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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 2015**

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 2015 (the “Year”) as follows:

OPERATIONAL AND FINANCIAL HIGHLIGHTS

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

Notes:

- (1) Recurring Revenue = Total revenue excluding revenue generated from the sales of apartments in Singapore of Nil (2014: HK\$498.4 million) and dividend and interest income generated from the securities and financial product investment of HK\$21.8 million (2014: HK\$17.0 million)
- (2) EBITDA = profit before taxation, interest income, finance cost and depreciation and amortisation
- (3) Recurring EBITDA = earnings before taxation, interest income, dividend income, finance costs, treasury management expenses, depreciation and amortisation, pre-opening expenses, change in fair value of investment properties, change in fair value of derivative financial instruments, change in fair value of investment securities, provision for impairment loss on interest in an associate and other non-recurring items, including earnings before tax in relation to the sales of apartments in Singapore
- (4) Recurring EBITDA margin = Recurring EBITDA/Recurring Revenue
- (5) Revaluation surplus for its hotel properties was not recognised in the consolidated financial statements as the Group has elected the cost model instead of revaluation model as its accounting policy

HIGHLIGHTS OF THE FINAL RESULTS

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

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

On a LFL⁽¹⁾ basis, RevPAR declined 5.5% to HK\$570.

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

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

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

- Revaluation surplus on hotel properties came in at HK\$10.97 billion. Such surplus was not reflected in the Group’s consolidated financial statements as the Group adopted the cost model under the HKFRSs for reporting purpose. Adjusting for hotel revaluation surplus, net assets attributable to shareholders per share was HK\$7.05 as at 31 March 2015.
- The Board recommends a final dividend of HK2 cents per share, together with the interim dividend of HK2 cents per share, bringing the total dividend payout for the Year to HK4 cents per share.

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

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

FOR THE YEAR ENDED 31 MARCH 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	4	1,454,027	1,785,850
Cost of properties sold		—	(350,911)
Operating costs		(503,044)	(438,769)
Depreciation and amortisation		(259,850)	(196,474)
Gross profit		691,133	799,696
Other income		18,494	4,088
Administrative expenses		(402,608)	(348,410)
Pre-opening expenses		(14,080)	(13,596)
Other gains and losses	5	21,456	140,174
Finance costs	6	(164,481)	(167,261)
Profit before tax		149,914	414,691
Income tax expense	7	(55,562)	(38,123)
Profit for the year	8	94,352	376,568
Other comprehensive (expense) income for the year			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(186,936)	15,431
Fair value adjustments on cross currency swap contracts designated as cash flow hedges		(79,001)	28,898
Reclassification from hedge reserve to profit or loss		—	(27,329)
		(265,937)	17,000
Total comprehensive (expense) income for the year		(171,585)	393,568
Earnings per share	9		
— Basic (HK cents)		4.50	18.52
— Diluted (HK cents)		4.50	18.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,545,503	6,384,555
Prepaid lease payments		536,962	574,164
Investment properties		651,014	600,996
Deposits for acquisition of property, plant and equipment		130,385	391,826
Interest in an associate		55,902	76,533
Utility and other deposits paid		13,523	15,125
Derivative financial instruments		—	20,062
Pledged deposits		2,564	2,831
Deferred tax assets		25,036	32,938
		<u>7,960,889</u>	<u>8,099,030</u>
Current assets			
Properties for sale			
Completed properties		6,756	7,379
Properties for/under development		18,468	21,030
Other inventories		8,936	9,159
Debtors, deposits and prepayments	<i>10</i>	233,061	242,713
Prepaid lease payments		14,326	14,755
Tax recoverable		14,039	5,957
Investment securities		643,761	514,264
Derivative financial instruments		1,268	—
Pledged deposits		261,559	165,080
Bank balances and cash		667,134	1,191,278
		<u>1,869,308</u>	<u>2,171,615</u>
Current liabilities			
Creditors and accruals	<i>11</i>	317,421	371,810
Secured bank borrowings	<i>12</i>	1,823,905	2,119,978
Derivative financial instruments		608	—
Tax payable		12,472	24,909
		<u>2,154,406</u>	<u>2,516,697</u>
Net current liabilities	<i>1</i>	<u>(285,098)</u>	<u>(345,082)</u>
Total assets less current liabilities		<u>7,675,791</u>	<u>7,753,948</u>

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities			
Secured bank borrowings	<i>12</i>	2,649,696	2,496,907
Rental deposits received		8,798	9,032
Derivative financial instruments		58,939	—
Bonds		1,005,274	1,002,691
Deferred tax liabilities		124,473	102,890
		<u>3,847,180</u>	<u>3,611,520</u>
Net assets		<u>3,828,611</u>	<u>4,142,428</u>
Capital and Reserves			
Share capital		210,062	209,798
Share premium		2,393,807	2,390,307
Reserves		1,224,742	1,542,323
		<u>3,828,611</u>	<u>4,142,428</u>
Total equity		<u>3,828,611</u>	<u>4,142,428</u>

NOTES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$285,098,000 as at 31 March 2015. In the opinion of the Directors, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group’s assets which have not been pledged. In addition, the Directors also take note that the bank borrowings in the current liabilities include an amount of HK\$481,525,000 which is not repayable within one year based on scheduled repayment dates was however being shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

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

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

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

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

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

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

4. SEGMENT INFORMATION

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

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

The accounting policies adopted in preparing the segment information are the same as the accounting policies described in 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 tax by operating and reportable segments:

	Segment revenue		Segment profit (loss)	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hotel operations and management/ property investment:				
Hong Kong	793,780	716,364	176,249	229,273
Malaysia	264,399	310,003	46,485	58,890
PRC	196,968	169,959	(53,780)	(69,913)
Singapore ⁽¹⁾	102,606	74,108	31,256	131,141
UK	74,451	—	(20,295)	(11,571)
	1,432,204	1,270,434	179,915	337,820
Property development:				
Singapore	—	498,392	—	131,506
Securities and financial products investments:				
Hong Kong ⁽²⁾	21,823	17,024	(30,001)	(54,635)
	1,454,027	1,785,850	149,914	414,691

1. The segment profit of Singapore for the year ended 31 March 2014 included fair value gain arising on transfers from completed properties for sale to investment properties amounting to HK\$130,870,000.
2. The segment loss on securities and financial products investments includes the finance cost in relation to the RMB bonds.

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

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

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

5. OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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

8. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year is arrived at after charging:		
Auditor's remuneration	6,113	5,174
Staff costs		
Directors' emoluments	5,380	6,206
Other staff		
Salaries and other benefits	394,942	345,267
Retirement benefit scheme contributions	25,599	23,739
Share-based payment expenses	426	757
	<u>426,347</u>	<u>375,969</u>
Operating lease payments	6,486	6,208
Depreciation	249,685	187,003
Amortisation of prepaid lease payments	10,165	10,035
Less: amount capitalised to hotels under development and properties for sale under development	<u>—</u>	<u>(564)</u>
	<u>10,165</u>	<u>9,471</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
and crediting:		
Rental income	59,782	48,620
Less: direct outgoings	(2,842)	(2,911)
	56,940	45,709
Bank interest income	2,870	2,588

9. EARNINGS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the year attributable to shareholders of the Company	94,352	376,568
	2015 <i>'000</i>	2014 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	2,098,664	2,033,415

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

Included in trade debtors is an amount of SG\$12,040,000 equivalent to HK\$67,906,000 which represents the portion of proceeds that have been settled by the buyers and are being held in escrow account. The funds would be remitted to the Group upon the issuance of relevant certificate by the government authorities in Singapore, which is expected to be taken place within one (1) year after the end of the reporting period.

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

11. CREDITORS AND ACCRUALS

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

The following is an aged analysis of the trade creditors:

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

12. SECURED BANK BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans	4,491,361	4,637,316
Less: front-end fee	(17,760)	(20,431)
	<u>4,473,601</u>	<u>4,616,885</u>
Analysis for reporting purpose as		
Current liabilities	1,823,905	2,119,978
Non-current liabilities	2,649,696	2,496,907
	<u>4,473,601</u>	<u>4,616,885</u>

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

On demand or within one year	1,343,641	857,053
More than one year but not exceeding two years	179,112	915,698
More than two years but not exceeding five years	2,738,622	2,604,580
More than five years	229,986	259,985
	<u>4,491,361</u>	<u>4,637,316</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

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

New Hotel Opening

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

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

Projects Under Development

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

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

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

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

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

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

Review of Consolidated Statement of Comprehensive Income

(a) Revenue

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

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

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

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

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

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

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

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

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

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

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

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

	2015	2014
Hong Kong		
Available Room Nights	931,098	749,003
Occupied Room Nights	863,121	703,683
Occupancy rate	92.7%	93.9%
Average room rate (HK\$)	856	942
RevPAR (HK\$)	794	885
PRC		
Available Room Nights	481,975	357,997
Occupied Room Nights	228,543	194,469
Occupancy rate	47.4%	54.3%
Average room rate (HK\$)	545	573
RevPAR (HK\$)	258	311
Malaysia		
Available Room Nights	501,281	517,203
Occupied Room Nights	324,573	355,820
Occupancy rate	64.7%	68.8%
Average room rate (HK\$)	491	519
RevPAR (HK\$)	318	357
Singapore		
Available Room Nights	104,025	82,407
Occupied Room Nights	80,400	55,351
Occupancy rate	77.3%	67.2%
Average room rate (HK\$)	1,188	1,275
RevPAR (HK\$)	918	857

	2015	2014
UK		
Available Room Nights	86,440	—
Occupied Room Nights	52,800	—
Occupancy rate	61.1%	—
Average room rate (HK\$)	1,185	—
RevPAR (HK\$)	724	—
Group Total		
Available Room Nights	2,104,819	1,706,610
Occupied Room Nights	1,549,437	1,309,323
Occupancy rate	73.6%	76.7%
Average room rate (HK\$)	762	786
RevPAR (HK\$)	561	603

(b) *Segment results*

Details of the segment information are provided in Note 4 to the consolidated financial statements set out in this announcement. Consolidated profit before taxation (“PBT”) declined 63.8% to HK\$149.9 million (2014: HK\$414.7 million) due to the provision for impairment loss on interest in an associate for the current year and a higher base in the corresponding period which included the profit contribution from the sales of apartments in Singapore and the revaluation gains on the investment properties in Singapore.

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

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

(c) *Net operating profit*

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

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

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

Notes:

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

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

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

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

Notes:

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

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

Financial Resources and Liquidity

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

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

The Group's borrowings include bank loans and a CNY Bond. The bank loans are secured over certain properties of the Group. The Group's bank loans carry interest at floating rates, with a range of effective interest rates of 1.9% to 8.2% per annum (2014: 2.0% to 8.2% per annum). The CNY Bond carries a coupon rate of 6.0% and net rate of 5.1% after the cross currency interest rate swap. Effective cost of borrowings during the Year decreased from 3.8% to 3.5%.

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

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

Capital Expenditures

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

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

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

Capital Commitments

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

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

Contingent Liabilities

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

Human Resources

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

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

Properties

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

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

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

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

Hotels in Operation

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

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

Other Financial Information

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

EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK

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

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

Excluding Dorsett Grand Zhujiaji, there are currently 7 hotels under various stages of planning and development, 3 under management contracts and 4 self-owned properties, the Group's total room inventories will exceed 8,400 rooms in the upcoming years upon completion of these development projects.

FINAL DIVIDEND

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

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

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board and the management of the Company are committed to maintaining good corporate governance practices and procedures. The corporate governance principles of the Company emphasize professionalism, transparency and accountability to all Shareholders. Throughout the Year, the Company has applied the principles of and complied with the provisions of the Corporate Governance Code (the “CG Code”) and, where applicable, the recommended best practices of the CG Code as set out in Appendix 14 to the Listing Rules except the deviation from code provision A.6.7 described below.

Pursuant to code provision A.6.7 of the CG Code, all Non-executive Directors and Independent Non-executive Directors should attend the annual general meeting. Other than an Independent Non-executive Director, Mr. TO Peter, who was unable to attend the annual general meeting held on 28 August 2014 due to his unavoidable business engagement, all Non-executive Directors and Independent Non-executive Directors had attended the annual general meeting.

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

The principal duties of the Audit Committee include, inter alia, reviewing and supervising the Group’s financial reporting system, internal control procedures, financial information and the relationship with the external 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 profit or loss and other comprehensive income, consolidated statement of financial position 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 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
WONG, Clarence Kang Yean
Chief Financial Officer and Company Secretary

Hong Kong, 23 June 2015

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

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