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 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Dorsett Hospitality International Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 as follows:

FINANCIAL HIGHLIGHTS

- Revenue reached HK$554.4 million for the first six months, up 11.1% as compared to the same period of the last financial year.
- Overall revenue per available room ("RevPAR") of the Group's owned hotels rose 4.9% to HK$621 while the overall average room rate ("ARR") increased 5.8% to HK$768.
- Gross profit was reported at HK$316.9 million, up 9.5% as compared with the same period of the last financial year.
- During the period, the Group recorded a gain of HK$445.1 million on disposal of a property holding subsidiary.
- Profit for the first six months increased by 479.8% to HK$545.9 million from HK$94.2 million. Excluding the gain on disposal of a subsidiary, profit for the period was HK$100.8 million, up 7.1% as compared with the same period of the last financial year.
- Earnings per share was HK27.29 cents, 479.8% higher than that of the same period of the last financial year.

- Net operating profit for the period reached HK$246.5 million, showing a 10.9% year-on-year improvement. Net operating margin was 44.5% as compared to 44.6% for the same period of the last financial year.

- The Board has declared an interim dividend of HK4 cents per share for the six months ended 30 September 2012, up 100.0% as compared to HK2 cents per share for the six months ended 30 September 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

		Six months ended	
		30.9.2012	30.9.2011
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**554,397**	498,990
Operating costs		**(174,566)**	(153,444)
Depreciation and amortisation		**(62,919)**	(56,133)
Gross profit		**316,912**	289,413
Other income		**3,214**	2,689
Gain on disposal of a subsidiary		**445,086**	–
Administrative expenses		**(135,181)**	(123,187)
Pre-opening expenses		**(8,484)**	(2,507)
Other gains and losses	*5*	**1,973**	(1,405)
Finance costs	*6*	**(54,178)**	(46,647)
Profit before tax		**569,342**	118,356
Income tax expense	*7*	**(23,459)**	(24,198)
Profit for the period	*8*	**545,883**	94,158
Other comprehensive (expense) income for the period			
Exchange differences on translation of foreign operations		**(14,897)**	4,407
Total comprehensive income for the period		**530,986**	98,565
Earnings per share	*10*		
– Basic (HK cents)		**27.29**	4.71
– Diluted (HK cents)		**27.29**	4.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	NOTES	**30.9.2012** **HK$'000** **(unaudited)**	31.3.2012 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*11*	**5,230,151**	5,074,698
Prepaid lease payments	*11*	**587,401**	591,333
Investment properties	*11*	**402,600**	405,900
Deposits for acquisition of property, plant and equipment		**141,814**	149,315
Interest in an associate		**76,533**	76,533
Utility and other deposits paid		**11,320**	7,990
Pledged deposits		**7,963**	5,252
Financial assets at fair value through profit or loss		**8,752**	–
		6,466,534	6,311,021
Current assets			
Properties for sale – for/under development		**320,493**	255,677
Other inventories		**13,446**	8,129
Debtors, deposits and prepayments	*12*	**115,779**	105,561
Available-for-sale investments		**3,949**	–
Financial assets at fair value through profit or loss		**18,308**	–
Prepaid lease payments	*11*	**14,605**	14,629
Tax recoverable		**49**	37
Pledged deposits		**193,261**	335,665
Bank balances and cash		**1,374,466**	533,647
		2,054,356	1,253,345
Current liabilities			
Creditors and accruals	*13*	**279,621**	231,720
Secured bank borrowings		**2,735,602**	858,877
Dividends payable		**200,000**	–
Sales deposits received		**226,988**	148,578
Derivative financial instruments	*14*	**931**	1,198
Tax payable		**53,762**	34,277
		3,496,904	1,274,650
Net current liabilities		**(1,442,548)**	(21,305)
Total assets less current liabilities		**5,023,986**	6,289,716

	NOTES	30.9.2012	31.3.2012
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Secured bank borrowings		**1,170,897**	2,768,504
Rental deposits received		**9,183**	6,851
Deferred tax liabilities		**91,566**	94,564
		1,271,646	2,869,919
NET ASSETS		**3,752,340**	3,419,797
Capital and reserves			
Share capital		**200,000**	200,000
Share premium		**2,237,153**	2,237,153
Reserves		**1,315,187**	982,644
TOTAL EQUITY		**3,752,340**	3,419,797

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

1. GENERAL

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$1,442,548,000 as at 30 September 2012. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

4. SEGMENT INFORMATION

Segment revenue and results

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

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hotel room revenue, food and beverage	**534,144**	475,512
Rental income from properties	**20,253**	23,478
	554,397	498,990

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 Six months ended		Segment profit (loss) Six months ended	
	30.9.2012	30.9.2011	**30.9.2012**	30.9.2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hong Kong	**349,333**	308,647	**559,912**	111,988
Malaysia	**140,336**	143,066	**23,728**	23,936
People's Republic of China ("PRC")	**64,728**	47,277	**(10,321)**	(13,635)
Singapore	**–**	–	**(3,857)**	(3,921)
United Kingdom ("UK")	**–**	–	**(120)**	(12)
	554,397	498,990	**569,342**	118,356

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

Segment assets

The following is an analysis of the Group's segment assets by geographical location at the end of the reporting period:

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Hong Kong	**4,109,648**	3,592,814
Malaysia	**1,078,121**	1,071,588
PRC	**2,053,877**	1,944,076
Singapore	**884,919**	694,845
UK	**394,325**	261,043
Total segment assets	**8,520,890**	7,564,366

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

Information about segment liabilities is not regularly reviewed by the chief operating decision maker. Accordingly, no such information is presented.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Change in fair value of financial assets at fair value through profit or loss	**2,002**	–
Change in fair value of derivative financial instruments	**1**	(1,171)
Change in fair value of investment properties	**–**	1,445
Net foreign exchange loss	**(22)**	(1,645)
Allowance for bad and doubtful debts	**(8)**	(34)
	1,973	(1,405)

6. FINANCE COSTS

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings		
– wholly repayable within five years	**58,978**	28,732
– not wholly repayable within five years	**9,040**	21,390
Amortisation of front-end fee	**10,228**	4,393
Others	**645**	392
	78,891	54,907
Less: amount capitalised to hotel properties under development and properties for sale under development	**(24,713)**	(8,260)
	54,178	46,647

7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current period income tax		
Hong Kong	**21,064**	20,085
Other jurisdictions	**1,858**	238
	22,922	20,323
Deferred taxation	**537**	3,875
	23,459	24,198

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

8. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Staff costs		
Directors' emoluments	**1,485**	2,504
Other staff		
Salaries and other benefits	**129,985**	106,827
Retirement benefit scheme contributions	**7,570**	6,623
	139,040	115,954
Amortisation of prepaid lease payments	**6,160**	6,255
Less: amount capitalised to hotel properties under development and properties for sale under development	**(1,883)**	(1,872)
	4,277	4,383
Depreciation	**58,642**	51,750
Share option expense	**1,557**	2,162
and after crediting:		
Gross rental income less direct outgoings*	**9,061**	9,232
Bank interest income	**1,296**	1,067

* Comprises gross rental income from investment properties of HK$11,535,000 (six months ended 30.9.2011: HK$11,765,000) less direct operating expenses of HK$2,474,000 (six months ended 30.9.2011: HK$2,533,000).

9. DIVIDENDS

A final dividend of HK10 cents per share amounting to HK$200,000,000 in respect of the year ended 31 March 2012 (2011: HK4 cents per share amounting to HK$80,000,000 in respect of the year ended 31 March 2011) was declared and recognised as distribution during the period.

Subsequent to the end of the reporting period, the directors declared an interim dividend of HK4 cents per share amounting to HK$80,000,000 for the six months ended 30 September 2012 (2011: HK2 cents per share amounting to HK$40,000,000) payable to the shareholders of the Company whose names appear in the register of members on 14 December 2012.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2012 is based on the consolidated profit for the period of HK$545,883,000 (six months ended 30.9.2011: HK$94,158,000) and on 2,000,000,000 shares (six months ended 30.9.2011: 2,000,000,000 shares) in issue during the period.

The computation of diluted earnings per share for the six months ended 30 September 2012 and 30 September 2011 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 throughout the period.

11. PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS/INVESTMENT PROPERTIES

During the period, the Group acquired a property amounting to HK$210,000,000 (six months ended 30.9.2011: HK$210,460,000) and incurred development expenditure on development of certain properties amounting to HK$301,367,000 (six months ended 30.9.2011: HK$218,836,000).

The fair value of the investment properties, which are situated in the PRC, at 30 September 2012 and 31 March 2012 are based on the valuation carried out as at those dates by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group.

DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant market.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

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

The following is an aged analysis of trade debtors presented based on the invoice date at the end of the reporting period.

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**50,120**	46,736
61 – 90 days	**2,923**	1,383
Over 90 days	**2,791**	2,526
	55,834	50,645

13. CREDITORS AND ACCRUALS

The following is an aged analysis of the trade creditors at the end of reporting period.

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**23,969**	21,517
61 – 90 days	**1,298**	4,828
Over 90 days	**1,596**	2,353
	26,863	28,698

14. DERIVATIVE FINANCIAL INSTRUMENTS

The carrying amount represents the fair value of interest rate swap contracts entered into by the Group for the purpose of reducing its exposure to the risk of interest rate fluctuation of the bank borrowings. The fair value is determined based on valuation provided by the counterparty financial institution. These derivatives are not accounted for under hedge accounting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

The period under review saw a slow pace of recovery in the global economy especially in Europe and the United States of America. Nevertheless, the Group recorded a steady growth in financial performance for the first half of the financial year ending 31 March 2013 ("FY2013") primarily driven by a steady rate increase in Hong Kong and encouraging growth in contribution from the Mainland China.

Acquisitions and Disposal

During the first half of FY2013, the Group has completed the following significant transactions:

In April 2012, the Group completed the acquisition of the Big Orange industrial building located in Kwai Chung, Hong Kong from an independent third party at a consideration of HK$210.0 million. The property is conveniently 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".

As part of the Group's capital redeployment strategy, in September 2012, the Group 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 HK$800.0 million, out of which, a sum of HK$15.0 million has been retained in escrow pending the obtaining of certain approval for internal alteration to the Dorsett Regency HK, which may be recognized as a gain if such approval is obtained or forfeited by the purchaser if such approval is not obtained before 28 March 2013. The disposal resulted in a gain of approximately HK$445.1 million for the period. The Dorsett Regency HK is currently being managed by the Group under a management contract for a term of about six months from the date of completion of the disposal.

Asians, in particular the Chinese are making more outbound trips and to farther destinations. Aligning with the Group's "Chinese Wallet" strategy, the Group continued to expand its hotel portfolio in selected strategic regions in the UK with the acquisition of a property which is currently an office building situated adjacent to 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 which to be named as "The Matrix".

Business and Project Development

On the existing portfolio, in August 2012, the Group commenced operations of Dorsett Kwun Tong (361 rooms) and put Dorsett Grand Chengdu (556 rooms) on trial.

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

Company Owned Hotels For/Under Development[1]	**Location**	**Target market segment**[1]	**Total rooms**[1]	**Commencement**[1]
Dorsett Singapore[5]	Singapore	mid-scale	285	4th quarter of FY2013
Dorsett Tsuen Wan, Hong Kong[6]	Hong Kong	mid-scale	548	4th quarter of FY2013
Dorsett Grand Zhuji[2, 7]	PRC	up-scale	200	3rd quarter of FY2014
Dorsett London[8]	UK	mid-scale	322	3rd quarter of FY2014
Silka Tsuen Wan, Hong Kong[9]	Hong Kong	value	420	1st quarter of FY2015
Dorsett Zhongshan[3, 10]	PRC	mid-scale	416	1st quarter of FY2015
The Matrix	UK	mid-scale	260[4]	2nd quarter of FY2016

(1) The hotel names, target market segments, total rooms and commencement may change.

(2) The Group owns 25% interest of the hotel.

(3) The Group is in the process of obtaining the title certificates for Dorsett Zhongshan.

(4) Total rooms of approximately 260 are subject to planning approval and finalization of conversion plan.

(5) Previously known as Dorsett Regency Singapore.

(6) Previously known as Dorsett Regency Tsuen Wan.

(7) Previously known as Grand Dorsett Zhuji.

(8) Previously known as Dorsett Regency London.

(9) Previously known as Silka Tsuen Wan.

(10) Previously known as Dorsett Regency Zhongshan.

Financial Review

Overall revenue of the Group grew by 11.1% to HK$554.4 million for the first half of FY2013. Hong Kong and China regions remained the key drivers of the Group's performance amongst the regions.

The key revenue indicators for the period are as follows:

	Six months ended 30 September 2012	2011
Hong Kong		
Occupancy rate*	**93%**	95%
Average room rate (HK$)*	**941**	857
RevPAR (HK$)*	**876**	813
Revenue (HK$m)	**349**	309
Malaysia		
Occupancy rate	**66%**	73%
Average room rate (HK$)	**507**	505
RevPAR (HK$)	**337**	371
Revenue (HK$m)	**140**	143
China		
Occupancy rate	**72%**	50%
Average room rate (HK$)	**547**	587
RevPAR (HK$)	**393**	294
Revenue (HK$m)	**65**	47
Group Total		
Occupancy rate	**81%**	82%
Average room rate (HK$)	**768**	726
RevPAR (HK$)	**621**	592
Revenue (HK$m)	**554**	499

* Included only hotels owned by the Group

The Group's total RevPAR of owned hotels achieved 4.9% year-on-year growth which resulted from the increase of 5.8% in the overall ARR and the decrease of 1.2% in occupancy ("OCC") as compared to the same period of the last financial year.

The owned hotels in Hong Kong continued to benefit from the high demand in room nights resulting in 9.8% growth in the ARR over the same period of last financial year reaching HK$940.6. Hong Kong region recorded 7.7% year-on-year growth in RevPAR, accounting for 51.3% of the Group's total owned room inventory for the period under review. The Group is strategically driving the room rates up in different market segments for enhancing the RevPAR which is critical to the Group's profitability. The decrease of 2.1% in the OCC was mainly due to the ramp up of Dorsett Kwun Tong which opened in August 2012.

During the period under review, momentum of revenue growth in the China region continued from the last financial year. Dorsett Regency Wuhan achieved a significant increase in RevPAR of 59.9% over the corresponding period of the last financial year. Dorsett Shanghai also posted 36.8% year-on-year growth in RevPAR for the period under review in response to continued marketing efforts in promoting brand awareness and growing business in more diversified segments. With the increase in room inventory from Dorsett Grand Chengdu which was put on trial in August 2012, the overall ARR for China region during the period under review decreased by 6.8%. ARR of Dorsett Grand Chengdu during the trial period was comparably lower than the average ARR for the same period of the last financial year. Notwithstanding that, the overall RevPAR for the China region achieved a remarkable increase of 33.7% over the same period of the last financial year.

In Malaysia, as a result of fewer international events held as opposed to last year, and a reduction in service of national carriers and budgeted airlines, there was a decrease in leisure travelers. This affected the performance of the Malaysian hotels. Although our five hotels were able to maintain the overall ARR compared to the same period of the last financial year, OCC exhibited a year-on-year decrease of 9.6% resulting in overall decrease of 9.2% in RevPAR for the period under review.

The key financial performance indicators for the period are as follows:

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Revenue	**554,397**	498,990
Gross profit	**316,912**	289,413
Profit before tax	**569,342**	118,356
Profit for the period	**545,883**	94,158
Earnings per share		
– Basic (HK cents)	**27.29**	4.71
EBITDA	**685,143**	220,069
Net operating profit [1]	**246,538**	222,303
Net operating margin [2]	**44.5%**	44.6%

Notes:

(1) Net operating profit = profit before tax, 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

Gross profit for the first six months was up 9.5% to HK$316.9 million, primarily due to the improvements in the performance of Hong Kong and China regions despite the moderate decrease in contribution from the Malaysian region.

Profit for the period under review was reported at HK$545.9 million, a significant increase of 479.8% compared to HK$94.2 million for the same period of the last financial year. The increase was mainly caused by the gain of approximately HK$445.1 million in relation to the disposal of HKSAR Hotel holding Dorsett Regency HK which is located in Kennedy Town, Hong Kong. Excluding the gain from the disposal of HKSAR Hotel, profit for the period under review was HK$100.8 million, up 7.1% as compared to the same period of the last financial year.

EBITDA rose to HK$685.1 million from HK$220.1 million, while net operating profit grew to HK$246.5 million from HK$222.3 million. Net operating margin was 44.5% as compared to 44.6% for the corresponding period of the last financial year.

Financial Resources and Liquidity

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

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
Bank balances and cash	**1,374,466**	533,647
Pledged deposits	**201,224**	340,917
	1,575,690	874,564
Bank loans	**3,920,740**	3,646,443
Less: front-end fee	**(14,241)**	(19,062)
	3,906,499	3,627,381
Analysis for reporting purpose as		
Current liabilities	**2,735,602**	858,877
Non-current liabilities	**1,170,897**	2,768,504
	3,906,499	3,627,381
Net debt	**2,330,809**	2,752,817
Total equity	**3,752,340**	3,419,797
Revaluation surplus of hotel properties **	**7,235,823**	7,749,919
Total equity after revaluation surplus	**10,988,163**	11,169,716
Net debt to equity (after revaluation surplus)	**21.2%**	24.6%

** as at 31 March 2012 excluded the revaluation surplus for Dorsett Regency HK which was disposed on 28 September 2012. No revaluation on hotel properties was performed for the interim period of FY2013.

Current portion of bank borrowings included an amount of HK$689.6 million which is not repayable within one year but is shown under current liabilities in accordance with the Hong Kong Financial Reporting Standards as the counterparties have a discretionary right to demand immediate repayment. Balance of the current portion of bank borrowings primarily reflected a syndicated loan for the amount of HK$1,705.5 million which is repayable in full on maturity in September 2013. The principal amounts outstanding under the syndicated loan bear interest at HIBOR plus a margin of 1.5% per annum.

Management considers the interest rate for the syndicated loan is comparably favorable and it is in the best interest for the Group to renew the syndicated loan nearer the time of its maturity. After reviewing the Group's cash flow forecast as part of the normal course of business, Management is comfortable with the Group's liquidity position and is confident that the refinancing of syndicated loan will be secured on or prior to the maturity.

Capital Expenditure

The Group's capital expenditure in relation to our hotel portfolio is expected to be approximately HK$682.4 million for the second half of FY2013. The capital expenditure shall be financed with our existing financial resources, banking facilities and fund generated from our operating activities.

Capital Commitments

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition, development and refurbishment of hotel properties and other property, plant and equipment:		
– contracted but not provided in the financial statements	**741,325**	585,760
– authorised but not contracted for	**24,463**	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 period 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 condensed consolidated financial statements.

Other Financial and Operational Information

- The fair value of the Company's hotel portfolio exceeded its carrying amount by approximately HK$7,235.8 million based on valuation on 31 March 2012. The Group did not revalue our hotel portfolio for the interim reporting period of FY2013. The revaluation surplus has not been accounted for in the financial statements. Net assets value per share after adjusting revaluation surplus as at 30 September 2012 was HK$5.49.

- 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; "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; and the value-led "Silka Hotels" famed for convenience, speedy service and attractive room rates.

OUTLOOK

According to World Travel & Tourism Council's revised forecasts for 2012, although most economies are still growing, economic conditions and economic growth are weak as the Eurozone break-up remains a major risk in the short to medium term. Travel tourism growth is likely to closely track wider economy growth for 2012. The growth of travel tourism industry is projected to increase by 2.7% in 2012 which is being driven by emerging economies, particularly those in Asia. China's travel tourism is projected to grow 7.2%, despite slight downward revisions that were made. The revision in China's travel tourism growth by 1.2 percentage points is largely linked to a weaker export performance elsewhere in its economy as the struggling Eurozone is the destination for around 15% of China's exports.

Whilst global economic environment is expected to remain challenging during the rest of FY2013, the Group will strive to counteract the negative impacts by implementing the rebranding strategies. The change of the Company's name to "Dorsett Hospitality International Limited" is an important milestone to strengthen our position in the hospitality industry and leverage on the already established Dorsett brand name. The new three brands of our hotel portfolio, namely "d. Collection", "Dorsett Hotels & Resorts" and "Silka Hotels" enable the Group to cater for different market segments, accord it with greater business leverage and the ability to grow further organically.

To better position the Group for long-term growth, the Group has actively expanded its portfolio of operating hotels. During the first half of FY2013, in August 2012, Dorsett Kwun Tong (361 rooms) opened while Dorsett Grand Chengdu (556 rooms) was put on trial. Adjusting for the disposal of Dorsett Regency HK (209 rooms) in September 2012, the Group recorded a net increase in room inventory of 708 rooms. The Group is scheduled to further grow its hotel room numbers to exceed 7,000 in the upcoming years. These new hotels are expected to generate significantly larger cash flow stream for the Group. However, as these new hotels take times to ramp up and stabilize in term of operations, the overall group wide average per room benchmarks, including ARR, OCC and RevPAR, may be adversely impacted in the short term.

The Group's recent acquisition of The Matrix in Aldgate, London will allow the Group to have greater economies of scale in terms of its operation in London. Together with Dorsett London, in Shepherd's Bush, the Group will have two hotels in London and can benefit more fully from the growing demand of hotels arising from increasing international trade volume and, hence, business travelers. The Group will continue to capture the continually growing Asia travel market by pursuing its "Chinese Wallet" strategy.

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30 September 2012 (the "Interim Dividend") of HK4 cents per share, showing a 100.0% growth as compared to HK2 cents per share for the six months ended 30 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The Interim Dividend will be distributed on or about 28 December 2012 to the shareholders whose names appear on the Register of Members of the Company on 14 December 2012.

For the purpose of determining the entitlement of the shareholders to the Interim Dividend, the Register of Members of the Company will be closed from 13 December 2012 to 14 December 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the Interim Dividend, 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 at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 12 December 2012.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board considers that the Company has complied with all the code provisions of the CG Code throughout the six months ended 30 September 2012.

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 model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2012.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2012 has not been audited but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA by Deloitte Touche Tohmatsu, whose report on review is contained in the Company's FY2013 interim report to be despatched to the shareholders of the Company. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2012 has also been reviewed by the audit committee of the Company.

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

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM 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 interim report will be dispatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

Unless otherwise specified, amounts in this announcement denominated in £ and RM have been translated for the purpose of illustration only into Hong Kong dollars at the rate of £1.00: HK$12.625 and RM1.00: HK$2.50 respectively. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

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

Hong Kong, 26 November 2012

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, 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.