MANAGEMENT DISCUSSION AND ANALYSIS


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MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Revenue increased by 25.7% to approximately HK$5.1 billion and gross profit increased by 25.3% to approximately HK$1.9 billion. Gross profit margin was maintained at a similar level at 38.1% as compared with previous financial year.

- Net profit attributable to shareholder amounted to approximately HK$957 million, an increase of 4.6% over the previous financial year. Adjusting for a one-time gain of approximately HK$259 million from a compulsory acquisition of a property in Singapore in the previous financial year, net profit for the FY2015 increased by 46.1%. Earnings per share amounted to HK$0.51.

- Cumulative presales value of properties under development amounted to approximately HK$6.5 billion[(i)] as at 31 March 2015.

- Net assets attributable to shareholders was HK$4.78 per share as at 31 March 2015. Adjusting for hotel revaluation surplus, net assets attributable to shareholders was HK$9.02 per share[(ii)].

- Net gearing ratio was at 29.8%[(ii)(iii)] and total cash and investment securities balances as at 31 March 2015 was at approximately HK$3.5 billion.

- Final dividend of HK$0.13 per share was recommended for FY2015 (2014: HK$0.12 per share). The full year dividend was HK$0.16 per share (2014: HK$0.15 per share), representing a dividend payout ratio of 31.4%.

Notes:

(i) Comprises approximately HK$4.8 billion contracted presales and approximately HK$1.7 billon registered presales of The Towers at Elizabeth Quay, Perth, Australia. A registered presale is an expression of interest for an apartment where a booking fee has been paid to reserve an apartment. No sale and purchase agreement has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for the reserved apartment.

(ii) Revaluation surplus on hotel assets of approximately HK$10,976 million was based on independent valuation carried out as at 31 March 2015 and was not recognized in the Company's consolidated financial statements, but was adjusted for calculation of net asset value per share and net gearing ratio.

The Group is carrying out a valuation of the Group's real estate assets and the updated valuation will be included in a circular for the privatization proposal for Dorsett.

(iii) Net gearing ratio is calculated by dividing total bank loans and bonds less bank and cash balances, and investment securities by the carrying amount of total equity and revaluation surplus on hotel assets.

Dorsett Shepherds Bush, London

Dorsett Grand Chengdu, Chengdu

FINANCIAL REVIEW

1. ANNUAL RESULTS

	For the year ended 31 March		
	2015 HK$ million	2014 HK$ million	Change
Revenue			
Sales of properties[i]	2,962	2,087	41.9%
Hotel operations and management	1,454	1,287	13.0%
Car park operations and facilities management	616	613	0.5%
Leasing and others	78	79	(1.3%)
Total Revenue	5,110	4,066	25.7%
Gross Profit			
Sales of properties[i]	1,086	729	49.0%
Hotel operations and management	691	652	6.0%
Car park operations and facilities management	124	129	(3.9%)
Leasing and others	45	43	4.7%
Total Gross Profit	1,946	1,553	25.3%
Gross Profit Margin			
Sales of properties[i]	36.7%	34.9%	
Hotel operations and management	47.5%	50.7%	
Car park operations and facilities management	20.1%	21.0%	
Leasing and others	57.7%	54.4%	
Total Gross Profit Margin	38.1%	38.2%	
Net profit attributable to shareholders	957	914	
One-time gain adjusted[ii]	–	(259)	
Adjusted net profit	957	655	46.1%
Interim dividend	HK3 cents	HK3 cents	
Final dividend	HK13 cents	HK12 cents	
Total dividend	HK16 cents	HK15 cents	6.7%

Notes:

(i) Sales of properties for the financial year ended 31 March 2014 ("FY2014") was adjusted to include sales of Dorsett Residences Singapore amounting to approximately HK$498 million and gross profit of approximately HK$147 million which were part of Dorsett's revenue and gross profit in FY2014.

(ii) One-time gain of approximately HK$259 million relating to a compulsory acquisition of a property in Singapore in the previous financial year which was not repeated in FY2015.

The FIFTH, Melbourne

The Company's consolidated revenue for FY2015 was approximately HK$5.1 billion, an increase of 25.7% as compared with FY2014.

Revenue from sales of properties amounted to approximately HK$2,962 million in FY2015, an increase of 41.9% as compared with FY2014. View Pavilion in Shanghai, Sevilla Crest and Star Ruby in Hong Kong and Upper West Side, Hudson (Stage 2) in Melbourne contributed primarily to the sales of properties in FY2015.

In FY2015, revenue from hotel operations and management amounted to approximately HK$1,454 million, an increase of 13.0% compared to FY2014. The increase was mainly from increased room inventory and commencement of operations of 2 new owned hotels. Revenue from car park operations and facilities management amounted to approximately HK$616 million in FY2015, an increase of 0.5% as compared to FY2014, mainly due to increase in the Group's car park management portfolio, which was offset by the depreciation of the Australian dollar against the Hong Kong dollar. Revenue from leasing of properties and others was largely unchanged, compared with FY2014, amounting to approximately HK$78 million.

Gross profit for FY2015 was approximately HK$1,946 million, an increase of 25.3% as compared with FY2014. Gross profit from sales of properties amounted to approximately HK$1,086 million in FY2015, representing an increase of 49.0% from FY2014. The gross profit margin from sales of properties increased to 36.7% in FY2015 compared to 34.9% in FY2014. The increase in gross profit margin was mainly due to the high profit margin in View Pavilion, Shanghai. Gross profit from hotel operations and management amounted to approximately HK$691 million in FY2015, representing an increase of 6.0% as compared to FY2014. The gross profit margin from hotel operations and management decreased from 50.7% in FY2014 to 47.5% in FY2015. The increase in hotel gross profit was mainly due to the contribution from additional rooms inventory of newly completed hotels within the Group. The decrease in hotel gross profit margin was mainly due to reduction in revenue per available room ("RevPar") in Hong Kong hotel operation which is a major market for Dorsett. Assuming constant exchange rate, gross profit contribution from car park operations and facilities management increased by 12.4% for FY2015. However in Hong Kong dollar term, the gross profit contribution decreased due to the weaker Australian dollar exchange rate against the Hong Kong dollar. Gross profit from leasing and others increased by approximately HK$2 million and the segment recorded 57.7% in gross profit margin in FY2015.

Net profit attributable to shareholders of the Company for FY2015 amounted to approximately HK$957 million. In FY2014, there was a one-time gain of approximately HK$259 million from the Singapore Government's compulsory acquisition of Pearl's Centre, which was not repeated in FY2015. Adjusting for this one-off item, the net profit attributable to shareholders of the Company increased by 46.1% for FY2015.

Final dividend for FY2015 was HK13 cents. Total dividend for FY2015 was HK16 cents, increased by HK1 cent compared with last financial year (FY2014: HK15 cents).

Upper West Side, Melbourne

Upper West Side, Melbourne

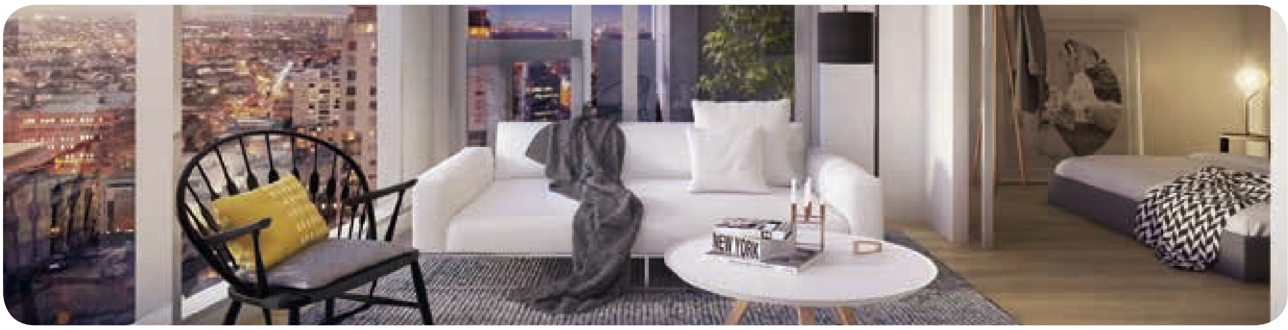
2. LIQUIDITY, FINANCIAL RESOURCES AND NET GEARING

The following table sets out the Group's bank and cash balances, investment securities (which were considered as cash equivalent items due to its easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2015.

	As at	
	31.3.2015 HK$ million	31.3.2014 HK$ million
Bank loans and bonds		
Due within 1 year	3,821	2,846
Due 1 – 2 years	530	2,716
Due 2 – 5 years	5,167	3,917
Due more than 5 years	301	337
Total bank loans and bonds	9,819	9,816
Investment securities	1,151	1,023
Bank and cash balances	2,336	1,970
Liquidity position	3,487	2,993
Net debts [(i)]	6,332	6,823
Carrying amount of the total equity	10,261	9,951
Add: hotel revaluation surplus	10,976	10,954
Total equity adjusting for hotel revaluation surplus	21,237	20,905
Net gearing ratio (net debts to total equity)	29.8%	32.6%

Note:

(i) Net debts represent total bank loans and bonds less bank and cash balances, and investment securities.



The FIFTH, Melbourne

To better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable fixed income securities. Investment securities shown on the consolidated statement of financial position represents primarily fixed income securities and investments in fixed income funds. Adjusting for the unrecognized hotel revaluation surplus of approximately HK$10,976 million as at 31 March 2015, the Group's total consolidated equity as at 31 March 2015 was approximately HK$21,237 million. The net gearing ratio of the Group was 29.8% for FY2015.

The borrowings in the Company's consolidated statement of financial position include an amount of approximately HK$521 million (as at 31 March 2014: HK$1,463 million) reflected as current liabilities as such sum is not repayable within one year. This sum is shown as current liabilities as the banks and/or financial institutions have discretionary rights to demand immediate repayment. There has been no demands for immediate repayment from any bank and/or financial institution.

As at 31 March 2015, the undrawn banking facilities was approximately HK$3.5 billion, of which approximately HK$2.2 billion were for construction and/or development purposes while the remaining balance of approximately HK$1.3 billion was for the Group's general corporate use. The banking facilities together with the sales proceeds from the Group's upcoming property development projects places the Company in a good financial position to fund not only its existing business and operations but also further expansion of its business.

To increase the financing flexibility for the Group, the Group intends to establish a Medium Term Note ("MTN") programme in the near future. Further details will be issued upon the establishment of the MTN programme.

3. NET ASSET VALUE PER SHARE

	As at	
	31.3.2015 HK$ million	31.3.2014 HK$ million
Equity attributable to shareholders of the Company	9,144	8,750
Add: Hotel revaluation surplus (adjusted for minority shareholders' interests)	8,119	8,114
Total net asset value	17,263	16,864
No. of shares issued ("million")	1,914	1,850
Adjusted net asset value per share	HK$9.02	HK$9.12

Adjusting for revaluation surplus on hotel assets of approximately HK$10,976 million as at 31 March 2015 (HK$10,954 million as at 31 March 2014) and minority shareholders' interests, net asset value per share for the Company as at 31 March 2015 was approximately HK$9.02.

4. CAPITAL EXPENDITURE

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

For FY2015, the Group's capital expenditure amounted to approximately HK$300 million (2014: HK$1,103 million), a decrease of approximately HK$803 million, or 72.8%. These capital expenditure were funded by bank borrowings and internal resources. The capital expenditure was mainly attributable to the acquisition of office premises for the use of Cosmopolitan Hotel team and the construction and renovation works for Dorsett Regency Kuala Lumpur, Dorsett Tsuen Wan, Cosmopolitan Hotel, Hong Kong and Dorsett City, London. As the Group continues with the construction of existing development projects and seek new acquisition opportunities, the Group plans to incur approximately HK$447 million in capital expenditure over the next financial year, such capital expenditure to be funded by a combination of external borrowings and internal resources.

5. CAPITAL COMMITMENTS

	As at	
	31.3.2015 HK$'000	31.3.2014 HK$'000
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	259,477	153,281
Others	83,761	107,679
	343,238	260,960
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	210,346	22,750
Others	11,069	16,474
	221,415	39,224
	564,653	300,184

6. POST BALANCE SHEET EVENT

On 27 May 2015, a joint announcement was made by the Company and Dorsett (the "Joint Announcement") for the possible privatization of Dorsett by way of a scheme of arrangement under section 86 of the Companies Law (the "Proposal"). For details of the Proposal and the definitions of the capitalized terms hereunder, please refer to the Joint Announcement dated 27 May 2015.

Terms of the Proposal

Under the Proposal, Dorsett Scheme Shareholders will receive HK$0.72 cash and 0.28125 share of the Company in exchange for the cancellation of each Scheme Share, totaling the equivalent of HK$1.80 (based on the closing price of HK$3.84 of the share of the Company on 20 May 2015, being the Last Trading Day), representing a premium of approximately 32.4% over the closing price of HK$1.36 of Dorsett Share on the Last Trading Day. Subject to the fulfillment of a number of conditions, Dorsett will be delisted if the Proposal proceeds to completion. On the assumption that all outstanding Dorsett Options are exercised in full, the amount of cash required by the Company to implement the Proposal would be approximately HK$404 million and the number of FEC Consideration Shares which may be issued pursuant to the Scheme would be approximately 157.8 million shares.

FEC Consideration Shares and the Share Capital of the Company

If no Dorsett Options are exercised, 153,772,593 FEC Consideration Shares will be issued pursuant to the Scheme, representing approximately 7.44% of the enlarged share capital of the Company upon completion of the Proposal. The amount of cash required to implement the Proposal would be approximately HK$394 million. The Group intends to finance the cash required for implementing the Proposal from internal financial resources.

Reasons for and Expected Benefits of the Proposal

The directors of the Company are of the view that the Proposal is and will be beneficial to the Group as a whole and in the interests of shareholders of both the Company and Dorsett.

For Dorsett

In the past two years, the share price of Dorsett has traded at a level below the listing price, with a relatively low level of liquidity. Dorsett has not raised any external equity funding since its listing and the directors of the Company are of the view that the share price does not reflect the true value and fundamental strength of Dorsett. The successful implementation of the Proposal would provide the Independent Dorsett Shareholders an opportunity to dispose their shares in Dorsett at a consideration that represents a considerable premium to the historical market price of Dorsett Shares. Through the share exchange mechanism under the Proposal, the Independent Dorsett Shareholders will be able to retain an equity exposure in the hospitality business and benefit from the broader real estate business of the Company.

For the Company

The Company is the controlling shareholder of Dorsett owning 73.97% of Dorsett Shares. The directors of the Company are of the view that the Proposal should enhance value for its shareholders through the elimination of the holding Company discount and simplification of shareholding structure if the Proposal is implemented. The Group combined as a whole would be in a better and stronger position to exploit business opportunities as existing non-compete restrictions will fall away. There will also be cost savings through the rationalization of overlapped corporate functions. In addition, the Company would be able to utilise the combined liquidity resources of the enlarged Group more effectively for the benefit of shareholders of the Company. Successful implementation of the Proposal would also broaden the shareholder base of the Company and is expected to increase trading liquidity of the Company's shares.

Withdrawal of listing of Dorsett Shares

In accordance with Rule 6.15 of the Listing Rules, Dorsett will apply to the Stock Exchange for the withdrawal of the listing of Dorsett Shares on the Stock Exchange immediately following the date the Scheme becoming effective. A detailed timetable for the implementation of the Proposal will be included in the Scheme Document.

BUSINESS REVIEW

1. PROPERTY DIVISION

The Group's property business includes property development and investment.

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. For FY2015, the Company had a valuation gain of approximately HK$272 million from its investment properties. As at 31 March 2015, valuation of investment properties reached approximately HK$3.2 billion (31 March 2014: HK$2.7 billion). The increase in value of investment properties was mainly attributable to the completion of retail properties at Star Ruby, Hong Kong, Hudson at Upper West Side (Stage 2) in Melbourne, Australia, the shopping centre in Wuhan (held by Dorsett) and the Group's car park in Shanghai, Mainland China.

The Group has a diversified portfolio in residential property development in Australia, Shanghai, Guangzhou, Hong Kong, London and Kuala Lumpur. To carry out property development in the different markets, the Group has strong local teams in each of these markets. The regionalization approach allows the Group to take advantage of the different property cycles in the different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. The Group's property developments are largely focused on mass residential market in accordance with the Company's strategy to grow with the increasing affluence of the middle class.

Total cumulative presales value of residential properties under development amounted to approximately HK$6.5 billion as at 31 March 2015, of which contracted presales value was approximately HK$4.8 billion and registered presales value (see note below) was approximately HK$1.7 billion. All developments under presale are expected to be completed and delivered within 4 years. As revenue will only be recognized when the sales of the property developments are completed, proceeds from the presales were not reflected in the consolidated income statement. The Group expects a significant cash flow when the projects are completed.

The following shows a breakdown of the total presales value of residential properties under development as at 31 March 2015.

Developments	Location	HK$ million	Expected financial year of completion
Midtown at Upper West Side (Stage 3)	Melbourne	688	FY2016
Manhattan at Upper West Side (Stage 4)	Melbourne	1,738	FY2017
The FIFTH	Melbourne	1,029	FY2018
View Pavilion	Shanghai	149	FY2016
King's Manor	Shanghai	176	FY2017
Eivissa Crest	Hong Kong	586	FY2016
Dorsett Bukit Bintang	Kuala Lumpur	397	FY2017
Cumulative contracted presales value		4,763	
The Towers at Elizabeth Quay	Perth	1,733[(i)]	FY2019
Total presales value		6,496	

Note:

(i) The amount represents registered presales. A registered presale is an expression of interest for an apartment where a booking fee has been paid to reserve an apartment. No sale and purchase agreement has been entered into and there is no assurance that this expression of interest will lead to the eventual entering of a sale and purchase agreement for the reserved apartment.

In FY2015, the Group launched presale of 4 residential development projects, namely (i) Eivissa Crest in Hong Kong, (ii) The FIFTH in Melbourne, Australia, (iii) Dorsett Bukit Bintang in Kuala Lumpur, Malaysia, and (iv) King's Manor, California Garden in Shanghai, Mainland China. A soft launch of The Towers at Elizabeth Quay in Perth, Australia, yielded tremendous interest of presales registration. In the first quarter of 2015, the total saleable floor area from these 5 developments was approximately 1.6 million sq. ft. and total gross development value of these 5 projects is expected to be more than HK$8.3 billion.

In FY2015, the Group acquired 3 additional residential development sites, namely (i) Tai Wai site in Hong Kong, (ii) Hai Tan Street site, Sham Shui Po, Hong Kong (an urban renewal project with the Urban Renewal Authority), and (iii) Manilla Street site located adjacent to the Marsh Wall site in Canary Wharf, London. These sites further enhance the Group's property development pipeline and the regional replenishment focus. As at 31 March 2015, the Group had 20 active residential property development projects with total saleable floor area of approximately 5.8 million sq. ft. under various stages of development across its geographical markets. Details of the pipeline are shown below.

Developments	Saleable Floor Area[i] Sq. ft.	Expected Gross Development Value[ii] HK$ million	Status/ Expected launch	Expected financial year of completion
Melbourne				
– Midtown at Upper West Side (Stage 3)	167,000	688	Launched	FY2016
– Manhattan at Upper West Side (Stage 4)	388,000	1,738	Launched	FY2017
– The FIFTH	284,000	1,223	Launched	FY2018
– West Side Place				
– Phase 1	524,000	3,027	FY2016	Planning
– Phase 2	500,000	3,162	Planning	Planning
– Phase 3	400,000	2,530	Planning	Planning
– Phase 4	576,000	3,642	Planning	Planning
Perth – The Towers at Elizabeth Quay	320,000	2,762	Launched	FY2019
London – Alpha Square	387,000	4,434	FY2017/8	Planning
Guangzhou – Royal Riverside	688,000	2,150	FY2016	FY2017
Shanghai				
– View Pavilion (remaining)	110,000	371	Launched	FY2016
– King's Manor	712,000	2,652	Launched	FY2017
– The Royal Crest II	259,000	938	FY2016	FY2018

Developments	Saleable Floor Area[i] Sq. ft.	Expected Gross Development Value[ii] HK$ million	Status/ Expected launch	Expected financial year of completion
Hong Kong				
– Tan Kwai Tsuen	48,000	800	FY2016	FY2016
– Eivissa Crest	36,000	757	Launched	FY2016
– Tai Wai	33,000	407	FY2017/8	FY2019
– Sha Tau Kok	99,000	795	FY2017	FY2018
– Wong Tai Sin	67,000	1,073	FY2016	FY2019
– Sham Shui Po	28,000	497	FY2017/8	FY2019
Kuala Lumpur				
– Dorsett Bukit Bintang	215,000	953	Launched	FY2017
Total	5,841,000	34,599		

Notes:

(i) The figures represent approximate saleable residential floor areas which may vary subject to finalization of development plans.

(ii) The amounts shown represent expected gross development value which may change subject to market conditions.

In addition to the development pipeline of approximately 5.8 million sq. ft. in saleable floor areas, the Group has a land bank of approximately 5 million sq. ft. of floor areas. These land bank comprised inter alia of residential land in Shanghai and Guangzhou, and a joint venture project in Fung Lok Wai, Yuen Long, Hong Kong. With a total property development pipeline of approximately 11 million sq. ft. the Group's development is poised for continued growth in the coming years.

Australia

Upper West Side project is a high rise residential development located in the central business district of Melbourne. This development has been phased into 4 stages. Both Stage 1 and 2 consisting of more than 1,200 apartments were completed and delivered with Stage 2 (Hudson) completed in FY2015. Stage 3 ("Midtown at Upper West Side") and Stage 4 ("Manhattan at Upper West Side") were launched for presale in the last 2 years and construction are now underway. As at 31 March 2015, contracted presales values of Stage 3 and Stage 4 were approximately HK$688 million and HK$1,738 million respectively. Both Stage 3 and 4 were 100% presold. Stage 3 is expected to be completed in the financial year ending 31 March 2016 and Stage 4 in the financial year ending 31 March 2017.

The FIFTH located adjacent to the Upper West Side development in Melbourne and provides 402 high rise apartments which is expected to be completed in the financial year ending 31 March 2018. As at 31 March 2015, contracted presales value of The FIFTH reached approximately HK$1,029 million, representing 84% of its total expected gross development value.

Located next to the Upper West Side development, 250 Spencer Street ("West Side Place") is a mixed-use residential development which is expected to provide approximately 2,500 residential apartments divided into 4 towers which will include an approximately 240 rooms luxury Ritz-Carlton hotel, upmarket retail shopping outlets and facilities. Launch of the presale of the first residential tower (consisting of approximately 600 apartments) is expected in the second half of the financial year ending 31 March 2016. Estimated gross development value of the first residential tower will be approximately HK$3.0 billion.

The Upper West Side, The FIFTH and The West Side Place will collectively provide approximately 6,000 apartments in central Melbourne and will be the biggest mixed-use developments with residential focus in Melbourne's central business district.

The Towers at Elizabeth Quay, Perth

In June 2014, the Group was the successful bidder of a prestigious residential and hotel project in Elizabeth Quay, Perth. The mixed-use development comprising a residential units of approximately 320,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 20,000 sq. ft. commercial or retail area as well as other ancillary facilities is part of the Western Australia Government's initiative to promote and rejuvenate the waterfront areas in Perth. Soft launched in the beginning of 2015, the registered presales value for the project reached approximately HK$1.7 billion as at 31 March 2015. This development is expected to be completed in the financial year ending 31 March 2019.

In line with the Group's strategic plan to expand its development pipeline and increase its recurring income base, the Group signed a consortium bid agreement with Chow Tai Fook Enterprises Limited ("CTF") and Echo Entertainment Group Limited ("Echo") to jointly bid for the development of an entertainment precinct and integrated resort at the Queen's Wharf, Brisbane, Australia. The 9.4 hectare integrated resort will comprise residential towers, 4 world class hotels, high end food and commercial outlets and a casino in Brisbane's prime waterfront district.

Under the terms of collaboration, the Group and CTF will each have 25% interest in the integrated resort (excluding residential towers) and Echo will have 50% interest and will be appointed as the casino operator, if the consortium's bid is successful. The residential development will be undertaken by the Group and CTF on 50:50 basis if the bid is successful. The result of the tender is expected shortly.

The Towers at Elizabeth Quay, Perth

Mainland China

The Group has been developing California Garden, a premier township in Shanghai over a number of years. The project, comprising a diversified portfolio of the Group's established brand of town houses, high and low rise apartments, provides a steady flow of revenue for the Group.

View Pavilion consists of 306 high rise apartments. Approximately 200 apartments were completed in FY2015 and the remaining is expected to be completed in the financial year ending 31 March 2016. Presales value as at 31 March 2015 was approximately HK$149 million.

King's Manor, Shanghai

Currently, 2 phases of the residential development project (namely King's Manor and The Royal Crest II) are under construction. Both developments will produce approximately 800 residential apartments and town houses with total saleable floor area of approximately 1 million sq. ft..

King's Manor consists of 479 apartments and 90 town houses. This development was launched for presale in March 2015. Presales value as at 31 March 2015 was approximately HK$176 million, amounting to 7% of the total presales value of the development. Completion of this phase is expected in the financial year ending 31 March 2017.

The Royal Crest II consists of 180 apartments and 42 town houses. It is expected to launch for presale in the second half of FY2016. The Royal Crest II is expected to be completed in the financial year ending 31 March 2018.

In Guangzhou, Royal Riverside, a 5 residential towers development producing approximately 600 high rise apartments of total saleable floor area of approximately 688,000 sq. ft. will be launched for presale in the second half of the financial year ending 31 March 2016. The development is expected to be completed in the financial year ending 31 March 2017.

Hong Kong

The Group has been actively building up its development pipeline in Hong Kong. The Group continues to increase its land bank through acquisition of redevelopment sites, by participating in government tender and bidding for projects with Urban Renewal Authority ("URA").

Following the acquisition of a residential redevelopment site in Wong Tai Sin and a residential development site in Sha Tau Kok through government tender in the last financial year, the Group further acquired a residential development site at Tai Wai and won a development project in Sham Shui Po with URA.

The Tai Wai site comprises a residential component of approximately 33,000 sq. ft. in saleable floor area and a commercial component of approximately 5,800 sq. ft. in gross floor area. It is expected that approximately 118 apartments consisting mainly 1-bedroom and 2-bedroom apartments will be built. Completion of the project is expected in the financial year ending 31 March 2019.

Eivissa Crest, Hong Kong

The Sham Shui Po residential site will comprise approximately 72 apartments (mainly 1-bedroom apartment) with approximately 28,000 sq. ft. in saleable floor area. Completion is expected in the financial year ending 31 March 2019.

The Sha Tau Kok site will comprise approximately 263 apartments of approximately 99,000 sq. ft. in saleable floor area. Presales launch is expected in FY2017 and completion is expected in the financial year ending 31 March 2018.

During FY2015, the residential developments namely Star Ruby and Sevilla Crest were completed. Revenue from these two projects were approximately HK$613 million and HK$441 million respectively.

Eivissa Crest on Hill Road, Hong Kong is a project currently being presold, consisting of 106 residential apartments with approximately 36,000 sq. ft. in saleable floor area. The presales value reached approximately HK$586 million as at 31 March 2015, representing 77% of the total expected gross development value. Completion is expected to take place in the financial year ending 31 March 2016.

In the coming financial year ending 31 March 2016, the Group plans to launch presale of 2 projects, namely the Wong Tai Sin residential development and the Tan Kwai Tsuen development. The Wong Tai Sin residential development is a redevelopment project which is located at 68–86 Wan Fung Street, Wong Tai Sin with 234 apartments and completion is expected in the financial year ending 31 March 2019. The Tan Kwai Tsuen development is a residential development with 24 town houses located in Tan Kwai Tsuen Road, Hung Shui Kiu, Yuen Long with completion in the financial year ending 31 March 2016.

The joint venture project in Fung Lok Wai, Yuen Long is a residential development where planning approval has been obtained. This residential development consists total floor area of approximately 1.6 million sq. ft.. The Group has 25.33% interest in the development.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high rise apartments of approximately 215,000 sq. ft. in saleable floor area. As at 31 March 2015, presales value reached approximately HK$397 million, representing 42% of the total expected gross development value. Completion is expected to take place in the financial year ending 31 March 2017.

London, United Kingdom

A residential development site in Marsh Wall, Canary Wharf was acquired in January 2014 at the price of GBP16.7 million. In June 2014, the Group acquired another site at Manilla Street adjacent to the Marsh Wall site at the price of GBP6.5 million. The Group intends to combine the 2 sites and, subject to planning approval, will develop a mixed-use development consisting of residences of approximately 387,000 sq. ft. in saleable floor area, a hotel of approximately 300 rooms with some retail outlets.

Alpha Square, London

2. HOTEL OPERATIONS AND MANAGEMENT – DORSETT HOSPITALITY INTERNATIONAL LIMITED

The Group owns 73.97% of Dorsett Hospitality International Limited. The key indicators of Dorsett's owned hotel operations for FY2015 are as follows:

	For the year ended 31 March 2015	2014
Hong Kong		
Occupancy rate	92.7%	93.9%
Average room rate (HK$)	856	942
RevPAR (HK$)	794	885
Malaysia		
Occupancy rate	64.7%	68.8%
Average room rate (HK$)	491	519
RevPAR (HK$)	318	357
Mainland China		
Occupancy rate	47.4%	54.3%
Average room rate (HK$)	545	573
RevPAR (HK$)	258	311
Singapore		
Occupancy rate	77.3%	67.2%
Average room rate (HK$)	1,188	1,275
RevPAR (HK$)	918	857
United Kingdom		
Occupancy rate	61.1%	–
Average room rate (HK$)	1,185	–
RevPAR (HK$)	724	–
Group Total		
Occupancy rate	73.6%	76.7%
Average room rate (HK$)	762	786
RevPAR (HK$)	561	603

Dorsett Shepherds Bush, London

In FY2015, the Group's hotel operations increased its total revenue by approximately 13.0% to HK$1,454 million compared with FY2014, mainly attributed by increased room inventory and commencement of operations of newly completed hotels. In FY2015, 2 hotels owned by Dorsett commenced operations, namely Lushan Resort, Mainland China and Dorsett Shepherds Bush, London. The Silka Hotel, Cheras, Malaysia came under the management of Dorsett.

RevPAR for the Group came in at HK$561, a decrease of 7.0%, mainly due to the downturn of tourism in Hong Kong.

The Group opened its first hotel in London, Dorsett Shepherds Bush in the first quarter of FY2015. Dorsett Shepherds Bush is a 317 rooms hotel located in the heart of West London.

Dorsett Shepherds Bush, London

Lushan Resort, Lushan

Lushan Resort, located within the vicinity of the famous Lushan National Park in Jiujiang, which is a 297 rooms hotel opened in June 2014.

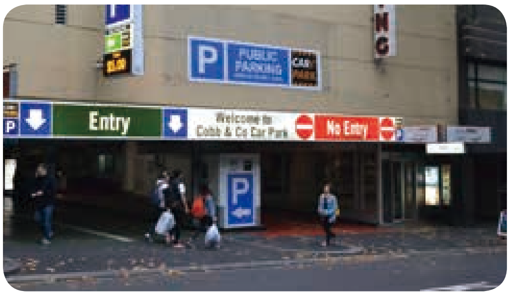
As at 31 March 2015, Dorsett operated 20 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore and 1 in London) with approximately 6,000 rooms and had 5 owned hotels in the development pipeline (1 in Hong Kong, 2 in Mainland China, 2 in United Kingdom). When all the pipeline hotels become operational, Dorsett would operate 25 owned hotels with more than 7,000 rooms. Dorsett continues to expand its hotel portfolio and its network coverage.

3. CAR PARK OPERATIONS AND FACILITIES MANAGEMENT

The Group's car park and facilities management business includes car park operations and property management services.

The car park business extends to both third party owned car parks and self-owned car parks. The car park operations achieved steady growth in FY2015. The Group acquired 2 car parks with 487 car parking bays in New Zealand in FY2015. As at 31 March 2015, the Group's carpark portfolio comprised 335 car parks with approximately 65,300 car parking bays. Of these, 23 were self-owned car parks (19 in Australia, 2 in New Zealand and 2 in Kuala Lumpur) comprising approximately 6,200 car parking bays. The remaining car park portfolio consists of approximately 59,100 car parking bays in Australia and New Zealand, which are under management contracts entered into with third party car park owners. Third party owners include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

This division expanded its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia. It is expected that the car park operations and facilities management business will grow steadily. As at 31 March 2015, the Group had 35 contracts in relation to facility management services.



Car park operations and facilities management