present at the meetings.

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

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

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.

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

B. Board Committees

As at 31 March 2012, the Board has established 5 Board committees, namely, the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and the Corporate Governance Committee for overseeing various aspects of the Company's affairs. All Board committees have been established with defined written terms of reference and report to the Board on their decisions or recommendations made.

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

B.1 Executive Committee

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

B.2 Audit Committee

Audit Committee currently comprises 3 members, all of them are INEDs, namely Dr. LIU, Ngai Wing, Mr. SHEK, Lai Him Abraham and Mr. TO, Peter. The chairman of the Audit Committee is Dr. LIU, Ngai Wing who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

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

Major work performed in the Year
• reviewed the annual financial statements for the year ended 31 March 2011 and the interim financial statements for the six months ended 30 September 2011, 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;
• 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 recommendation on the re-appointment of the Company's auditor at the AGM.

During the Year, two Audit Committee meetings were held and all the members of the Audit Committee were present at the meetings.

B.3 Remuneration Committee

The Remuneration Committee currently comprises 6 members, namely:

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

The chairman of the Remuneration Committee is Mr. TO, Peter. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the remuneration of the Directors and the senior management. Remuneration Committee has delegated responsibility to determine the remuneration package of individual Exec-Director and senior management. It makes recommendations to the Board on the remuneration of Non Exec-Directors. In accordance with the CG Code, no Director or any of his/her associates (as defined in the Listing Rules) should be involved in determining his/her own remuneration.

Corporate Governance Report

Major work performed in the Year
• reviewed the policy and structure for the remuneration of the Directors;
• reviewed the remuneration package of individual Exec-Director;
• approved increment in the annual salary and payment of discretionary bonus to the Exec-Directors.

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

Name of Remuneration Committee Member	Attendance/Number of Meetings Held
Mr. TO, Peter *(Chairman)*	2/2
Tan Sri Dato' CHIU, David	2/2
Ms. CHIU, Wing Kwan Winnie (Note 1)	1/1
Mr. SHEK, Lai Him Abraham	1/2
Dr. LIU, Ngai Wing	2/2
Mr. MOK, Kwai Pui Bill (Note 2)	1/1
Mr. ANGELINI, Giovanni (Note 3)	0/0

Notes:

1. Ms. CHIU, Wing Kwan Winnie was appointed member of the Remuneration Committee on 1 October 2011. She was not yet a member of the Remuneration Committee when the first Remuneration Committee meeting was held.
2. Mr. MOK, Kwai Pui Bill resigned as member of the Remuneration Committee on 1 October 2011. He ceased to be a member of the Remuneration Committee when the second Remuneration Committee meeting was held.
3. Mr. ANGELINI, Giovanni was appointed as Director and member of the Remuneration Committee on 6 March 2012. He was not yet a member of the Remuneration Committee when these meetings were held.

B.4 Nomination Committee

The Nomination Committee currently comprises five members, namely:

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

The chairman of Nomination Committee is Tan Sri Dato' CHIU, David. 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 INEDs.

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

Major work performed in the Year
• reviewed the structure and composition of the Board;
• reviewed the change of the functions of the Directors;
• made recommendation to the Board on appointment of new Director;
• made recommendation to the Board on retirement and re-election of Director;
• assessed the independence of INEDs.

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

B.5 Corporate Governance Committee

During the Year, the Board resolved the establishment of the Corporate Governance Committee and adopted its written terms of reference effective on 1 April 2012. The Corporate Governance Committee currently comprises five members, namely:

1. Ms. CHIU, Wing Kwan Winnie (Exec-Director)
2. Mr. LAI, Wai Keung (Exec-Director)
3. Mr. HOONG, Cheong Thard (Non Exec-Director)
4. Mr. CHAN, Chi Hing (Non Exec-Director)
5. Mr. MOK, Kwai Pui Bill (Non Exec-Director)

The chairman of Corporate Governance Committee is Ms. CHIU, Wing Kwan Winnie. 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.

C. Directors' and Auditor's Acknowledgement

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

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

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

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

D. Auditor's Remuneration

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

Services	Fees charged HK$'000
Deloitte Touche Tohmatsu	
Audit services (including interim review)	3,360
Non-audit services	
(a) Tax services	888
(b) Other services	95
	4,343
Other auditors (Note)	
Audit services	1,549
Non audit services	
(a) Tax services	26
(b) Other services	–
	1,575
Total	5,918

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

Corporate Governance Report

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 Executive Committee the design, implementation and ongoing assessment of such systems 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.

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

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

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

Control Environment	• Set tone of organisation influencing control consciousness of its people • Factors include integrity, ethical values, competence, authority and responsibility
Risk Assessment	• Identify and analyse of 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 communication pertinent information in a timely manner • Access to internally and externally information • Flow of information that allows for successful control actions
Monitoring	• Assess control system's performance over time • Combines ongoing and specific evaluations • Internal Audit activities

F. Internal Audit

The Internal Audit Department, reporting to the Audit Committee, plays a major role in the corporate governance of the Group. Internal Audit independently reviews the efficiency and effectiveness of the risk management activities and internal controls in the Groups 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 Executive Committee and Audit Committee covering various operational and financial units of the Group. The scope of work performed by Internal Audit includes financial and operations review, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal Audit follows up audit recommendations on implementation by the operating units and the progress is reported to the Audit Committee.

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

G. Communication with Shareholders

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

Extensive information on the Group's activities, business operation 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.kosmohotels.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@kosmopolito.com or in writing to the Company Secretary 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.

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.

Corporate Governance Report

2011 Annual General Meeting

The 2011 annual general meeting of the Company was held on 8 September 2011 to approve, among other matters, the financial statements for FY2011, payment of final dividend, re-election of Directors, granting of general mandates to Directors to allot and repurchase 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 96% of the votes were casted in favour of the resolutions. The Chairman of the Board, chairmen of the Audit Committee, Remuneration Committee and Nomination Committee and representatives from the Company's auditor were present at the meeting to answer questions from the Shareholders.

Extraordinary General Meeting held in the Year

The Company held an extraordinary general meeting on 31 October 2011 to approve the joint venture agreement dated 11 October 2011 entered into between Subang Jaya Hotel Development Sdn Bhd, a wholly owned subsidiary of the Company, and Mayland Valiant Sdn Bhd, an associate (as defined in the Listing Rules) of Tan Sri Dato' CHIU, David, in relation to the development of the land plot where the Group's Grand Dorsett Subang Hotel is situated at.

The joint venture agreement constituted connected transaction of the Company. An independent board committee, comprising all the INEDs, was formed to make recommendations to the independent Shareholders on voting of the proposed resolution. Independent financial adviser was also appointed to advise the independent board committee and independent Shareholders. At the extraordinary general meeting, all members of the independent board committee and representatives of the independent financial advisers were present at the meeting to answer questions from the Shareholders.

The proposed resolution was passed by independent Shareholders by poll with approximately 100% of the votes were casted in favour of the resolution.

2012 Annual General Meeting

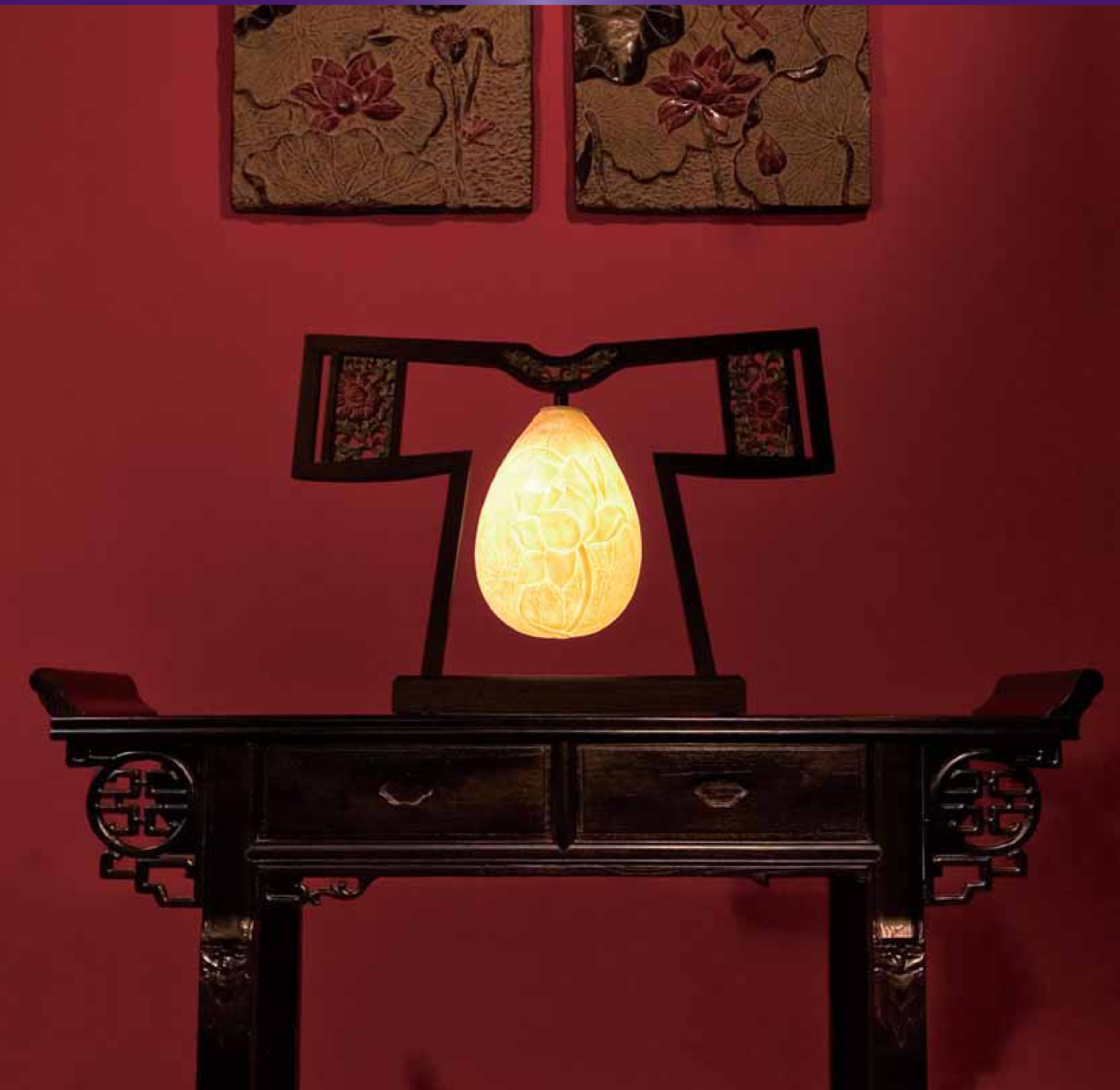
Notice of the forthcoming AGM and a circular with further details of the matters to be considered at the meeting will be sent to the Shareholders together with this annual report. Shareholders are encouraged to attend the AGM and have face-to-face interaction with the Directors.

H. Shareholders' Rights to Put Forward Proposals at General Meetings

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

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

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 2012.

Principal Activities

The Company is an investment holding company. The principal activities of the Group comprise developing, owning and operating value, mid-scale, upscale and boutique hotels and property investment, development and trading. The principal activities and other particulars of the subsidiaries are set out in note 44 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 82 to 135 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 142 of this annual report.

Dividends

The Board has declared an interim dividend HK2 cents per ordinary share for the six months ended 30 September 2011.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK10 cents per ordinary share for the Year which, together with the interim dividend of HK 2 cents per ordinary share already paid, represents a dividend payout ratio for the whole year of approximately 39.7% based on the Company's distributable profit.

Subject to the approval of the Shareholders at the AGM, the Final Dividend will be distributed on or about 3 October 2012 to the Shareholders whose names appear on the Register of Members of the Company on 19 September 2012.

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 30 August 2012 to 31 August 2012, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 August 2012.

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 18 September 2012 to 19 September 2012, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 September 2012.

Report of the Directors

Reserves

Movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 85 of this annual report.

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

Movements in property, plant and equipment, prepaid lease payments and investment properties during the Year are set out in notes 19 to 21 to the consolidated financial statements.

Bank Borrowings

Particulars of the bank borrowings of the Group as at 31 March 2012 are set out in note 30 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, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold 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 who served during the Year and up to the date of this report were as follows:

Exec-Directors
Ms. CHIU, Wing Kwan Winnie
Mr. LAI, Wai Keung
Mr. CHU, Chee Seng *(resigned on 19 October 2011)*

Non Exec-Directors
Tan Sri Dato' CHIU, David
Mr. CHAN, Chi Hing
Mr. HOONG, Cheong Thard
Mr. MOK, Kwai Pui Bill *(re-designated from Exec-Director to Non Exec-Director on 1 November 2011)*
Mr. IP, Hoi Wah Edmond *(resigned on 1 May 2011)*

INEDs
Mr. SHEK, Lai Him Abraham
Mr. TO, Peter
Dr. LIU, Ngai Wing
Mr. ANGELINI, Giovanni *(appointed on 6 March 2012)*

The senior management members of the Company are Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung who are the Exec-Directors and are collectively responsible for the daily management and operation 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. Pursuant to article 16.2 of the Articles of Association, any newly appointed Director shall hold office only until the next following annual general meeting of the Company.

Mr. LAI, Wai Keung, Tan Sri Dato' CHIU, David, Mr. MOK, Kwai Pui Bill and Mr. SHEK, Lai Him Abraham will retire at the AGM pursuant to article 16.18 of the Articles of Association. Furthermore, Mr. ANGELINI, Giovanni will retire at the AGM pursuant to article 16.2 of the Articles of Association. Except for Mr. MOK, Kwai Pui Bill who will not offer himself for re-election, all the retiring Directors, being eligible, offer themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Each of the Exec-Directors, namely Ms. CHIU, Wing Kwan Winnie and Mr. LAI, Wai Keung, has entered into a service contract with the Company. The Exec-Directors' service contracts have a term ending on the third anniversary of the Listing Date (i.e. 11 October 2010) and may be terminated with three months' notice.

The Non Exec-Directors, namely Tan Sri Dato' CHIU, David, Mr. HOONG, Cheong Thard and Mr. CHAN, Chi Hing, and the INEDs, namely Mr. SHEK, Lai Him Abraham, Mr. TO, Peter and Dr. LIU, Ngai Wing, have been appointed for an initial term ending on the third anniversary of the Listing Date and may be terminated with three months' notice.

Each of Mr. MOK, Kwai Pui Bill, a Non Exec-Director, and Mr. ANGELINI, Giovanni, an INED, has been appointed for an initial term of one year commencing from 1 November 2011 and 6 March 2012 respectively 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 18 to the consolidated financial statements.

Report of the Directors

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

As at 31 March 2012, the interests and short positions of the Directors and/or chief executive of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept 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

	Shares in the Company				Options granted by the Company[iv]		
Name of Director	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	Approximate % of Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	–	1,469,773,254[ii]	8,355	–	–	1,469,781,609	73.49%
CHAN, Chi Hing	3,000	–	–	–	3,545,454	3,548,454	0.18%
MOK, Kwai Pui Bill	–	–	–	–	3,545,454	3,545,454	0.18%
HOONG, Cheong Thard	–	–	–	4,000[iii]	2,836,363	2,840,363	0.14%
CHIU, Wing Kwan Winnie	–	–	–	–	2,272,727	2,272,727	0.11%
LAI, Wai Keung	–	–	–	–	1,590,909	1,590,909	0.08%

Notes:

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

(ii) 7,773,254 Shares were directly held by Sumptuous Assets Limited ("Sumptuous"), a company fully controlled by Tan Sri Dato' CHIU, David, and 1,462,000,000 Shares were directly held by Ample Bonus Limited, a wholly-owned subsidiary of FECIL. By virtue of the shares in FECIL owned by Sumptuous represents approximately 35% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus Limited. 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 Limited and Sumptuous.

(iii) 4,000 Shares were jointly held by HOONG, Cheong Thard and 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 41 to the consolidated financial statements.

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

	Shares in FECIL				Options granted by FECIL[iv]		
Name of Director	Personal Interests	Corporate Interests	Family Interests	Other Interests	Personal Interests	Total	Approximate % of Issued Share Capital of FECIL
Tan Sri Dato' CHIU, David	13,607,249	685,862,201[ii]	557,000	–	–	700,026,450	35.72%
CHAN, Chi Hing	208,586	–	–	–	4,300,000	4,508,586	0.23%
MOK, Kwai Pui Bill	–	–	–	–	5,000,000	5,000,000	0.26%
HOONG, Cheong Thard	261	–	–	369,756[iii]	7,400,000	7,770,017	0.40%
LAI, Wai Keung	–	–	–	–	1,300,000	1,300,000	0.07%
LIU, Ngai Wing	4,490	–	–	–	–	4,490	0.00%

Notes:

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

(ii) 685,849,880 shares in FECIL were held by Sumptuous and 12,321 shares in FECIL were held by Modest Secretarial Services Limited ("Modest"). Sumptuous and Modest are fully controlled by Tan Sri Dato' CHIU, David, accordingly Tan Sri Dato' CHIU, David is deemed to be interested in the shares in FECIL held by Sumptuous and Modest.

(iii) 369,756 shares in FECIL were jointly held by HOONG, Cheong Thard and TENG, Pei Chun.

(iv) Further information on the options granted by FECIL is set out in note 41 to the consolidated financial statements.

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 2012.

Report of the Directors

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

As at 31 March 2012, the interests or short positions of every person in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO 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 Issued Share Capital of the Company
Tan Sri Dato' CHIU, David	Interests in controlled corporations(ii)	Long	1,469,773,254	
	Family Interests	Long	8,355	
			1,469,781,609	73.49%
Ms. Nancy Ng	Personal Interests	Long	8,355	
	Family Interests(iii)	Long	1,469,773,254	
			1,469,781,609	73.49%
Sumptuous Assets Limited	Beneficial Owner(ii)	Long	7,773,254	
	Interests in controlled corporation(ii)	Long	1,462,000,000	
			1,469,773,254	73.49%
FECIL	Interests in controlled corporation(ii)	Long	1,462,000,000	73.10%
Ample Bonus Limited	Beneficial Owner(ii)	Long	1,462,000,000	73.10%
Credit Suisse AG	Interests in controlled corporation(iv)	Long	162,000,000	8.10%
		Short	81,000,000	4.05%
Credit Suisse (Hong Kong) Limited ("Credit Suisse HK")	Interests held jointly with another entity(v)	Long	162,000,000	8.10%
		Short	81,000,000	4.05%
Penta Investment Advisers Limited ("Penta")	Investment manager(vi)	Long	139,965,543	7.00%

Notes:

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

(ii) Ample Bonus Limited directly owned 1,462,000,000 Shares. Ample Bonus Limited is a wholly owned subsidiary of FECIL and accordingly FECIL is deemed to be interested in the Shares held by Ample Bonus Limited.

Sumptuous directly owned 7,773,254 Shares. By virtue of the shares in FECIL owned by Sumptuous represents approximately 35% of the issued shares of FECIL, Sumptuous is deemed to be interested in the Shares owned by Ample Bonus Limited. 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 Limited and Sumptuous. The interests of Ample Bonus Limited, FECIL and Sumptuous are disclosed in Tan Sri Dato' CHIU, David's notice of disclosure of interests.

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

(iv) Credit Suisse HK is fully controlled by Credit Suisse AG and accordingly pursuant to SFO, Credit Suisse AG is deemed to be interested in the Shares of which Credit Suisse HK is interested.

(v) 81,000,000 Shares were jointly held by Credit Suisse HK and Morgan Stanley Asia Limited, and 81,000,000 Shares were jointly held by Credit Suisse HK and The Royal Bank of Scotland N.V., Hong Kong Branch. The long position of Credit Suisse HK in 81,000,000 Shares were in respect of unlisted physically settled derivatives.

(vi) The long position of Penta in 39,594,910 Shares were in respect of unlisted cash settled derivatives.

Save as disclosed above, no other interest or short position in the Shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31 March 2012.

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 of the Company (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 Exec-Directors, Non Exec-Directors and INEDs) 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, 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 under the Share Option Scheme is 177,345,464, representing approximately 8.87% 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 INEDs (excluding INED who is the grantee of the options). In addition, where any grant of share options to a substantial Shareholder or an INED, or to any of their respective associates, 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.

Report of the Directors

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 highest of:

(i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer 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 trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

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

	Number of share options					
	Outstanding at 01/04/2011	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/03/2012	Exercise period
Directors						
MOK, Kwai Pui Bill	3,545,454	–	–	–	3,545,454	11 October 2011–10 October 2018
LAI, Wai Keung	1,590,909	–	–	–	1,590,909	11 October 2011–10 October 2018
CHIU, Wing Kwan Winnie	2,272,727	–	–	–	2,272,727	11 October 2011–10 October 2018
HOONG, Cheong Thard	2,836,363	–	–	–	2,836,363	11 October 2011–10 October 2018
CHAN, Chi Hing	3,545,454	–	–	–	3,545,454	11 October 2011–10 October 2018
CHU, Chee Seng[(i)]	3,522,727	–	–	3,522,727	–	11 October 2011–10 October 2016
Employees (in aggregate)	3,522,727	–	–	3,522,727	–	11 October 2011–10 October 2016
	8,863,629	–	–	–	8,863,629	11 October 2011–10 October 2018
Total	29,699,990	–	–	7,045,454	22,654,536	

Note:

(i) CHU, Chee Seng resigned as a Director on 19 October 2011.

Further information on the share option scheme of the Company and the options granted by the Company is set out in note 41 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 43 (Related Party Transactions) to the consolidated financial statements, no contracts of significance in relation to the Company's business to which the Company, or 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.

Connected Transactions

Establishment of Joint Venture between Subang Jaya Hotel Development Sdn Bhd And Mayland Valiant Sdn Bhd

On 11 October 2011, Subang Jaya Hotel Development Sdn Bhd ("Subang Jaya"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "JV Agreement") with Mayland Valiant Sdn Bhd ("Mayland Valiant") pursuant to which Subang Jaya and Mayland Valiant agreed to jointly develop certain portion of the land (the "Land") adjacent to the Group's Grand Dorsett Subang Hotel and which has not yet been utilised by the hotel. The project involves the development of the Land into approximately 1,989 units of hotel suite apartments in two 17-storey high apartment blocks, with a car park providing approximately 1,329 parking spaces.

The Land is owned by Subang Jaya. Pursuant to the JV Agreement, Subang Jaya provides the Land and the parties have attributed a value of RM65,000,000 (equivalent to approximately HK$162,500,000) to the Land, based on a valuation report on the Land dated 24 August 2011. Mayland Valiant as the developer provides technical, commercial, financial management and property marketing and sales expertise and bears the development costs of the project. Each of Subang Jaya and Mayland Valiant is entitled to or share of 50% of the profit or loss from the development.

The Directors considered that the development of the Land into hotel suite apartments for sale to the public can create the highest value and return for the Shareholders. The joint venture provides a good opportunity to develop the Land and without the need for the Group to contribute any further capital towards the development. Taking into account Mayland Valiant is a wholly-owned subsidiary of Malaysia Land Properties Sdn Bhd, which is a reputable property developer in Malaysia with extensive experience in developing innovative and quality residential and commercial properties in Malaysia, the Directors believe that Mayland Valiant is a suitable partner in this development.

Subang Jaya is a wholly-owned subsidiary of the Company. Mayland Valiant is wholly-owned by Malaysia Land Properties Sdn Bhd, which in turn is wholly-owned by Prestige Aspect Sdn Bhd, the majority equity interest of which is owned by Tan Sri Dato' CHIU, David. Tan Sri Dato' CHIU, David is a Non Exec-Director and the Chairman of the Board. Mayland Valiant is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules and the entering into of the JV Agreement constituted a connected transaction of the Company. The JV Agreement was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 31 October 2011. Further details of the JV Agreement have been disclosed in the announcement and the circular of the Company dated 11 October 2011 and 14 October 2011 respectively.

Acquisition of Capital Fortune Investment Limited

On 21 December 2011, New Perfection Limited ("New Perfection"), a wholly-owned subsidiary of the Company, and Far East Consortium Limited ("FE Limited"), a wholly-owned subsidiary of FECIL, entered into a sale and purchase agreement ("S&P Agreement") for the acquisition by New Perfection from FE Limited of the entire issued shares of Capital Fortune Investment Limited ("Capital Fortune") and the shareholder's loan advanced by of FE Limited to Capital Fortune at an aggregate consideration of HK$76,045,000. The consideration was paid by New Perfection to FE Limited upon the signing of the S&P Agreement.

Report of the Directors

Capital Fortune is an investment holding company. The assets of Capital Fortune are substantially its 25% equity interest in Cosmopolitan Resort (Zhuji) Limited ("CRZ Limited"), a company incorporated in the PRC, the remaining 75% equity interest in CRZ Limited is held by an independent third party. CRZ Limited is the owner of a resort hotel under development at Wuxie Town, Zhuji, in the Zhejiang Province of the PRC. The resort hotel is being developed into Grand Dorsett Zhuji and which is expected to commence operation in April 2013. Zhuji represents one of the major growth centres in economic development and tourism activities in the Zhejiang Province. With the increasing tourism activities in the Zhejiang region and close proximity to major cities such as Shanghai and Hangzhou, the Directors consider this acquisition as an important move to further solidify the Company's strategic position in the PRC.

FECIL is the controlling Shareholder of the Company and is interested in approximately 73.10% of the issued shares of the Company. FE Limited is a wholly-owned subsidiary of FECIL, it is therefore an associate (as defined in the Listing Rules) of FECIL and a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

Relevant details in relation to the acquisition of Capital Fortune by the Group were disclosed in the announcement of the Company dated 21 December 2011.

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 43 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 of the Company 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 Properties")	Mayland Properties is an unlisted property developer with more than 20 existing mixed development projects in Kuala Lumpur and Johor Bahru, Malaysia, including Plaza Damas 3, a mixed development with shop-office units and serviced apartment units; and Cheras Central, a property development including a shopping and leisure complex in Cheras, Kuala Lumpur, Malaysia. Both of Plaza Damas 3 and Cheras Central have a small portion of area which includes a hotel.	Tan Sri Dato' CHIU, David	Mayland Properties is controlled by Tan Sri Dato' CHIU, David who is also the chief executive officer of Mayland Properties
		CHIU, Wing Kwan Winnie	Director
Agora Hospitality Group Co., Ltd. ("Agora")	Agora, formerly known as Tokai Kanko Co., Ltd., is listed on the first section of the Tokyo Stock Exchange and its principal activities are operation of hotel and resort business in Japan, property investment and treasury operations.	Tan Sri Dato' CHIU, David	Owner of approximately 51.31% of Agora and chairman of the board of directors
		HOONG, Cheong Thard	President and director
RC Hotel and Resort JV Holdings (BVI) Company Limited ("RC Hotel")	RC Hotel was incorporated in the British Virgin Islands and is an unlisted company. The principal business of RC Hotel is the development and operation of Ritz-Carlton Reserve Maldives, a resort which is expected to be completed in mid 2013.	Tan Sri Dato' CHIU, David	Owner of approximately 10% of RC Hotel
Land & General Berhad	Land & General Berhad is listed on the main market of Bursa Malaysia, the principal activities of Land & General Berhad and its subsidiaries are property development, investment and management, and investment in the plantation, education and leisure sectors.	CHIU, Wing Kwan Winnie	Non-independent and non-executive director and has indirect interest in approximately 16.9% of the issued share capital of Land & General Berhad
		HOONG, Cheong Thard	Non-independent and non-executive director

Report of the Directors

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

Non-Competition Undertakings

Each of FECIL and Tan Sri Dato' CHIU, David (collectively the "Covenantors") has 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 FECIL Group and/or their respective associates (as defined in the Listing Rules), whether individually or taken together, remain the Controlling Shareholder of the Company, FECIL or member of 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. 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.

Relevant information on the Undertaking was disclosed in the Prospectus in the section headed "Relationship with our Controlling Shareholders and Directors".

The Company has received declaration 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. The INEDs have also reviewed the compliance of the Undertaking by the Covenantors and formed the opinion that the Covenantors have not breached any terms of the Undertaking during the Year.

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 40 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the INEDs, 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 INEDs 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$737,000.

Event After Reporting Period

As disclosed in the announcement of the Company dated 25 May 2012, Havena Holdings Limited ("Havena"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with CCB Properties (Hong Kong) Holdings Limited, an independent third party, for the disposal of the entire issued shares of Hong Kong (SAR) Hotel Limited ("HKSAR Hotel") and the shareholder's loan advanced by Havena to HKSAR Hotel at an aggregate consideration of approximately HK$800 million. HKSAR Hotel is the owner and operator of the hotel which is currently known as "Dorsett Regency Hotel, Hong Kong". The Group is expected to record a gain from the disposal of approximately HK$450 million upon completion.

The transaction is subject to the approval of the respective shareholders of the Company and FECIL. Written approval in lieu of approval by the Shareholders at a Shareholders' meeting of the Company has been obtained from Ample Bonus Limited, which directly owns approximately 73.1% of the issued share capital of the Company and is a wholly-owned subsidiary of FECIL. An extraordinary general meeting of FECIL will be held on 20 July 2012 to approve the transaction.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the date of the Company's 2011 – 12 Interim 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$1,000,000 to HK$1,860,000 with effect from 1 February 2012.

2. **Mr. LAI, Wai Keung**
   Mr. Lai's annual emolument (excluding bonus or other benefits payable at the discretion of the Company) has been increased from HK$780,000 to HK$1,080,000 with effect from 1 February 2012.

Proposed Change of Company Name

The Board announced on 19 June 2012 the proposed change of the English name of the Company from "Kosmopolito Hotels International Limited" to "Dorsett Hospitality International Limited" and the proposed change of the Chinese name of the Company from "麗悅酒店集團有限公司" to "帝盛酒店集團有限公司" (the "Proposed Change of Company Name").

In order to further strengthen the Company's brand awareness and reinforce competitive advantage, the Board proposed to make several high level changes to the overall brand architecture. The Proposed Change of Company Name is an important part of this brand alignment exercise, which will strengthen the brand awareness for marketing efficiency and will be essential to our further expansion through development, acquisition and management contracts.

A special resolution to be passed by the Shareholders for approving the Proposed Change of Company Name will be proposed at the forthcoming AGM. A circular containing, among other things, details of the Proposed Change of Company Name and a notice convening the AGM will be sent to the Shareholders together with this annual report.

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
Kosmopolito Hotels International Limited

CHIU, Wing Kwan Winnie
President and Executive Director

Hong Kong, 19 June 2012

Financial Section

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF KOSMOPOLITO HOTELS INTERNATIONAL LIMITED
麗悅酒店集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kosmopolito Hotels International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 82 to 135, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	9	**1,096,097**	867,100
Operating costs		**(326,826)**	(296,648)
Depreciation and amortisation		**(118,545)**	(98,166)
Gross profit		**650,726**	472,286
Other income		**3,955**	3,036
Administrative expenses		**(263,738)**	(208,626)
Pre-opening expenses	10	**(8,651)**	(1,403)
Gain on disposal of property, plant and equipment	15	**379,465**	25
Gain on disposal of a subsidiary	34	**–**	81,385
Other gains and losses	11	**2,313**	(43)
Listing expenses	12	**–**	(22,506)
Finance costs	13	**(90,703)**	(88,430)
Profit before taxation		**673,367**	235,724
Income tax expense	14	**(68,275)**	(27,320)
Profit for the year	15	**605,092**	208,404
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		**33,073**	71,651
Gain on revaluation of prepaid lease payments on transfer to investment properties		**–**	3,176
Deferred tax on revaluation gain		**–**	(794)
		33,073	74,033
Total comprehensive income for the year		**638,165**	282,437
Earnings per share	17		
– Basic (HK cents)		**30.25**	11.22
– Diluted (HK cents)		**30.25**	11.22

Consolidated Statement of Financial Position

As at 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	19	**5,074,698**	4,552,964
Prepaid lease payments	20	**591,333**	579,918
Investment properties	21	**405,900**	390,915
Deposits for acquisition of property, plant and equipment		**149,315**	121,357
Interest in an associate	22	**76,533**	–
Utility and other deposits paid		**7,990**	7,269
Pledged deposits	23	**5,252**	5,158
		6,311,021	5,657,581
Current assets			
Properties for sale			
– for/under development	25	**255,677**	217,816
Other inventories		**8,129**	5,480
Debtors, deposits and prepayments	26	**105,561**	104,046
Investment held-for-trading	27	**–**	2,365
Derivative financial instruments	28	**–**	377
Prepaid lease payments	20	**14,629**	12,443
Tax recoverable		**37**	391
Pledged deposits	23	**335,665**	171,300
Bank balances and cash	23	**533,647**	720,506
		1,253,345	1,234,724
Current liabilities			
Creditors and accruals	29	**231,720**	179,662
Secured bank borrowings	30	**858,877**	464,136
Sales deposits received		**148,578**	145,716
Derivative financial instruments	28	**1,198**	680
Tax payable		**34,277**	17,187
		1,274,650	807,381
Net current (liabilities) assets		**(21,305)**	427,343
Total assets less current liabilities		**6,289,716**	6,084,924

Consolidated Statement of Financial Position (continued)

As at 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Secured bank borrowings	30	**2,768,504**	3,097,534
Rental deposits received		**6,851**	6,094
Deferred tax liabilities	31	**94,564**	84,562
		2,869,919	3,188,190
NET ASSETS		**3,419,797**	2,896,734
Capital and Reserves			
Share capital	32	**200,000**	200,000
Share premium		**2,237,153**	2,237,153
Reserves		**982,644**	459,581
TOTAL EQUITY		**3,419,797**	2,896,734

The consolidated financial statements on pages 82 to 135 were approved and authorised for issue by the Board of Directors on 19 June 2012 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 2012

	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$'000** (Note b)	**Retained profits HK$'000**	**Total HK$'000**
As at 1 April 2010	10,160	–	41,535	6,632	(201,048)	–	207,440	119,286	184,005
Profit for the year	–	–	–	–	–	–	–	208,404	208,404
Other comprehensive income for the year	–	–	71,651	2,382	–	–	–	–	74,033
Total comprehensive income for the year	–	–	71,651	2,382	–	–	–	208,404	282,437
Elimination of share capital of combined entities upon group reorganisation	(10,160)	–	–	–	–	–	–	–	(10,160)
Capitalisation of amounts due to Parent Entities	173,000	1,686,812	–	–	–	–	–	–	1,859,812
Issue of shares for cash	27,000	567,000	–	–	–	–	–	–	594,000
Share issue expenses	–	(16,659)	–	–	–	–	–	–	(16,659)
Recognition of equity-settled share based payments	–	–	–	–	–	3,299	–	–	3,299
As at 31 March 2011	**200,000**	**2,237,153**	**113,186**	**9,014**	**(201,048)**	**3,299**	**207,440**	**327,690**	**2,896,734**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**605,092**	**605,092**
Other comprehensive income for the year	**–**	**–**	**33,073**	**–**	**–**	**–**	**–**	**–**	**33,073**
Total comprehensive income for the year	**–**	**–**	**33,073**	**–**	**–**	**–**	**–**	**605,092**	**638,165**
Dividend (note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(120,000)**	**(120,000)**
Recognition of equity-settled share based payments	**–**	**–**	**–**	**–**	**–**	**4,898**	**–**	**–**	**4,898**
Lapse of share options transferred to retained profits	**–**	**–**	**–**	**–**	**–**	**(1,024)**	**–**	**1,024**	**–**
As at 31 March 2012	**200,000**	**2,237,153**	**146,259**	**9,014**	**(201,048)**	**7,173**	**207,440**	**813,806**	**3,419,797**

Notes:

(a) Merger reserve represents the difference between the aggregated fair values and the carrying amounts of certain hotels acquired from Parent Entities.

(b) Other reserve represents fair value adjustment of business acquired from Parent Entities and gain on disposal of 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 2012

	NOTE	2012 HK$'000	2011 HK$'000
Operating activities			
Profit before taxation		**673,367**	235,724
Adjustments for:			
Depreciation and amortisation		**118,545**	98,166
Change in fair value of investment properties		**(1,818)**	(2,612)
Change in fair value of derivative financial instruments		**1,911**	1,949
Allowance for bad and doubtful debts		**17**	575
Gain on disposal of a property, plant and equipment		**(379,465)**	(25)
Gain on disposal of a subsidiary		**–**	(81,385)
Equity-settled share based payments		**4,898**	3,299
Interest income		**(1,652)**	(1,725)
Finance costs		**90,703**	88,430
Operating cash flows before movements in working capital		**506,506**	342,396
Increase in properties for sale		**(11,599)**	(13,323)
Increase in other inventories		**(2,649)**	(1,582)
Decrease in amounts due from related companies		**–**	180
Increase in debtors, deposits and prepayments		**(11,781)**	(42,569)
Increase in sales deposits received		**2,537**	138,610
Increase in utility and other deposits paid		**(721)**	(3,035)
Increase in creditors and accruals		**22,292**	21,533
Increase in rental deposits received		**652**	1,225
Cash generated from operations		**505,237**	443,435
Income tax paid		**(40,787)**	(5,127)
Net cash from operating activities		**464,450**	438,308
Investing activities			
Acquisition of property, plant and equipment		**(99,616)**	(75,715)
Development expenditure on hotel properties		**(631,855)**	(231,895)
Acquisition of subsidiary	33	**(75,983)**	–
Additions of prepaid lease payments		**(13,343)**	(24,509)
Net cash inflow from disposal of subsidiary	34	**–**	289,044
Net proceeds from disposal of property, plant and equipment		**507,308**	50
Proceeds from disposal of investments		**2,341**	–
Interest received		**1,652**	507
Placement of pledged bank deposits		**(340,918)**	(171,021)
Release of pledged bank deposits		**176,398**	–
Net cash used in investing activities		**(474,016)**	(213,539)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2012

	NOTE	2012 HK$'000	2011 HK$'000
Financing activities			
Dividend paid		**(120,000)**	–
Repayment to Parent Entities		–	(31,842)
New bank borrowings raised		**434,646**	141,150
Repayments of bank borrowings		**(391,678)**	(193,135)
Proceeds from issue of shares		–	594,000
Share issue expenses		–	(16,659)
Interest paid		**(106,167)**	(98,940)
Net cash (used in) from financing activities		**(183,199)**	394,574
(Decrease) increase in cash and cash equivalents		**(192,765)**	619,343
Cash and cash equivalents at beginning of the year		**720,506**	93,637
Effect of foreign exchange rate changes		**5,906**	7,526
Cash and cash equivalents at end of the year		**533,647**	720,506
Represented by:			
Bank balances and cash		**533,647**	720,506

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. General

The Company is a public limited company incorporated as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the 2012 annual report issued by the Company.

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 FECIL group excluding the Group are hereinafter referred to as the "Parent Entities".

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

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 Group's net current liabilities position of HK$21,305,000 as at 31 March 2012. Taking into account the internally generated funds and the available banking facilities, the directors of the Company are of the view that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements for the current or prior accounting periods.

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

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
HKFRS 1 (Amendments)	Government Loans[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments
HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes requirements for financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 required all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant change of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

HKFRS 9 Financial Instruments (Continued)
HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's financial statements for the financial period beginning 1 April 2015 but the application of HKFRS 9 may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures
In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements and HK(SIC) – Int 12 "*Consolidation – Special Purpose Entities*". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "*Interests in Joint Ventures*" and HK(SIC) – Int 13 "*Jointly Controlled Entities* – Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The directors anticipate that these standards will be adopted in the Group's financial period beginning 1 April 2013. However, the application of these standards may not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair value measurements
HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

HKFRS 13 Fair value measurements (Continued)
The directors anticipate that HKFRS 13 will be adopted in the Group's financial period beginning 1 April 2013. However, the application of the standard may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Group.

4. 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 are 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 and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the acquirer has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Jointly controlled operations
When a group entity undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the statement of financial position of the relevant entity on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the consolidated statement of comprehensive income when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

4. Principal Accounting Policies (Continued)

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

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

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

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

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

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

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

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.

4. Principal Accounting Policies (Continued)

Properties under development (Continued)
Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for 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.

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

The Group as lessee
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model or as a finance lease. 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, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Interests in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are 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 associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, forms 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 that associate.

When a group entity transacts with its associate, 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.

4. Principal Accounting Policies (Continued)

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

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

Financial assets
The Group's financial assets are classified into "loans and receivables" and "financial assets held for trading". 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.

Loans and receivables
Loans and receivables (including debtors, pledged deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

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
- it is a part of an identified portfolio of 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.

At the end of each reporting period subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

4. Principal Accounting Policies (Continued)

Financial instruments (Continued)
Financial assets (Continued)
Impairment of financial assets
Financial assets except for financial assets held-for-trading are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

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

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

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. Principal Accounting Policies (Continued)

Financial instruments (Continued)
Financial liabilities and equity instruments (Continued)
Equity instrument (Continued)
Transaction costs for the issue of shares are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to issue of shares that otherwise would have been avoided. Transaction costs that relate jointly to the issue of shares and listing of the shares or other transactions are allocated amongst the transactions using a rational basis. Expense allocated to the listing of shares are recognised as an expense in profit or loss.

Financial liabilities
The Group's financial liabilities are classified into financial liabilities held for trading and other financial liabilities.

Financial liabilities held-for-trading
A financial liability is classified as held for trading if:

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

Financial liabilities held for trading are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities
Financial liabilities include creditors and bank borrowings are subsequently measured at amortised cost, using the 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 deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the year in which they arise.

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.

4. Principal Accounting Policies (Continued)

Financial instruments (Continued)
Derecognition (Continued)
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.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

- Rental income from properties under operating lease is recognised on a straight-line basis over the terms of the respective tenancies.

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

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

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing cost 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 charged as expenses when employees have rendered service entitling them to the contributions.

4. Principal Accounting Policies (Continued)

Equity-settled share-based payment

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

At the end of each 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 during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

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 recorded in its functional currency, the currency of the primary economic environment in which the entity operates, at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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 Company at the rate of exchange prevailing at the end of each reporting period, and their income and expenses 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 as exchange reserve, a separate component of equity.

4. Principal Accounting Policies (Continued)

Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Income tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the income tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

4. Principal Accounting Policies (Continued)

Impairment losses on tangible assets

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

Recoverable amount is the higher of fair value less costs to sell 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.

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 as income immediately.

5. Key Sources of Estimation Uncertainty

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

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Deferred tax

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Company determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group will review 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 2012

6. Capital Risk Management

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

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

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

7. Financial Instruments

a. Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Investment held-for-trading	–	2,365
Derivative financial instruments	–	377
Loans and receivables		
Trade and other debtors	**56,771**	51,534
Pledged deposits	**340,917**	176,458
Bank balance and cash	**533,647**	720,506
	931,335	951,240
Financial liabilities		
Derivative financial instruments	**1,198**	680
Financial liabilities at amortised cost		
Trade and other creditors	**146,705**	134,353
Secured bank borrowings	**3,627,381**	3,561,670
	3,775,284	3,696,703

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies

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

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

Interest rate risk

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

Interest rate sensitivity analysis

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

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year would decrease or increase by HK$11,110,000 (2011: HK$11,035,000) and the interest capitalised to the Group's hotels and properties under development would increase/decrease by HK$4,486,000 (2011: HK$4,256,000).

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.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial 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.

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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 Hong Kong and Malaysia which accounted for 47% and 45% of trade receivables as at 31 March 2012 (2011: 48% and 47%).

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

Liquidity risk

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

The following table details the Group's contractual maturity for its financial liabilities which are non-derivative. 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 0-180 days HK$'000	181-365 days HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 March 2012								
Financial liabilities								
– Non-interest bearing	**N/A**	**146,705**	**–**	**–**	**–**	**–**	**146,705**	**146,705**
– Variable interest rate	**3.07**	**796,694**	**146,899**	**2,440,438**	**271,341**	**244,801**	**3,900,173**	**3,627,381**
Rental deposits	**N/A**	**845**	**398**	**1,415**	**700**	**4,736**	**8,094**	**8,094**
		944,244	**147,297**	**2,441,853**	**272,041**	**249,537**	**4,054,972**	**3,782,180**

	Weighted average interest rate %	On demand or 0-180 days HK$'000	181-365 days HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 March 2011								
Financial liabilities								
– Non-interest bearing	N/A	134,353	–	–	–	–	134,353	134,353
– Variable interest rate	2.71	467,647	72,896	2,650,811	415,208	287,764	3,894,326	3,561,670
Rental deposits	N/A	1,130	58	2,416	616	3,062	7,282	7,282
		603,130	72,954	2,653,227	415,824	290,826	4,035,961	3,703,305

7. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

Bank loans with a repayment on demand clause with carrying amount of HK$199,678,000 as at 31 March 2012 are included in the "on demand or 0-180 days" time band in the above maturity analysis but repayments are expected to be in accordance with the loan repayment schedule which are lump-sum quarterly payment up to July 2016. Taking into account the Group's financial position, the directors believe that it is not probable that the counterparties will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows of the "variable interest rate financial liabilities" in the above analysis would be as follows:

On demand or 0-180 days HK$'000	181-365 days HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
599,976	163,628	2,578,947	372,190	244,801	3,959,542	3,627,381

c. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of interest rate swap (classified as Level 2 below) is determined based on a discounted cash flow analysis using the applicable yield curve observable from the market over the duration of the instruments;

- the fair value of listed investments with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

7. Financial Instruments (Continued)

c. Fair value of financial instruments (Continued)

The fair value of financial assets and financial liabilities measured in different levels recognised in the consolidated statement of financial position are as follows:

	As at 31 March 2012			As at 31 March 2011		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Financial assets						
Derivative financial instruments	–	–	–	–	377	377
Investment held-for-trading	–	–	–	2,365	–	2,365
	–	–	–	2,365	377	2,742
Financial liabilities						
Derivative financial instruments	–	**1,198**	**1,198**	–	680	680

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

8. Segment Information

Information reported to the Group's chief operating decision maker, 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, PRC 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
Malaysia	–	Hotel operation and management, and residential property development
PRC	–	Hotel development, hotel operation and leasing of investment properties
Singapore	–	Hotel development and residential property development
UK	–	Hotel development

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2012

8. Segment Information (Continued)

(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)	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Hong Kong	**707,866**	517,073	**660,284**	230,761
Malaysia	**294,162**	266,323	**48,149**	43,481
PRC	**94,069**	83,704	**(28,120)**	(28,378)
Singapore	**–**	–	**(6,229)**	(10,140)
UK	**–**	–	**(717)**	–
Consolidated revenue/profit before taxation	**1,096,097**	867,100	**673,367**	235,724

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) by geographical location at the end of the reporting period:

	Non-current assets		Segment assets	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Hong Kong	**2,902,105**	2,803,375	**3,592,814**	3,629,833
Malaysia	**974,622**	1,013,531	**1,071,588**	1,078,213
PRC	**1,780,319**	1,535,392	**1,944,076**	1,587,593
Singapore	**431,959**	300,125	**694,845**	596,666
UK	**216,764**	–	**261,043**	–
Consolidated non-current assets/total assets	**6,305,769**	5,652,423	**7,564,366**	6,892,305

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 chief operating decision maker. Accordingly, no such information is presented.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2012

8. Segment Information (Continued)

(c) Other information

	For the year ended 31 March 2012					
	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	–	17	–	–	–	17
Depreciation and amortisation	61,133	25,826	28,389	3,197	–	118,545
Increase in fair value of investment properties	–	–	1,818	–	–	1,818
Decrease in fair value of derivative financial instruments	1,395	–	–	516	–	1,911
Interest income	1,287	218	147	–	–	1,652
Finance costs	48,296	15,290	27,117	–	–	90,703
Additions to property, plant and equipment, prepaid lease payments and investment properties	264,267	26,303	141,051	136,340	217,288	785,249
Gain on disposal of property, plant and equipment	379,465	–	–	–	–	379,465

	For the year ended 31 March 2011					
	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	–	575	–	–	–	575
Depreciation and amortisation	47,986	24,467	25,558	155	–	98,166
Increase in fair value of investment properties	–	–	2,612	–	–	2,612
Decrease in fair value of derivative financial instruments	1,302	–	–	647	–	1,949
Interest income	1,521	180	24	–	–	1,725
Finance costs	45,736	16,251	24,809	1,634	–	88,430
Additions to property, plant and equipment, prepaid lease payments and investment properties	235,274	18,337	78,577	44,167	–	376,355
Gain on disposal of a subsidiary	81,385	–	–	–	–	81,385
Listing expenses	22,506	–	–	–	–	22,506

9. Revenue

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

	2012 HK$'000	2011 HK$'000
Hotel room revenue, food and beverage	**1,051,226**	825,533
Rental income from properties	**44,871**	41,567
	1,096,097	867,100

The applicable rates of business tax ranged from 3% to 5% on hotel room revenue, food and beverage revenue and 5% on gross rental income from PRC properties.

10. Pre-Opening Expenses

Pre-opening expenses represent costs 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

	2012 HK$'000	2011 HK$'000
Increase in fair value of investment properties	**1,818**	2,612
Decrease in fair value of derivative financial instruments	**(1,911)**	(1,949)
Net foreign exchange gain (loss)	**2,423**	(131)
Allowance for bad and doubtful debts	**(17)**	(575)
	2,313	(43)

12. Listing Expenses

The amount represents professional fees and other expenses incurred in preparation for the listing of the Company's shares.

13. Finance Costs

	2012 HK$'000	2011 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**65,910**	59,308
– not wholly repayable within five years	**39,803**	36,983
Interest on amounts due to fellow subsidiaries		
– wholly repayable within five years	**–**	237
Amortisation of front-end fee	**11,830**	10,252
Others	**454**	1,046
	117,997	107,826
Less: amount capitalised to hotels and properties under development	**(27,294)**	(19,396)
	90,703	88,430

14. Income Tax Expense

	2012 HK$'000	2011 HK$'000
Current year income tax		
Hong Kong	**49,706**	20,513
Other jurisdictions	**8,567**	1,233
	58,273	21,746
Deferred taxation (note 31)	**10,002**	5,574
	68,275	27,320

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

14. Income Tax Expense (Continued)

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

	Year ended 31 March 2012					
	Hong Kong HK$'000	**Malaysia HK$'000**	**PRC HK$'000**	**Singapore HK$'000**	**UK HK$'000**	**Total HK$'000**
Profit (loss) before taxation	**660,284**	**48,149**	**(28,120)**	**(6,229)**	**(717)**	**673,367**
Applicable income tax rate	**16.5%**	**25%**	**25%**	**17.5%**	**26%**	
Tax at the applicable income tax rate	**108,947**	**12,037**	**(7,030)**	**(1,090)**	**(186)**	**112,678**
Tax effect of expenses not deductible for tax purpose	**8,415**	**5,098**	**2,922**	**–**	**186**	**16,621**
Tax effect of income not taxable	**(56,823)**	**(998)**	**(1,588)**	**–**	**–**	**(59,409)**
Tax effect of tax losses not recognised	**143**	**–**	**6,151**	**1,090**	**–**	**7,384**
Utilisation of tax loss previously not recognised	**(3,276)**	**(6,622)**	**–**	**–**	**–**	**(9,898)**
Under(over)provision of income tax of prior years	**567**	**(5)**	**–**	**–**	**–**	**562**
Others	**(107)**	**444**	**–**	**–**	**–**	**337**
Income tax expense for the year	**57,866**	**9,954**	**455**	**–**	**–**	**68,275**

	Year ended 31 March 2011					
	Hong Kong HK$'000	**Malaysia HK$'000**	**PRC HK$'000**	**Singapore HK$'000**	**UK HK$'000**	**Total HK$'000**
Profit (loss) before taxation	230,761	43,481	(28,378)	(10,140)	–	235,724
Applicable income tax rate	16.5%	25%	25%	17%		
Tax at the applicable income tax rate	38,075	10,870	(7,095)	(1,724)	–	40,126
Tax effect of expenses not deductible for tax purpose	4,992	2,181	1,274	–	–	8,447
Tax effect of income not taxable	(13,962)	(14)	–	–	–	(13,976)
Tax effect of utilisation of deductible temporary difference previously not recognised	(320)	–	–	–	–	(320)
Tax effect of tax losses not recognised	102	–	6,473	1,724	–	8,299
Utilisation of tax loss previously not recognised	(4,079)	(11,859)	–	–	–	(15,938)
Underprovision of income tax of prior years	219	374	–	–	–	593
Others	–	89	–	–	–	89
Income tax expense for the year	25,027	1,641	652	–	–	27,320

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

15. Profit for the Year

	2012 HK$'000	2011 HK$'000
Profit for the year is arrived at after charging:		
Auditor's remuneration	**4,909**	4,180
Staff costs		
Directors' emoluments (note 18(a))	**8,594**	8,330
Other staff		
Salaries and other benefits	**236,776**	204,761
Retirement benefit scheme contributions	**14,393**	14,144
Share-based payment expenses	**2,032**	1,138
	261,795	228,373
Operating lease payments	**1,483**	1,007
Depreciation	**110,102**	97,115
Amortisation of prepaid lease payments	**9,537**	9,167
Less: amount capitalised to hotels under development and properties for sale under development	**(1,094)**	(8,116)
	8,443	1,051
and crediting:		
Rental income	**44,871**	41,567
Less: Direct outgoings	**(4,021)**	(3,848)
	40,850	37,719
Interest income from ultimate holding company	**–**	1,518
Bank interest income	**1,652**	207
Gain (loss) on disposal of property, plant and equipment		
– Hotel property (note 19)	**380,288**	–
– Others	**(823)**	25
	379,465	25

16. Dividends

	2012 HK$'000	2011 HK$'000
Dividend recognised as distribution during the year:		
Interim dividend of HK2 cents (2011: nil) per share	**40,000**	–
Final dividend, paid for 2011 of HK4 cents (2010: nil) per share	**80,000**	–
	120,000	–

A final dividend for the year ended 31 March 2012 of HK10 cents per share, amounting to HK$200,000,000 have been proposed by directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

17. Earnings Per Share

The calculation of basic earnings per share for the year ended 31 March 2012 is based on the consolidated profit for the year of HK$605,092,000 (2011: HK$208,404,000) and the weighted average number of 2,000,000,000 (2011: 1,857,232,877) shares in issue during the Year.

The computation of diluted earnings per share does 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 2012

18. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the directors for the year ended 31 March 2012 were as follows:

	For the year ended 31 March 2012					
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	–	854	233	12	472	1,571
Mr. LAI, Wai Keung	–	830	268	12	330	1,440
Mr. CHU, Chee Seng (resigned on 19 October 2011)	–	1,021	–	28	–	1,049
Non-executive directors						
Tan Sri Dato' CHIU, David	–	306	–	–	–	306
Mr. IP, Hoi Wah Edmond (resigned on 1 May 2011)	–	130	–	–	–	130
Mr. HOONG, Cheong Thard	–	–	–	–	590	590
Mr. CHAN, Chi Hing	–	–	–	–	737	737
Mr. MOK, Kwai Pui Bill (redesignated as non-executive on 1 November 2011)	76	1,168	322	7	737	2,310
Independent non-executive directors						
Mr. SHEK, Lai Him Abraham	150	–	–	–	–	150
Mr. TO, Peter	150	–	–	–	–	150
Dr. LIU, Ngai Wing	150	–	–	–	–	150
Mr. ANGELINI, Giovanni (appointed on 6 March 2012)	11	–	–	–	–	11
	537	4,309	823	59	2,866	8,594

18. Directors' and Employees' Emoluments (Continued)

(a) Directors' emoluments (Continued)

	For the year ended 31 March 2011					
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						
Mr. CHU, Chee Seng	–	1,350	98	53	512	2,013
Mr. MOK, Kwai Pui Bill	–	1,558	155	10	424	2,147
Mr. LAI, Wai Keung	–	605	180	10	190	985
Ms. CHIU, Wing Kwan Winnie	–	282	40	7	272	601
Non-executive directors						
Tan Sri Dato' CHIU, David	–	297	–	–	–	297
Mr. IP, Hoi Wah Edmond	–	1,265	–	10	–	1,275
Mr. HOONG, Cheong Thard	–	–	–	–	339	339
Mr. CHAN, Chi Hing	–	–	–	–	424	424
Independent non-executive directors						
Mr. SHEK, Lai Him Abraham	83	–	–	–	–	83
Mr. TO, Peter	83	–	–	–	–	83
Dr. LIU, Ngai Wing	83	–	–	–	–	83
	249	5,357	473	90	2,161	8,330

Notes:

(a) The discretionary incentive payments are discretionary and are determined by 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 of 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 41.

18. Directors' and Employees' Emoluments (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2011: two) were directors whose emoluments are disclosed above. The emoluments of the remaining three (2011: three) individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	**5,236**	4,215
Performance-based incentive payments	**721**	902
Contributions to retirement benefit scheme	**24**	110
Share-based payment expense	**378**	729
	6,359	5,956

The performance-based incentive payments are determined by reference to the revenue of certain subsidiaries for the two years ended 31 March 2012.

The employees' emoluments were within the following bands:

	Number of employees 2012	2011
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**2**	2
	3	3

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 2012

19. Property, Plant and Equipment

	Hotel properties		Leasehold improvement, furniture, fixtures and equipment	
	Completed HK$'000	Under development HK$'000	HK$'000	Total HK$'000
COST				
At 1 April 2010	2,972,032	1,570,741	120,661	4,663,434
Addition	–	283,242	68,604	351,846
Reclassification on completion of development	446,491	(504,632)	58,141	–
Reclassified to investment properties	(2,126)	–	–	(2,126)
Disposal	–	–	(1,358)	(1,358)
Disposal of a subsidiary	(178,699)	–	(34,870)	(213,569)
Exchange alignment	86,032	12,306	11,232	109,570
At 31 March 2011	**3,323,730**	**1,361,657**	**222,410**	**4,907,797**
Addition	**–**	**696,324**	**75,582**	**771,906**
Reclassification on completion of development	**290,425**	**(308,569)**	**18,144**	**–**
Reclassified to properties for sale – for development (see note 25)	**(22,402)**	**–**	**–**	**(22,402)**
Disposal	**(142,905)**	**–**	**(13,182)**	**(156,087)**
Exchange alignment	**(2,349)**	**12,876**	**(1,674)**	**8,853**
At 31 March 2012	**3,446,499**	**1,762,288**	**301,280**	**5,510,067**
DEPRECIATION				
At 1 April 2010	206,730	–	42,496	249,226
Provided for the year	78,799	–	18,316	97,115
Eliminated on disposal	–	–	(1,333)	(1,333)
Eliminated on disposal of a subsidiary	(543)	–	–	(543)
Eliminated on reclassification to investment properties	(206)	–	–	(206)
Exchange alignment	7,147	–	3,427	10,574
At 31 March 2011	**291,927**	**–**	**62,906**	**354,833**
Provided for the year	**79,091**	**–**	**31,011**	**110,102**
Eliminated on disposal	**(18,304)**	**–**	**(9,816)**	**(28,120)**
Exchange alignment	**(110)**	**–**	**(1,336)**	**(1,446)**
At 31 March 2012	**352,604**	**–**	**82,765**	**435,369**
CARRYING VALUES				
At 31 March 2012	**3,093,895**	**1,762,288**	**218,515**	**5,074,698**
At 31 March 2011	3,031,803	1,361,657	159,504	4,552,964

19. Property, Plant and Equipment (Continued)

The carrying amounts of the properties shown above comprises:

	2012 HK$'000	2011 HK$'000
Leasehold land and buildings in Hong Kong:		
Long lease	**773,412**	620,225
Medium-term lease	**2,005,113**	2,117,777
Freehold land and buildings outside Hong Kong	**994,653**	821,720
Buildings on leasehold land outside Hong Kong:		
Long lease	**238,415**	117,616
Medium-term lease	**844,590**	716,122
	4,856,183	4,393,460

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

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

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK$49,472,000 (2011: HK$45,940,000).

The Group is in the process of obtaining the title of certain completed properties located in Malaysia with carrying amount of HK$317,411,000 (2011: HK$318,317,000).

Properties with carrying amount of HK$4,322,014,000 (2011: HK$4,075,143,000) are under charge to secure bank borrowings of the relevant group entities.

During the Year, the Group disposed of a hotel in Hong Kong named "Central Park Hotel" to an independent third party at a consideration of HK$515,000,000, and recognised a gain of HK$380,288,000.

20. Prepaid Lease Payments

	2012 HK$'000	2011 HK$'000
At the beginning of the year	**592,361**	729,436
Gain on revaluation of prepaid lease payments on transfer to investment properties	–	3,176
Reclassified to investment properties at fair value	–	(6,235)
Reclassified to properties for sale under development	–	(180,608)
Additions	**13,343**	24,509
Amortisation	**(9,537)**	(9,167)
Exchange alignment	**9,795**	31,250
At the end of the year	**605,962**	592,361

The carrying value represents leasehold land outside Hong Kong:

Long-term lease with lease period of 99 years	**310,132**	297,439
Medium-term lease with lease period of 35 years	**295,830**	294,922
	605,962	592,361

Analysed for reporting purposes as:

Current asset	**14,629**	12,443
Non-current asset	**591,333**	579,918
	605,962	592,361

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

21. Investment Properties

	2012 HK$'000	2011 HK$'000
At the beginning of the year	**390,915**	363,954
Reclassified from property, plant and equipment and prepaid lease payments	–	8,155
Increase in fair value	**1,818**	2,612
Exchange adjustments	**13,167**	16,194
At the end of the year	**405,900**	390,915

The investment properties which are stated at fair value are situated outside Hong Kong under medium-term lease and are under charge to secure bank borrowings of the relevant group entities.

21. Investment Properties (Continued)

The fair values of the investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out as of those dates by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is members of the Hong Kong Institute of Surveyors. The valuations was arrived at by 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.

22. Interests in An Associate

	2012 HK$'000	2011 HK$'000
Cost of investments, unlisted	**76,533**	–

Particulars of the associate at 31 March 2012 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 ("Zhuji")	Sino-Foreign Joint Venture	25%	PRC	Property investment and development

The summarised financial information in respect of the Group's associate is set out below:

	2012 HK$'000	2011 HK$'000
Total assets	**306,279**	–
Total liabilities	**(147)**	–
Net assets	**306,132**	–
Group's share of net assets of associate	**76,533**	–

No revenue or profit have been derived by the associate since acquisition. 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.

23. Bank Deposits

Pledged deposits carry fixed interest at rates ranging from 0.01% to 0.5% (2011: 0.001% to 0.01%) 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 0.72% (2011: 0% to 0.63%) per annum.

24. Jointly Controlled Operation

During the Year, 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. The development activities and the sale 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 venture 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 HK$22,402,000 recognised in the consolidated financial statement as at 31 March 2012 in relation to the jointly controlled operations; representing the cost of the freehold land previously classified as property, plant and equipment, are included in properties for development under current assets. Income and expenses of the jointly controlled operation for the year are insignificant.

25. Properties for/Under Development for Sale

Properties for/under development for sale are expected to be completed and realised after one year from the end of the reporting period.

The carrying amount includes freehold land of HK$22,402,000 transferred from property, plant and equipment for joint development as detailed in note 24.

26. Debtors, Deposits and Prepayments

	2012 **HK$'000**	2011 HK$'000
Trade debtors	**50,645**	45,150
Advance to contractors	**7,525**	17,679
Prepayments and other receivables	**47,391**	41,217
	105,561	104,046

26. Debtors, Deposits and Prepayments (Continued)

The following is an aged analysis of trade debtors based on the invoice date:

	2012 HK$'000	2011 HK$'000
0 – 60 days	**46,736**	40,546
61 – 90 days	**1,383**	1,199
Over 90 days	**2,526**	3,405
	50,645	45,150

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 card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

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 customer base being large and unrelated. 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 provided and the movement during the year are as follow:

	2012 HK$'000	2011 HK$'000
Balance at beginning of the year	**1,240**	753
Impairment losses recognised	**26**	575
Amounts written off as uncollectible	**(655)**	(164)
Amounts recovered during the year	**(9)**	–
Exchange alignment	**(11)**	76
Balance at end of the year	**591**	1,240

27. Investment Held-for-Trading

The carrying amount represents the fair value of units in an investment fund which are listed on the Shanghai Stock Exchange. The investment has been disposed of during the Year.

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28. Derivative Financial Instruments

The carrying amount represents the fair value of interest rate cap and interest rate swap contracts entered into by the Group for the purpose of reducing its exposure to the risk of interest rate fluctuation of the bank borrowings outstanding at the end of the reporting period. These derivatives are not accounted for under hedge accounting.

Derivative financial instruments are analysed for financial reporting purpose as follow:

	2012 HK$'000	2011 HK$'000
Current assets	–	377
Current liabilities	**(1,198)**	(680)
	(1,198)	(303)

The major terms of interest rate cap and interest rate swap contracts are set out below.

(a)	Date of contract:	19 September 2008
	Effective date:	25 September 2008
	Notional amount:	Aggregate total of HK$1,900,000,000
	Maturity:	September 2013 with an option of early termination by the Group
	Interest payment:	Pay interest at 3 months HIBOR with a maximum capped at 7.5% per annum and receive interest at 3 months HIBOR with upfront payment
(b)	Date of contract:	28 July 2010
	Effective date:	7 October 2010
	Notional amount:	Singaporean Dollars 10,000,000
	Maturity:	December 2013
	Interest payment:	Pay interest at a fixed rate of 1.46% and receive interest at 3 months Singaporean Dollar Swap Offer Rate

29. Creditors and Accruals

	2012 HK$'000	2011 HK$'000
Trade creditors	**28,698**	37,869
Construction cost and retention payable	**91,651**	62,217
Reservation deposit and receipt in advance	**31,751**	16,471
Other payable and accrued charges	**79,620**	63,105
	231,720	179,662

The following is an aged analysis of the trade creditors:

	2012 HK$'000	2011 HK$'000
0–60 days	**21,517**	28,972
61–90 days	**4,828**	6,983
Over 90 days	**2,353**	1,914
	28,698	37,869

30. Secured Bank Borrowings

	2012 HK$'000	2011 HK$'000
Bank loans	**3,646,443**	3,588,243
Less: front-end fee	**(19,062)**	(26,573)
	3,627,381	3,561,670
Analysis for reporting purpose as		
Current liabilities	**858,877**	464,136
Non-current liabilities	**2,768,504**	3,097,534
	3,627,381	3,561,670
The loans repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	**659,199**	464,136
More than one year but not exceeding two years	**2,144,271**	253,356
More than two years but not exceeding five years	**619,481**	2,620,867
More than five years	**223,492**	249,884
	3,646,443	3,588,243

Carrying amount of borrowings included an amount of HK$199,678,000 (2011: nil) which is not repayable within one year is shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

30. Secured Bank Borrowings (Continued)

The range of effective interest rates of the bank loans is 1.31% to 8.81% (2011: 0.93% to 7.92%) per annum. The bank loans denominated in various currencies and carrying interest at prevailing market rates are analysed below.

Currencies	Interest rates	2012 HK$'000	2011 HK$'000
HK$	HIBOR plus 0.85% to HIBOR plus 1.5% (2011: HIBOR plus 0.85% to HIBOR plus 1.5%)	**2,413,936**	2,542,655
RMB	110% of 1 year People's Bank of China ("PBOC") Prescribed Interest Rate to 125% of 1 to 3 year PBOC Prescribed Interest Rate (2011: 110% of 1-year PBOC Prescribed Interest Rate to 120% of 1 to 3 year PBOC Prescribed Interest Rate)	**574,828**	424,518
Singaporean dollar ("S$")	S$ Swap Offered Rate ("SOR") plus 1.85% (2011: S$ SOR plus 1.85%)	**319,184**	269,430
RM	Malaysia Base Lending Rates ("BLR") plus 1.25% to 1.5% (2011: Malaysia BLR plus 1.25% to 1.5%)	**319,433**	325,067
		3,627,381	3,561,670

31. Deferred Taxation

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 2010	41,790	41,108	6,956	(11,660)	78,194
Charge (credit) to profit or loss	5,736	(977)	653	162	5,574
Charge to property revaluation reserve	–	–	794	–	794
At 31 March 2011	**47,526**	**40,131**	**8,403**	**(11,498)**	**84,562**
Charge (credit) to profit or loss	**10,689**	**(1,245)**	**455**	**103**	**10,002**
At 31 March 2012	**58,215**	**38,886**	**8,858**	**(11,395)**	**94,564**

31. Deferred Taxation (Continued)

At 31 March 2012, the Group had unused tax losses of HK$633,848,000 (2011: HK$649,114,000) available for offset against future profits. A deferred tax asset of HK$11,395,000 (2011: HK$11,498,000) has been recognised in respect of HK$69,061,000 (2011: HK$69,685,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses HK$564,787,000 (2011: HK$579,429,000) due to the unpredictability of future profit streams. Tax loss can be carried forward indefinitely.

As at 31 March 2012, the Group has deductible temporary differences in relation to accelerated depreciation of property, plant and equipment amounted to HK$261,740,000 (2011: HK$261,740,000). 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.

32. Share Capital

	2012 HK$'000	2011 HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**	200,000

At 1 April 2010, the authorised share capital of the Company was HK$390,000 divided into 50,000 ordinary shares of US$1 each with 1 share issued and fully paid at par.

On 11 October 2010, the authorised share capital was increased by the creation of 5,000,000,000 ordinary shares with par value of HK$0.10. The one issued share of US$1 was repurchased at par by the Company and the unissued shares were cancelled.

On the same date, an amount of HK$1,859,812,000 due to the Parent Entities was capitalised by the issuance of 1,730,000,000 ordinary shares of HK$0.1 each at HK$1.075 per share and 270,000,000 ordinary shares of HK$0.1 each were issued at HK$2.2 per share giving a total consideration of HK$594,000,000 pursuant to the initial public offering of the Company's shares. All the shares issued rank pari passu in all respects with the existing share.

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

33. Acquisition of A Subsidiary

On 21 December 2011, the Group acquired 25% equity interest in Cosmopolitan Resort (Zhuji) Limited ("Zhuji"), the owner of certain properties in the PRC, through the acquisition of 100% interest in the issued capital in, together with an assignment of shareholder's loan of HK$63,774,000 to Capital Fortune Investment Limited from the Parent Entities for a consideration of HK$76,045,000 which is determined based on the fair value of the underlying assets of Zhuji.

	HK$'000
Net assets acquired	
Interest in an associate	75,983
Bank balances and cash	62
	76,045
Net cash outflow arising on acquisition	
Consideration	76,045
Bank balances and cash acquired	(62)
	75,983

34. Disposal of A Subsidiary

On 31 March 2011, the Group has disposed of a hotel named "The Mercer" through the disposal of its entire interest in Excel Chinese International Limited at a consideration of HK$290,000,000. The net cash inflow arising from disposal is as follow:

	HK$'000
Consideration, net of expenses	289,215
Bank balances and cash disposed of	(171)
	289,044

35. Non-Cash Transaction

During the year ended 31 March 2011, 1,730,000,000 shares of HK$0.1 each were issued at HK$1.075 per share by capitalisation of an amount of HK$1,859,812,000 due to the Parent Entities as disclosed in note 32.

36. Charges on Assets

Bank borrowings with aggregate carrying amount of HK$3,646,443,000 (2011: HK$3,588,243,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (presented under property, plant and equipment, investment properties, prepaid lease payments and properties for sale) and a pledge of bank deposits with aggregate carrying values of HK$5,589,546,000 (2011: HK$5,276,235,000) and HK$340,917,000 (2011: HK$176,458,000) respectively together with a floating charge over other assets of the property owning subsidiaries and benefits accrued to those properties.

37. Contingent Liabilities

During the year ended 31 March 2010, a subsidiary of the Company initiated a law suit against the contractor for the unsatisfactory performance in relation to the construction of a hotel in an amount of HK$14,356,000 and in response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK$25,841,000. The trial will commence on 30 July 2012. 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.

38. Capital Commitments

	2012 HK$'000	2011 HK$'000
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and acquisition of other property, plant and equipment:		
– contracted but not provided in the financial statements	**585,760**	595,557
– authorised but not contracted for	**319,593**	28,177

39. 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:

	2012 HK$'000	2011 HK$'000
Within one year	**38,069**	33,796
In the second to fifth years inclusive	**107,261**	100,657
Over five years	**91,496**	109,335
	236,826	243,788

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:

	2012 HK$'000	2011 HK$'000
Within one year	**2,852**	1,413
In the second to fifth years inclusive	**2,906**	42
	5,758	1,455

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

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40. Retirement Benefits Schemes

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

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

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, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Total retirement benefit expense charged to profit or loss for the year amounted to HK$14,452,000 (2011: HK$14,234,000).

41. 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 rewarding to directors and employees of the Company or any of its subsidiaries and Parent Entities and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company or 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 in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

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

As at 31 March 2012, the number of options which remained outstanding under the Share Option Scheme was 22,654,536 (2011: 29,699,990) which, if exercised in full, represents 1.12% (2011: 1.46%) of the enlarged capital of the Company. 4,530,899 (2011: nil) share options were exercisable at the end of the reporting period.

41. Share Option Scheme (Continued)

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

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

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

No options were granted during the year ended 31 March 2012 and no options granted were exercised during the years ended 31 March 2011 and 31 March 2012. Movements of the share options are as follows:

		11.10.2010 to 31.3.2011			1.4.2011 to 31.3.2012	
Grantee	Option type	Granted	Lapsed	At 31.3.2011	Lapsed	At 31.3.2012
Directors						
Ms. CHIU, Wing Kwan Winnie	Tranche 1	454,545	–	454,545	–	**454,545**
	Tranche 2	454,545	–	454,545	–	**454,545**
	Tranche 3	454,545	–	454,545	–	**454,545**
	Tranche 4	454,545	–	454,545	–	**454,545**
	Tranche 5	454,547	–	454,547	–	**454,547**
		2,272,727	–	2,272,727	–	**2,272,727**
Mr. LAI, Wai Keung	Tranche 1	318,181	–	318,181	–	**318,181**
	Tranche 2	318,181	–	318,181	–	**318,181**
	Tranche 3	318,181	–	318,181	–	**318,181**
	Tranche 4	318,181	–	318,181	–	**318,181**
	Tranche 5	318,185	–	318,185	–	**318,185**
		1,590,909	–	1,590,909	–	**1,590,909**
Mr. HOONG, Cheong Thard	Tranche 1	567,272	–	567,272	–	**567,272**
	Tranche 2	567,272	–	567,272	–	**567,272**
	Tranche 3	567,272	–	567,272	–	**567,272**
	Tranche 4	567,272	–	567,272	–	**567,272**
	Tranche 5	567,275	–	567,275	–	**567,275**
		2,836,363	–	2,836,363	–	**2,836,363**
Mr. CHAN, Chi Hing	Tranche 1	709,090	–	709,090	–	**709,090**
	Tranche 2	709,090	–	709,090	–	**709,090**
	Tranche 3	709,090	–	709,090	–	**709,090**
	Tranche 4	709,090	–	709,090	–	**709,090**
	Tranche 5	709,094	–	709,094	–	**709,094**
		3,545,454	–	3,545,454	–	**3,545,454**

41. Share Option Scheme (Continued)

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

Grantee	Option type	11.10.2010 to 31.3.2011 Granted	11.10.2010 to 31.3.2011 Lapsed	At 31.3.2011	1.4.2011 to 31.3.2012 Lapsed	At 31.3.2012
Mr. MOK, Kwai Pui Bill	Tranche 1	709,090	–	709,090	–	**709,090**
	Tranche 2	709,090	–	709,090	–	**709,090**
	Tranche 3	709,090	–	709,090	–	**709,090**
	Tranche 4	709,090	–	709,090	–	**709,090**
	Tranche 5	709,094	–	709,094	–	**709,094**
		3,545,454	–	3,545,454	–	**3,545,454**
Mr. CHU, Chee Seng	Tranche 1	1,056,818	–	1,056,818	(1,056,818)	**–**
	Tranche 2	1,056,818	–	1,056,818	(1,056,818)	**–**
	Tranche 3	1,409,091	–	1,409,091	(1,409,091)	**–**
		3,522,727	–	3,522,727	(3,522,727)	**–**
Other employees in aggregate	Tranche 1	3,011,357	(181,818)	2,829,539	(1,056,818)	**1,772,721**
	Tranche 2	3,011,357	(181,818)	2,829,539	(1,056,818)	**1,772,721**
	Tranche 3	3,363,630	(181,818)	3,181,812	(1,409,091)	**1,772,721**
	Tranche 4	1,954,539	(181,818)	1,772,721	–	**1,772,721**
	Tranche 5	1,954,563	(181,818)	1,772,745	–	**1,772,745**
		13,295,446	(909,090)	12,386,356	(3,522,727)	**8,863,629**
		30,609,080	(909,090)	29,699,990	(7,045,454)	**22,654,536**

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$4,898,000 (2011: HK$3,299,000) 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.

41. Share Option Scheme (Continued)

(b) Share option scheme of FECIL

FECIL's share option scheme was adopted pursuant to a resolution of FECIL passed on 28 August 2002 (the "FECIL Scheme") for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of FECIL or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to FECIL or any of its subsidiaries. Under FECIL 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 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 in any one year 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 is accepted. The exercise price is determined by the directors of FECIL, and will not be less than the higher of (i) the closing price of FECIL's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of FECIL's share.

Details of share options, which were granted on 21 October 2004 and 8 May 2009 at an initial exercise price of HK$2.075 per share and HK$1.500 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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2012

41. Share Option Scheme (Continued)

(b) Share option scheme of FECIL (Continued)

The movements of the Company's directors and the Group's employees' entitlement under the FECIL option scheme during the two years are as follows:

Grantee	Date of grant	Option type	At 1.4.2010	Lapsed during the year ended 31.3.2011	At 31.3.2011	Lapsed during the year ended 31.3.2012	At 31.3.2012
Mr. MOK, Kwai Pui Bill	21.10.2004	Tranche 3	1,200,000	–	1,200,000	–	**1,200,000**
		Tranche 4	1,800,000	–	1,800,000	–	**1,800,000**
		Tranche 5	2,000,000	–	2,000,000	–	**2,000,000**
			5,000,000	–	5,000,000	–	**5,000,000**
Mr. LAI, Wai Keung	21.10.2004	Tranche 3	300,000	–	300,000	–	**300,000**
		Tranche 4	475,000	–	475,000	–	**475,000**
		Tranche 5	525,000	–	525,000	–	**525,000**
			1,300,000	–	1,300,000	–	**1,300,000**
Mr. HOONG, Cheong Thard	8.5.2009	Tranche 1	1,850,000	–	1,850,000	–	**1,850,000**
		Tranche 2	1,850,000	–	1,850,000	–	**1,850,000**
		Tranche 3	1,850,000	–	1,850,000	–	**1,850,000**
		Tranche 4	1,850,000	–	1,850,000	–	**1,850,000**
			7,400,000	–	7,400,000	–	**7,400,000**
Mr. CHAN, Chi Hing	21.10.2004	Tranche 3	500,000	–	500,000	–	**500,000**
		Tranche 4	1,800,000	–	1,800,000	–	**1,800,000**
		Tranche 5	2,000,000	–	2,000,000	–	**2,000,000**
			4,300,000	–	4,300,000	–	**4,300,000**
Other employees in aggregate	21.10.2004	Tranche 4	200,000	–	200,000	–	**200,000**
		Tranche 5	400,000	–	400,000	–	**400,000**
			600,000	–	600,000	–	**600,000**
			18,600,000	–	18,600,000	–	**18,600,000**
Weighted average exercise price			1.846	–	1.846	–	**1.846**
Number of options exercisable at the end of the year					14,900,000		**16,750,000**

The Company's directors' and the Group's employees' entitlement to the FECIL options relate to their services to a number of companies within FECIL including the Company and its subsidiaries. The value of the share options 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.

42. Event After the Reporting Period

On 25 May 2012, the Group entered into an agreement to dispose of its entire equity interest together with the assignment of the loans to Hong Kong (SAR) Hotel Limited ("HKSAR") to an independent third party for an aggregate consideration of approximately HK$800,000,000. The disposal is subject to the approval of the Company's and the ultimate holding company's shareholders. HKSAR is the owner and operator of Dorsett Regency Hotel Hong Kong.

43. Related Party Transactions

(a) During the Year, the Group entered into an agreement with a related company for the joint development of properties on land owned by the Group as disclosed in note 24. The related company is a company controlled by certain directors of the Company, and one of them also has significant influence over the Group through his equity interest and directorship in FECIL.

(b) During the Year, the Group acquired the entire equity interest in a company from the Parent Entities as set out in note 33.

(c) The Group leased certain properties from the Parent Entities. Rental paid during the Year amounted to HK$270,000 (2011: HK$360,000). The lease was terminated during the Year.

(d) A director provided personal guarantee for one of the Group's bank loan which was fully repaid during the Year. The amount outstanding at 31 March 2011 was HK$33,522,000.

(e) Remuneration paid and payable to the members of key management, who are the five highest paid individuals, during the Year are disclosed in note 18.

44. 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:			
Caragis Limited	Hong Kong ("HK")	1,000 shares of HK$1 each	Operation of Central Park Hotel disposed of during the year
Charter Joy Limited	HK	2 shares of HK$1 each	Operation of Silka Seaview Hotel
Complete Delight Limited	The British Virgin Islands (the "BVI")/HK	1 share of USD1	Operation of Silka Far East Hotel
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1 each	Operation of Cosmopolitan Hotel
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of RM1 each	Operation of Dorsett Regency Hotel Kuala Lumpur

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2012

44. Particulars of Principal Subsidiaries (Continued)

Name of company	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital*	Principal activities
Direct subsidiaries: (Continued)			
Double Advance Group Limited	BVI/HK	1 share of USD1	Operation of Silka West Kowloon Hotel
Grand Expert Limited	HK	10,000 shares of HK$1 each	Operation of Cosmo Hotel Hong Kong
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	Loan financing
Kosmopolito Hotels International (Singapore) Pte. Limited	Singapore	1 share of S$1	Hotel management and consultancy services
Kosmopolito Hotels International Services Limited	HK	2 shares of HK$1 each	Hotel management
Tang Hotel Investments Pte. Ltd.	Singapore	2 shares of S$1 each	Investment holding and development of residential property and Dorsett Regency Singapore
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1 each	Operation of Lan Kwai Fong Hotel @ Kau U Fong
Vicsley Limited	HK	1,000 shares of HK$1 each	Operation of Central Park Hotel disposed of during the Year
Indirect subsidiaries:			
Ching Chu (Shanghai) Real Estate Development Company Limited*	PRC	USD8,800,000*	Hotel management services
Esmart Management Limited	HK	2 shares of HK$1 each	Hotel management services
Everkent Development Limited	HK	2 shares of HK$1 each	Development of Dorsett Regency Hotel Kwun Tong
Hong Kong (SAR) Hotel Limited	HK	10,000 shares of HK$1 each	Operation of Dorsett Regency Hotel Hong Kong
Marvel Green Limited	BVI	1 share of USD1	Development of Dorsett Regency Hotel London
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 shares of RM1 each	Operation of Grand Dorsett Labuan Hotel

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2012

44. 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)			
Novel Orient Investments Limited	HK	1 share of HK$1	Development of Silka Tsuen Wan Hotel
Panley Limited	HK	1 share of HK$1	Development of Dorsett Regency Hotel Tsuen Wan
Richfull International Investment Limited	HK	1 share of HK$1	Bar operation
Ruby Way Limited	HK	2 shares of HK$1 each	Operation of Cosmo Hotel Mongkok
Subang Jaya Hotel Development Sdn. Bhd.	Malaysia	245,000,000 shares of RM1 each	Operation of Grand Dorsett Subang Hotel
Success Range Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Operation of Silka Johor Bahru Hotel
Tang Suite Pte. Ltd.	Singapore	1 share of S$1	Development of residential property
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of RM1 each	Operation of Silka Maytower Hotel & Serviced Residences
武漢遠東帝豪酒店管理有限公司*	PRC	USD29,800,000*	Operation of Dorsett Regency Wuhan Hotel
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	USD38,000,000*	Development of Grand Dorsett Chengdu Hotel
麗悦酒店管理(上海)有限公司#	PRC	RMB500,000*	Operation of Yue Shanghai Hotel

* Wholly owned foreign enterprise

\# Domestic wholly owned enterprise

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

List of Principal Properties

	Name of property and location	Lot number	Group's interest	Site area (m²)
Hong Kong				
1.	Cosmopolitan Hotel Hong Kong (1) Nos. 387-397 Queen's Road East Wan Chai	IL 1578RP	100%	1,093
2.	Silka West Kowloon No. 48 Anchor Street Tai Kok Tsui	KIL 6374	100%	357
3.	Cosmo Hotel Hong Kong Nos. 375-377 Queen's Road East Wan Chai	IL 1578 s.Ass1	100%	380
4.	Lan Kwai Fong Hotel @ Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	100%	377
5.	Silka Far East Nos. 135-143 Castle Peak Road Tsuen Wan	Lot No. 2158 in DD 449	100%	632
6.	Silka Seaview No. 268 Shanghai Street Yau Ma Tei	KIL 7429, 9701, 9705, 9727, 9769 & 9944	100%	502
7.	Cosmo Hotel Mongkok (2) No. 88 Tai Kok Tsui Road Tai Kok Tsui	KIL 8050 RP	100%	514
8.	Dorsett Regency Hong Kong No. 18 Davis Street Kennedy Town	IL 905	100%	461
9.	Dorsett Regency Kwun Tong No. 84 Hung To Road Kwun Tong	KTIL 162	100%	929
10.	Dorsett Regency Tsuen Wan No. 698 Castle Peak Road Kwai Chung	KCTL 193	100%	2,323
11.	Silka Tsuen Wan No. 119 Wo Yi Hop Road Kwai Chung	KCTL 163	100%	1,312

Notes:

(1) To be rebranded as Dorsett Regency Causeway Bay.
(2) To be rebranded as Dorsett Regency Mongkok.
(3) To be rebranded as Dorsett Regency Shanghai.

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
6,819	H	Completed	Existing
11,147	H	Under development	2012
21,250	H	Under development	2013
14,592	H	Under development	2014

List of Principal Properties (continued)

Name of property and location		Lot number	Group's interest	Site area (m²)
China				
1.	Grand Dorsett Chengdu No. 168 Xiyulong Street Qingyang District Chengdu Sichuan Province	N/A	100%	5,866
2.	Dorsett Regency Wuhan No. 118 Jiang Han Road Jiang An District Wuhan City Hubei Province	N/A	100%	5,339
3.	Yue Shanghai Hotel [3] No. 800 Hua Mu Road Pudong New Area Shanghai	N/A	100%	3,990
4.	Dorsett Regency Zhongshan No. 107 Zhongshan Yi Road West District Zhongshan Guangdong Province	N/A	100%	11,170
5.	Grand Dorsett Zhuji Wuxie Town, Zhuji Zhejiang Province	N/A	25%	60,736
Overseas				
1.	Dorsett Regency Kuala Lumpur 172, Jalan Imbi 55100 Kuala Lumpur Malaysia	Lot 1300 Seksyen 0067 held under Title No. GRN 49963 Town and District of Kuala Lumpur Wilayah Persekutuan KL	100%	1,270
2.	Grand Dorsett Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Lot Nos 4244 and 4245 held under title was GRN 38842 and 38843 Mukim of Damansara District of Petaling Selangor	100%	37,782
3.	Grand Dorsett Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL No. 207531888, Town of Labuan Federal Territory of Labuan	100%	6,071

List of Principal Properties (continued)

Approximate gross floor area (m^2)	Type	Stage of completion	Expected completion date
67,617	H	Under development	2012
67,307	H	Completed	Existing
18,149	H	Completed	Existing
42,635	H	Under development	2013
36,905	H	Under development	2013
27,753	H	Completed	Existing
43,264	H	Completed	Existing
21,565	H	Completed	Existing

List of Principal Properties (continued)

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

List of Principal Properties (continued)

Approximate gross floor area (m^2)	Type	Stage of completion	Expected completion date
5,623	H	Completed	Existing
8,804	H	Completed	Existing
16,226	H&R	Under development	2012
14,651	H	Under development	2014

Financial Summary

	For the year ended 31 March				
	2012 HK$'000	**2011 HK$'000**	**2010 HK$'000**	**2009 HK$'000**	**2008 HK$'000**
Revenue	**1,096,097**	867,100	616,253	681,905	633,635
Operating costs	**(326,826)**	(296,648)	(213,944)	(207,829)	(187,782)
Depreciation and amortisation	**(118,545)**	(98,166)	(68,325)	(65,027)	(56,290)
Management fee	**–**	–	(2,239)	(5,322)	(5,903)
Gross profit	**650,726**	472,286	331,745	403,727	383,660
Other income	**3,955**	3,036	3,162	2,406	3,645
Administrative expenses	**(263,738)**	(208,626)	(166,886)	(160,495)	(126,772)
Management fee	**–**	–	(28,169)	(29,537)	(31,691)
Pre-opening expenses	**(8,651)**	(1,403)	(6,517)	(1,876)	(1,432)
Other gains and losses	**2,313**	(43)	(1,052)	(25,424)	85,689
Gain (loss) on disposal of property, plant and equipment	**379,465**	25	(52)	49	(23)
Gain on disposal of a subsidiary	**–**	81,385	–	–	–
Listing expenses	**–**	(22,506)	–	–	–
Finance costs	**(90,703)**	(88,430)	(76,612)	(90,225)	(56,185)
Profit before taxation	**673,367**	235,724	55,619	98,625	256,891
Income tax expense	**(68,275)**	(27,320)	(9,806)	(11,948)	(30,415)
Profit for the year	**605,092**	208,404	45,813	86,677	226,476

	For the year ended 31 March				
	2012 HK$'000	**2011 HK$'000**	**2010 HK$'000**	**2009 HK$'000**	**2008 HK$'000**
Profit before taxation	**673,367**	235,724	55,619	98,625	256,891
Interest income	**(1,652)**	(1,725)	(2,467)	(2,258)	(2,612)
Finance costs	**90,703**	88,430	76,612	90,225	56,185
Depreciation and amortisation	**118,545**	98,166	68,325	65,027	56,290
EBITDA	**880,963**	420,595	198,089	251,619	366,754
Pre-opening expenses	**8,651**	1,403	6,517	1,876	1,432
Management fees	**–**	–	30,408	34,859	37,594
Change in fair value of investment properties	**(1,818)**	(2,612)	(3,486)	6,304	(21,807)
Change in fair value of derivative financial instruments	**1,911**	1,949	6,577	11,694	–
Other non-recurring items(1)	**(380,288)**	(58,879)	–	7,200	(66,140)
Adjusted EBIDTA	**509,419**	362,456	238,105	313,552	317,833
Adjusted EBIDTA margin(2)	**46%**	42%	39%	46%	50%

	At 31 March				
	2012 HK$'000	**2011 HK$'000**	**2010 HK$'000**	**2009 HK$'000**	**2008 HK$'000**
ASSETS AND LIABILITIES					
Total assets	**7,564,366**	6,892,305	6,340,759	5,288,860	3,852,279
Total liabilities	**(4,144,569)**	(3,995,571)	(6,156,754)	(5,190,060)	(3,586,445)
	3,419,797	2,896,734	184,005	98,800	265,834

Notes:

(1) Other non-recurring items consist of listing expenses and gain from the disposal of the Group's interest in the hotel "The Mercer" in 2011 and gain from disposal of Central Park Hotel in 2012.

(2) Adjusted EBITDA margin = Adjusted EBITDA/revenue.

Glossary

"AGM"	the forthcoming annual general meeting of the Company to be convened and held on 31 August 2012 at 9:30 a.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wan Chai, Hong Kong
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"CG Code"	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, which has been amended by the Stock Exchange and now known as Corporate Governance Code with effect from 1 April 2012
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company" or "KHI"	Kosmopolito Hotels International Limited, a company incorporated under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Exec-Director(s)"	executive director(s) of the Company
"FECIL"	Far East Consortium International Limited, a company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange, the indirect controlling shareholder of the Company within the meaning of the Listing Rules and a substantial shareholder of the Company within the meaning of Part XV of SFO
"FECIL Group" or "Parent Entities"	FECIL and its subsidiaries (other than the Group)
"Group" or "KHI Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	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
"INED(s)"	independent non-executive director(s) of the Company
"IPO"	the initial public offering of the Shares on the terms and conditions as described in the Prospectus
"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

Glossary (continued)

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"New Corporate Governance Code"	the current Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Non Exec-Director(s)"	non-executive director(s) of the Company
"Permitted Mixed Development"	(i) the development of any hotel within Plaza Damas 3 and Cheras Central, 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 "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 "FY2011"	the financial year of the Company from 1 April 2010 to 31 March 2011
"Prospectus"	the prospectus dated 28 September 2010 published by the Company
"Restricted Activity"	hotel investment, operation, management and development (save for any Permitted Mixed Development)
"RevPAR"	revenue per available room, room revenue of a hotel or hotels (including related service charges) during a period divided by the Total Available Room Nights of such hotel or hotels during the same period
"S$"	Singapore dollars, the lawful currency of Singapore
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Year" or "FY2012"	the financial year of the Company from 1 April 2011 to 31 March 2012
"%"	per cent.

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