DORSETT
HOSPITALITY INTERNATIONAL
帝 盛 酒 店 集 團

Dorsett Hospitality International Limited
帝盛酒店集團有限公司
(Incorporated in the Cayman Islands with limited liability)
Website: http://www.dorsett.com
(Stock Code: 2266)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

FINAL RESULTS

The board of directors (the "Board") of Dorsett Hospitality International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ("FY") ended 31 March 2013 (the "Year") as follows:

OPERATIONAL AND FINANCIAL HIGHLIGHTS

		2013	2012
		HK$'000	*HK$'000*
Revenue		**1,152,942**	1,096,097
Profit for the year		**647,456**	605,092
Earnings per share – basic and diluted	HK$	**0.3237**	0.3025
Net operating profit [1]		**498,892**	509,419
Net operating margin [2]		**43.3%**	46.5%
After adjustment for hotel revaluation surplus [3]			
Net assets attributable to shareholders		**13,245,168**	11,169,716
Net debt to equity		**22.6%**	24.6%
Net assets attributable to shareholders per share	HK$	**6.62**	5.58
Proposed final dividend	HK$	**0.08**	0.10

Notes:

(1) Net operating profit = profit before taxation, interest income, finance costs, depreciation and amortisation, pre-opening expenses, change in fair value of investment properties, change in fair value of derivative financial instruments, change in fair value of financial assets at fair value through profit or loss and other non-recurring items

(2) Net operating margin = Net operating profit/revenue

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

HIGHLIGHTS OF THE FINAL RESULTS

- Revenue for the Year grew to HK$1,152.9 million, up 5.2% from last year, primarily driven by continued revenue growth in Hong Kong and the People's Republic of China other than Hong Kong (the "PRC").

- During the Year, the Group recorded a gain of HK$458.4 million on disposal of a property holding subsidiary.

- Profit for the Year increased by 7.0% to HK$647.5 million from HK$605.1 million last year.

- Hotel revaluation surplus as at 31 March 2013 of HK$9,459.3 million was not reflected in the Group's consolidated financial statements. This compared to HK$7,749.9 million revaluation surplus at the end of the last financial year. The significant increase in revaluation surplus is predominantly attributable to the appreciation of hotel properties in Hong Kong and Singapore.

- Adjusting for hotel revaluation surplus, net assets attributable to shareholders per share increased to HK$6.62 as at 31 March 2013, representing 18.6% increase as compared to last year.

- The Board proposes a final dividend of HK8 cents per share, together with the interim dividend of HK4 cents per share, bringing the total dividend payout for the Year to HK12 cents per share. This represents 36.8% of total distributable profit, which compares with 39.7% last year. Shareholders of the Company have an option to receive cash in lieu of the new shares of the Company for the proposed final dividend.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
Revenue	4	**1,152,942**	1,096,097
Operating costs		**(364,672)**	(326,826)
Depreciation and amortisation		**(137,879)**	(118,545)
Gross profit		**650,391**	650,726
Other income		**5,811**	3,955
Administrative expenses		**(294,267)**	(263,738)
Pre-opening expenses		**(26,107)**	(8,651)
Gain on disposal of property, plant and equipment		**424**	379,465
Gain on disposal of a subsidiary		**458,358**	–
Other gains and losses	5	**(2,282)**	2,313
Finance costs	6	**(100,005)**	(90,703)
Profit before taxation		**692,323**	673,367
Income tax expense	7	**(44,867)**	(68,275)
Profit for the year	8	**647,456**	605,092
Other comprehensive (expense) income for the year			
Exchange differences on translation of foreign operations		**(4,021)**	33,073
Total comprehensive income for the year		**643,435**	638,165
Earnings per share	9		
– Basic (HK cents)		**32.37**	30.25
– Diluted (HK cents)		**32.37**	30.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**5,652,677**	5,074,698
Prepaid lease payments		**589,330**	591,333
Investment properties		**412,500**	405,900
Deposits for acquisition of property, plant and equipment		**133,864**	149,315
Interest in an associate		**76,533**	76,533
Utility and other deposits paid		**11,755**	7,990
Pledged deposits		**2,897**	5,252
Deferred tax assets		**5,000**	–
		6,884,556	6,311,021
Current assets			
Properties for/under development for sale		**353,141**	255,677
Other inventories		**8,396**	8,129
Debtors, deposits and prepayments	*10*	**120,624**	105,561
Prepaid lease payments		**14,841**	14,629
Tax recoverable		**6,926**	37
Financial assets at fair value through profit or loss		**28,554**	–
Pledged deposits		**137,132**	335,665
Time deposits		**12,500**	–
Bank balances and cash		**729,519**	533,647
		1,411,633	1,253,345
Current liabilities			
Creditors and accruals	*11*	**244,616**	231,720
Secured bank borrowings	*12*	**3,287,936**	858,877
Sales deposits received		**275,926**	148,578
Derivative financial instruments		**9,516**	1,198
Tax payable		**2,200**	34,277
		3,820,194	1,274,650
Net current liabilities	*1*	**(2,408,561)**	(21,305)
Total assets less current liabilities		**4,475,995**	6,289,716

	NOTES	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Secured bank borrowings	*12*	**582,692**	2,768,504
Rental deposits received		**7,756**	6,851
Deferred tax liabilities		**99,724**	94,564
		690,172	2,869,919
Net assets		**3,785,823**	3,419,797
Capital and Reserves			
Share capital		**200,000**	200,000
Share premium		**2,237,153**	2,237,153
Reserves		**1,348,670**	982,644
Total equity		**3,785,823**	3,419,797

NOTES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the Group's current liabilities exceeded its current assets by HK$2,408,561,000 as at 31 March 2013. The Directors have taken the measures subsequent to the year ended 31 March 2013, which include (i) the placing of RMB850,000,000 (equivalent to HK$1,062,500,000) bonds in April 2013; and (ii) the five-year loan facility of HK$1,750,000,000 which was executed on 17 June 2013, to improve the liquidity position of the Group. Also, the Directors believe that the Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets. In the opinion of the Directors, taking into account the implementation of these measures and internally generated funds of the Group, the Group will be able to meet its financial obligations in full as they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following amendments to the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2012.

HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Transfer of Financial Assets

The application of the above amendments to the HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

4. SEGMENT INFORMATION

Information reported to the Group's chief operating decision makers, 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, Singapore and the 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 the consolidated financial statements. Segment profit represents the profit before taxation earned by each segment.

(a) Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**744,712**	707,866	**702,899**	660,284
Malaysia	**288,140**	294,162	**45,486**	48,149
PRC	**120,090**	94,069	**(43,675)**	(28,120)
Singapore	**–**	–	**(13,366)**	(6,229)
UK	**–**	–	**979**	(717)
Consolidated revenue/profit before taxation	**1,152,942**	1,096,097	**692,323**	673,367

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

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

(b) Segment assets

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

	Non-current assets		Segment assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**2,931,242**	2,902,105	**3,640,069**	3,592,814
Malaysia	**957,658**	974,622	**1,077,778**	1,071,588
PRC	**1,933,121**	1,780,319	**2,075,849**	1,944,076
Singapore	**572,378**	431,959	**943,753**	694,845
UK	**482,260**	216,764	**558,740**	261,043
Consolidated non-current assets/total assets	**6,876,659**	6,305,769	**8,296,189**	7,564,366

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 makers. Accordingly, no such information is presented.

5. OTHER GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Increase in fair value of investment properties	**–**	1,818
Decrease in fair value of derivative financial instruments	**(8,307)**	(1,911)
Net foreign exchange gain	**2,022**	2,423
Allowance for bad and doubtful debts	**(80)**	(17)
Change in fair value of financial assets at fair value through profit or loss	**4,083**	–
	(2,282)	2,313

6. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	**118,911**	65,910
– not wholly repayable within five years	**12,888**	39,803
Amortisation of front-end fee	**10,170**	11,830
Others	**3,795**	454
	145,764	117,997
Less: amount capitalised to hotels and properties under development	**(45,759)**	(27,294)
	100,005	90,703

7. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Current year income tax		
Hong Kong	**40,284**	49,706
Other jurisdictions	**4,423**	8,567
	44,707	58,273
Deferred taxation	**160**	10,002
	44,867	68,275

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

8. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year is arrived at after charging:		
Auditor's remuneration	**4,608**	4,909
Staff costs		
Directors' emoluments	**6,340**	8,594
Other staff		
Salaries and other benefits	**284,675**	236,776
Retirement benefit scheme contributions	**18,354**	14,393
Share-based payment expenses	**1,265**	2,032
	310,634	261,795
Operating lease payments	**5,558**	1,483
Depreciation	**129,234**	110,102
Amortisation of prepaid lease payments	**9,765**	9,537
Less: amount capitalised to hotels under development and properties for sale under development	**(1,120)**	(1,094)
	8,645	8,443
and crediting:		
Rental income	**47,548**	44,871
Less: direct outgoings	**(3,575)**	(4,021)
	43,973	40,850
Bank interest income	**3,288**	1,652
Gain (loss) on disposal of property, plant and equipment		
– Hotel property	**–**	380,288
– Others	**424**	(823)
	424	379,465

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year ended 31 March 2013 is based on the consolidated profit for the year of HK$647,456,000 (2012: HK$605,092,000) and on 2,000,000,000 shares (2012: 2,000,000,000 shares) in issue during the year.

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**57,922**	50,645
Advance to contractors	**2,930**	7,525
Prepayments and other receivables	**44,772**	47,391
Balance of proceeds from disposal of a subsidiary	**15,000**	–
	120,624	105,561

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

	2013	2012
	HK$'000	*HK$'000*
0 – 60 days	**52,577**	46,736
61 – 90 days	**2,019**	1,383
Over 90 days	**3,326**	2,526
	57,922	50,645

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

Rentals are payable upon representation of demand notes. Hotel room revenue is normally settled by cash or credit cards. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

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

11. CREDITORS AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Trade creditors	**32,164**	28,698
Construction cost and retention payable	**94,569**	91,651
Reservation deposits and receipts in advance	**33,461**	31,751
Other payable and accrued charges	**84,422**	79,620
	244,616	231,720

The following is an aged analysis of the trade creditors:

	2013	2012
	HK$'000	*HK$'000*
0 – 60 days	**22,599**	21,517
61 – 90 days	**1,311**	4,828
Over 90 days	**8,254**	2,353
	32,164	28,698

12. SECURED BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank loans	**3,881,455**	3,646,443
Less: front-end fee	**(10,827)**	(19,062)
	3,870,628	3,627,381
Analysis for reporting purpose as		
Current liabilities	**3,287,936**	858,877
Non-current liabilities	**582,692**	2,768,504
	3,870,628	3,627,381
The loans repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	**2,459,716**	659,199
More than one year but not exceeding two years	**398,473**	2,144,271
More than two years but not exceeding five years	**884,297**	619,481
More than five years	**138,969**	223,492
	3,881,455	3,646,443

The carrying amounts of the bank borrowings include an amount of HK$839,047,000 (2012: HK$199,678,000) which is not repayable within one year based on scheduled repayment dates has however been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

On 17 June 2013, the Group entered into a five-year loan facility of HK$1,750,000,000. The equity interests in two subsidiaries of the Company, together with two hotel properties in Hong Kong owned by these subsidiaries with aggregate carrying values of HK$737,033,000, have been pledged as securities for this loan facility.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

The global economy continued to be uncertain during the reporting year. Despite challenging macro-economic environment, the Group achieved growth in revenue for the financial year ended 31 March 2013 with net profit for the Year reaching HK$647.5 million (2012: HK$605.1 million). Hong Kong operations continued to be the key driver of the Group's performance amongst all regions.

Acquisitions and Disposals

The Group has completed the following significant transactions during the Year:

In April 2012, the Group acquired the Big Orange industrial building located at Kwai Chung, Hong Kong from an independent third party at a consideration of HK$210.0 million. Located at the densely populated Kwai Chung district and well served by public transportation, the Group intends to convert the property into a 420-guestroom hotel, which will be branded as an additional member to the Group's three-star Silka series of hotels, namely "Silka Tsuen Wan, Hong Kong".

To demonstrate the value of the Group's assets, in September 2012, the Group monetised and completed the disposal of Hong Kong (SAR) Hotel Limited ("HKSAR Hotel") holding Dorsett Regency Hotel, Hong Kong ("Dorsett Regency HK") which is located in Kennedy Town, Hong Kong for an aggregate consideration of approximately HK$801.5 million. The disposal resulted in a gain of approximately HK$458.4 million. Further to the disposal, the Group entered into a management contract with HKSAR Hotel to manage the Dorsett Regency HK.

Pursuing the "Chinese Wallet" strategy, the Group continued to expand its hotel portfolio in selected strategic regions in UK with the acquisition of a property which is currently an office building situated above the Aldgate underground station on London underground's Circle Line and Metropolitan Line for a consideration of approximately £14.1 million (equivalent to approximately HK$178.4 million) in October 2012. The Group intends to redevelop the property into a hotel, to be named "Dorsett City, London".

Business & Project Development

On the existing portfolio, Dorsett Kwun Tong, Hong Kong (361 rooms) commenced operations in August 2012, whilst Dorsett Grand Chengdu (556 rooms) and Dorsett Singapore (285 rooms) also started trial operations during the Year.

The six owned hotels under development are largely progressing as planned:

Company Owned Hotels For/Under Development[1]	Location	Target market segments[1]	Total rooms[1]	Commencement[1]
Dorsett Tsuen Wan, Hong Kong	Hong Kong	mid-scale	547	3rd quarter of FY2014
Dorsett Shepherds Bush, London[2]	UK	mid-scale	317	4th quarter of FY2014
Dorsett Grand Zhuji[3]	PRC	up-scale	200	3rd quarter of FY2015
Dorsett Zhongshan[4]	PRC	mid-scale	416	4th quarter of FY2015
Silka Tsuen Wan, Hong Kong	Hong Kong	value	420	2nd quarter of FY2016
Dorsett City, London[5]	UK	mid-scale	275[6]	3rd quarter of FY2016

(1) The hotel names, target market segments, total rooms and commencement may change.
(2) Previously known as Dorsett London.
(3) The Group owns 25% interest of the hotel.
(4) The Group is in the process of obtaining the title certificates for Dorsett Zhongshan.
(5) Previously known as The Matrix.
(6) Total rooms of approximately 275 are subject to planning approval and finalization of conversion plan.

Rebranding

In order to further strengthen the Group's brand awareness and reinforce competitive advantage, several high level changes to the overall brand architecture were made. The English name of the Company has been changed from "Kosmopolito Hotels International Limited" to "Dorsett Hospitality International Limited" and the Chinese name of the Company has been changed from "麗悅酒店集團有限公司" to "帝盛酒店集團有限公司"with effect from 31 August 2012. The change of name is an important part of the brand alignment exercise which will strengthen the brand awareness for marketing efficiency and will be essential to the Group's further expansion through development, acquisition and management contracts. Furthermore, individual hotels are also under a tentative timetable to change their names.

To enhance our brand architecture, the Group has consolidated the hotel portfolio and divided it into three brands that cover different market segments – boutique range "d. Collection", a series of upscale, charismatic hotels in prime locations carefully chosen for their proximity to the pulse of each city, focusing on business travelers; "Dorsett Hotels & Resorts", comprising the upscale Dorsett Grand hotels which offer tasteful and rich hospitality experience, midscale Dorsett Hotels which are contemporary urban hotels in central locations, focusing on business and leisure travelers; and the value-led "Silka Hotels" famed for convenience, speedy service and attractive room rates, focusing on leisure travelers.

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).

Overall revenue of the Group grew by 5.2% to HK$1,152.9 million for the Year (2012: HK$1,096.1 million) primarily driven by continued revenue growth in Hong Kong and the PRC.

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

	2013		2012	
	HK$'000	**% of Total**	*HK$'000*	% of Total
Hong Kong				
Room revenue	**689,676**		656,512	
Food and beverage revenue	**21,403**		14,853	
Leasing revenue	**14,198**		12,627	
Other revenue	**19,435**		23,874	
Total	**744,712**	**64.6%**	707,866	64.6%
PRC				
Room revenue	**73,131**		51,498	
Food and beverage revenue	**15,484**		12,553	
Leasing revenue	**29,453**		28,089	
Other revenue	**2,022**		1,929	
Total	**120,090**	**10.4%**	94,069	8.6%
Malaysia				
Room revenue	**168,040**		172,560	
Food and beverage revenue	**101,605**		104,484	
Leasing revenue	**3,897**		4,155	
Other revenue	**14,598**		12,963	
Total	**288,140**	**25.0%**	294,162	26.8%
Group Total				
Room revenue	**930,847**	**80.8%**	880,570	80.4%
Food and beverage revenue	**138,492**	**12.0%**	131,890	12.0%
Leasing revenue	**47,548**	**4.1%**	44,871	4.1%
Other revenue	**36,055**	**3.1%**	38,766	3.5%
Total	**1,152,942**	**100.0%**	1,096,097	100.0%

The average room rate ("ARR") of owned hotels in Hong Kong in the Year increased by 2.9% year-on-year while the occupancy ("OCC") recorded a 2.7% point year-on-year decrease. The overall revenue per available room ("RevPAR") was HK$930, maintaining at a similar level to that of the previous financial year. Dorsett Kwun Tong, Hong Kong commenced operations in August 2012 and has a comparably lower than average OCC and ARR during its ramp up period which adversely impacted the overall RevPAR in Hong Kong region. In addition, following the devastating earthquake in Japan and the floods in Thailand in year 2011, the Group's Hong Kong operations achieved exceptionally high OCC of 96.0% for the last financial year as Hong Kong attracted more inbound demands. The Group achieved a more normalized OCC of 93.3% for the Year which outperformed the market average OCC of 89% for all hotels in Hong Kong for year 2012 announced by Hong Kong Tourism Board.

For the financial year under review, the momentum of revenue growth in the PRC region continued from last year. Dorsett Wuhan achieved better results with RevPAR growth of 40.4% over the last financial year which was primarily driven by a 17.4% point increase in OCC. Dorsett Shanghai continued to register a remarkable year-on-year growth in RevPAR and OCC of 31.4% and 15.1% point respectively. Overall RevPAR for the PRC region attained an encouraging increase of 32.3% over the same period of the last financial year.

In Malaysia, the decrease in international events and downscaling of service by national carriers and budget airlines led to a drop in leisure travelers, which affected the performance of our hotels. Although the Group managed to increase the overall ARR by a slight increase of 0.8% for the reporting year, OCC recorded a year-on-year decrease of 6.2% point resulting in overall decrease in RevPAR by 7.3% as compared to the last financial year.

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

	2013	2012
Owned		
Hong Kong		
Available Room Nights	**740,220**	705,512
Occupied Room Nights	**690,566**	677,103
Occupancy rate	**93.3%**	96.0%
Average room rate (HK$)	**997**	969
RevPAR (HK$)	**930**	930
PRC		
Available Room Nights	**201,480**	192,500
Occupied Room Nights	**141,524**	103,714
Occupancy rate	**70.2%**	53.9%
Average room rate (HK$)	**549**	541
RevPAR (HK$)	**385**	291

	2013	2012
Malaysia		
Available Room Nights	**491,111**	468,759
Occupied Room Nights	**336,032**	349,523
Occupancy rate	**68.4%**	74.6%
Average room rate (HK$)	**498**	494
RevPAR (HK$)	**341**	368
Managed		
Hong Kong		
Available Room Nights	**47,215**	37,454
Occupied Room Nights	**39,148**	29,854
Occupancy rate	**82.9%**	79.7%
Average room rate (HK$)	**1,441**	1,534
RevPAR (HK$)	**1,195**	1,223
Group Total		
Available Room Nights	**1,480,026**	1,404,225
Occupied Room Nights	**1,207,270**	1,160,194
Occupancy rate	**81.6%**	82.6%
Average room rate (HK$)	**820**	802
RevPAR (HK$)	**668**	663

(b) Segment results

Details of the segment information are provided in Note 4 to the consolidated financial statements set out in this announcement. Consolidated profit before taxation for the Year rose 2.8% to HK$692.3 million (2012: HK$673.4 million).

Hong Kong operations continued to be the key profit contributor of the Group generating segment profit of HK$702.9 million, representing 6.5% year-on-year increase (2012: HK$660.3 million). During the Year, the Group disposed of HKSAR Hotel which owns Dorsett Regency HK, resulting in a gain of approximately HK$458.4 million while the Group disposed of Central Park Hotel resulting in a gain of HK$380.3 million in last year. These disposals are consistent with the Group's strategy of value creation by monetising the assets and recycling its capital.

During the Year, our hotels in Malaysia region generated segment profit at a level similar to that of last year. PRC and Singapore operations recorded an increase in segment losses of HK$15.6 million and HK$7.1 million respectively, primarily due to the increase in pre-opening expenses which consist of staff costs and other miscellaneous expenses incurred prior to the commencement of operation of hotels. Dorsett Grand Chengdu went into trial operations in August 2012 while Dorsett Singapore in March 2013.

(c) Net operating profit

Net operating profit decreased by 2.1% to HK$498.9 million (2012: HK$509.4 million). Net operating margin on the operating earnings decreased from 46.5% last financial year to 43.3% in the financial year under review, primarily due to the net operating loss arising from the trial operations of Dorsett Grand Chengdu and increase in marketing and promotional expenses, including rebranding costs.

The following table sets forth the reconciliation of net operating margin from profit before taxation:

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**692,323**	673,367
Interest income	**(3,288)**	(1,652)
Finance costs	**100,005**	90,703
Depreciation and amortisation	**137,879**	118,545
EBITDA	**926,919**	880,963
Pre-opening expenses	**26,107**	8,651
Change in fair value of investment properties	**–**	(1,818)
Change in fair value of derivative financial instruments	**8,307**	1,911
Change in fair value of financial assets at fair value through profit or loss	**(4,083)**	–
Other non-recurring items[1]	**(458,358)**	(380,288)
Net operating profit	**498,892**	509,419
Net operating margin[2]	**43.3%**	46.5%

Notes:

(1) Other non-recurring items consist of gain from disposal of Central Park Hotel in the last financial year and gain from disposal of the Group's interest in HKSAR Hotel in the Year.

(2) Net operating margin = Net operating profit/revenue

(d) Distributable profit

Before the change in fair value of the Group's derivative financial instruments and gain on revaluation of investment properties and its related deferred taxation, the distributable profit attributable to the Group's shareholders for the Year is HK$651.7 million (2012: HK$605.2 million), representing an increase of 7.7%.

	2013	2012
	HK$'000	*HK$'000*
Profit for the Year	**647,456**	605,092
Adjusted for:		
Change in fair value of derivative financial instruments	**8,307**	1,911
Change in fair value of financial assets at fair value through profit or loss	**(4,083)**	–
Change in fair value of investment properties	**–**	(1,818)
Distributable profit	**651,680**	605,185

Financial Resources and Liquidity

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

	2013	2012
	HK$'000	*HK$'000*
Bank balances and cash	**729,519**	533,647
Time deposits	**12,500**	–
Pledged deposits	**140,029**	340,917
	882,048	874,564
Bank loans	**3,881,455**	3,646,443
Less: front-end fee	**(10,827)**	(19,062)
	3,870,628	3,627,381
Analysis for reporting purpose as		
Current liabilities	**3,287,936**	858,877
Non-current liabilities	**582,692**	2,768,504
	3,870,628	3,627,381
Net debt	**2,988,580**	2,752,817
Total equity	**3,785,823**	3,419,797
Revaluation surplus of hotel properties	**9,459,345**	7,749,919
Total equity after revaluation surplus	**13,245,168**	11,169,716
Net debt to equity (adjusting for hotel revaluation surplus)	**22.6%**	24.6%

The Group's borrowings are secured over certain properties of the Group. The Group's bank loans carry interest at floating rates, with a range of effective interest rates of 1.45% to 8.00% per annum (2012: 1.31% to 8.81% per annum). Effective cost of borrowings during the Year increased from 3.3% to 3.9%.

Current portion of bank borrowings included an amount of HK$839.0 million which is not repayable within one year but is shown under current liabilities in accordance with HKFRSs as the counterparties have discretionary rights to demand immediate repayment. Balance of the current portion of bank borrowings primarily reflected a syndicated loan for the amount of HK$1.7 billion ("Outstanding Syndicated Loan") which is repayable in full on maturity in September 2013 and is currently secured over 6 Hong Kong hotel properties owned by the Group.

As disclosed in the "Events After the Reporting Period" section below, on 17 June 2013, the Group executed a 5-year loan facility amounting to HK$1.75 billion to refinance the Outstanding Syndicated Loan in full. With an increase in valuation of the Group's hotel properties, the new loan facility only requires pledging of 2 Hong Kong hotel properties of the Group. With the refinancing, 4 Hong Kong hotel properties can be released and become unencumbered.

On 3 April 2013, the Company issued 5-year bonds due 2018 (the "Bonds") in an aggregate principal amount of CNY850 million at a fixed rate of 6% per annum. The net proceeds of the issue, after deduction of commission and administrative expenses, amounted to approximately CNY840 million (approximately HK$1.05 billion). The Company intends to use the net proceeds for the Group's future acquisition(s) and expansion, and for general corporate purposes.

The Group has 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. The Group has further entered into currency swap contracts in relation to the Bonds which reduce overall financing costs. These derivative financial instruments are not accounted for under hedge accounting. The Group recorded a change in fair value of derivative financial instruments of HK$8.3 million for the Year (2012: HK$1.9 million).

Capital Expenditures

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$962.1 million (2012: HK$744.8 million), an increase of HK$217.3 million, or 29%. These capital expenditures were funded by bank borrowings and internal resources. The capital expenditure for the Year was mainly attributable to the acquisition of Silka Tsuen Wan, Hong Kong and Dorsett City, London as well as the construction work for Dorsett Grand Chengdu, Dorsett Singapore and Dorsett Tsuen Wan, Hong Kong.

As the Group continues to expand on the planned construction work and to seek new acquisitions, the Group plans to incur approximately HK$893.3 million in capital expenditures in the financial year 2014. The management expects to fund the planned capital expenditures by bank borrowings and internal resources.

Capital Commitments

The following table summarises the Group's capital commitments as at 31 March 2013 and 2012:

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and acquisition of other property, plant and equipment:		
– contracted for but not provided in the financial statements	**768,622**	585,760
– authorised but not contracted for	**27,673**	319,593

Contingent Liabilities

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

Human Resources

As at 31 March 2013, the Group had 2,394 employees (2012: 2,039) with total employee cost for the Year of HK$335.6 million (2012: HK$268.4 million). Staff to room ratio for owned operating hotels improved to approximately 0.44 for the Year (2012: 0.46). In order to attract and retain talents to ensure smooth operations and to cater for the Group's expected growth, the Group offers competitive employee remuneration packages with reference to market conditions and individual qualifications, experience and job scope. Such remuneration packages consist of basic salary plus discretionary and performance related annual bonus.

Certain Board members and full-time employees were granted share options under the Company's share option scheme. The employee share option scheme has been put in place to incentivise employees and to encourage them to work towards enhancing shareholders' value and promoting the long-term growth of the Group. The Group recognises a fair value of HK$18.0 million on these options, of which HK$2.6 million is charged as share option expense for the financial year under review.

Properties

As at 31 March 2013, the Group owned 23 hotels in operation and under development across the world: 10 in Hong Kong, 5 in the PRC, 5 in Malaysia, 1 in Singapore and 2 in UK.

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

Together with the residential complex of Dorsett Singapore, which is classified as "Properties for/under development for sale" in the Consolidated Statement of Financial Position stated at the lower of cost and net realizable value under the HKFRSs, our property portfolio and investment properties were carried at HK$6,854.4 million (2012: HK$6,268.0 million) in the consolidated financial statements.

While the fair value increase has not been recognised in the consolidated financial statements, in order to provide users of the consolidated financial statements with the fair value of the Group's net assets, management has commissioned independent property valuers to perform a valuation on the Group's properties. In this regard, the Group's property portfolio was valued at HK$16,313.7 million (2012: HK$14,017.9 million), representing a hotel revaluation surplus of HK$9,459.3 million as at 31 March 2013 (2012: HK$7,749.9 million), or an increase of 22.1% in hotel revaluation surplus as compared with last year.

Hotels in Operation

As at the end of the current financial year, the Group was operating 17 hotels representing 4,894 rooms across Hong Kong, the PRC, Malaysia and Singapore.

Company Owned Hotel Properties	Location	Total rooms	Commencement
Dorsett Hotels and Resorts			
Cosmopolitan Hotel Hong Kong[(1)]	Hong Kong	454	January 2005
Cosmo Hotel Mongkok[(2)]	Hong Kong	285	July 2010
Dorsett Kwun Tong, Hong Kong	Hong Kong	361	August 2012
Dorsett Regency Kuala Lumpur	Malaysia	320	April 1998
Dorsett Grand Subang	Malaysia	478	February 2007
Dorsett Grand Labuan	Malaysia	178	September 2007
Dorsett Wuhan	PRC	329	June 2008
Dorsett Shanghai	PRC	264	February 2010
Dorsett Grand Chengdu	PRC	556	August 2012
Dorsett Singapore	Singapore	285	March 2013
d. Collection			
Cosmo Hotel Hong Kong	Hong Kong	142	October 2005
Lan Kwai Fong Hotel@Kau U Fong	Hong Kong	162	March 2006
Silka Hotels			
Silka Seaview, Hong Kong	Hong Kong	268	January 2001
Silka West Kowloon, Hong Kong	Hong Kong	141	May 2005
Silka Far East, Hong Kong	Hong Kong	240	October 2006
Silka Maytower Hotel & Serviced Residences	Malaysia	179	October 2008
Silka Johor Bahru	Malaysia	252	October 2008
		4,894	

(1) *To be re-branded as Dorsett Wan Chai, Hong Kong*
(2) *To be re-branded as Dorsett Mongkok, Hong Kong*

Other Financial Information

The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK$9,459.3 million based on valuation on 31 March 2013. The revaluation surplus has not been accounted for in the consolidated financial statements. Net assets attributable to shareholders per share after adjusting revaluation surplus as at 31 March 2013 was HK$6.62.

EVENTS AFTER THE REPORTING PERIOD

To strengthen the Group's capital base and diversify financing sources, on 3 April 2013, the Company issued 5-year bonds due 2018 in an aggregate principal amount of CNY850 million at a fixed rate of 6% per annum. The net proceeds of the issue, after deduction of commission and administrative expenses, amounted to approximately CNY840 million (approximately HK$1.05 billion). The Company intends to use the net proceeds for the Group's future acquisition(s) and expansion, and for general corporate purposes.

Whilst the Group continues to pursue the "Chinese Wallet" strategy, it is also important to focus on market segments in other continents with growth potential as well. On 9 April 2013, the Group entered into an affiliation agreement with Diamond Resorts International Limited ("Diamond Resorts"), which is one of the world's largest vacation ownership companies with more than 300 vacation destinations in 33 countries. Through this affiliation, the Group will be able to tap into the customer base of Diamond Resorts.

On 17 June 2013, the Group executed a 5-year loan facility amounting to HK$1.75 billion to refinance the Outstanding Syndicated Loan in full. The new loan facility only requires pledging of 2 Hong Kong hotel properties of the Group instead of 6 Hong Kong hotel properties for the Outstanding Syndicated Loan. With the refinancing, 4 Hong Kong hotel properties can be released and become unencumbered.

OUTLOOK

Although there are signs of economic recovery in the United States of America ("US"), the global economy is likely to remain challenging in the mid-term. Despite ongoing economic challenges, the growth of international arrivals worldwide is expected to continue. The World Tourism Organization's long-term outlook Tourism Towards 2030 currently projects an average growth for international arrivals worldwide of 3.8% per year between 2010 and 2020.

The growth of Chinese outbound travelers is likely to remain strong. The Annual Report of China Outbound Tourism Development 2013 announced that Chinese outbound travelers in 2012 achieved a year-on-year growth of 18.4%, reaching 83.2 million which has surpassed those of Germany and US in term of absolute number. The PRC became the country with the highest outbound travelers in the globe. China Outbound Tourism Research Institute further forecasts that Chinese outbound travelers will surge to 95.0 million in 2013, representing a year-on-year increase of 14.2%.

In Hong Kong, the Hong Kong Tourism Board announced that total visitor arrivals in 2012 reached 48.7 million, an increase of 16.0% over the 2011 yearly total. Out of which, arrivals from the PRC continued to increase with 24.2% year-on-year growth. Furthermore, projected year-on-year increase in total visitor arrivals and arrivals from the PRC for 2013 are 6.8% and 8.9% respectively.

To capture the Chinese outbound tourism boom, the Group will continue with its "Chinese Wallet" strategy to further drive growth. With the opening of Dorsett Kwun Tong, Hong Kong (361 rooms), Dorsett Grand Chengdu (556 rooms) and Dorsett Singapore (285 rooms), the Group is well positioned to benefit from the increase in the volume of travelers. The Group's total room inventory will exceed 7,000 rooms in the upcoming years with the completion of six additional hotel properties. The expansion in the portfolio of operating hotels will likely drive further growth in operational as well as recurring cash flow stream. Nevertheless, it is noteworthy that the overall group wide average per room benchmarks, including ARR, OCC and RevPAR, may be adversely impacted in the short-term as these new hotels would take time to ramp up and stabilize in term of operations.

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend (the "Proposed Final Dividend") of HK8 cents per ordinary share for the Year. The Proposed Final Dividend will be paid in the form of a scrip dividend to shareholders of the Company (the "Shareholders") who being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme"). The Proposed Final Dividend together with the interim dividend of HK4 cents per ordinary share already paid represents a dividend payout ratio for the whole year of approximately 36.8% based on the Company's distributable profit. The total amount of the Proposed Final Dividend, if all elected for receipt of cash, based on the number of issued ordinary shares of the Company as at the date of this announcement, will therefore be approximately HK$160 million.

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the Company's forthcoming annual general meeting to be held on 29 August 2013 (the "Annual General Meeting"); and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 19 September 2013. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to Shareholders together with a form of election on or around 30 September 2013. Dividend warrants and/or new share certificates will be posted on or around 31 October 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend the Annual General Meeting to be held on 29 August 2013, the register of members of the Company will be closed from 27 August 2013 to 29 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the "Branch Registrar") at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 26 August 2013.

Subject to the approval of the Shareholders at the Annual General Meeting, the Proposed Final Dividend will be distributed on or about 31 October 2013 to the Shareholders whose names appear on the register of members of the Company on 19 September 2013. 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 17 September 2013 to 19 September 2013, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on 16 September 2013.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 18 June 2013

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

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