MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Profit and loss analysis

Route 59 Casino, Czech Republic

The Company's consolidated revenue for FY2019 was approximately HK$6.8 billion, an increase of 17.3% as compared with FY2018, driven primarily by (i) higher revenue from residential sales; (ii) organic growth in hotel revenue; (iii) additional contribution from TWC; and (iv) continual expansion of car park operations. As the higher-than-usual gross margin from our Shanghai project was not repeated during FY2019, gross profit (before depreciation of hotel, car park and gaming assets) came in at HK$3.0 billion representing a gross margin of 43.9%, as compared to 51.0% for FY2018. A breakdown of the Group's revenue and gross profit is shown below:

	Property development HK$'000	**Hotel operations and management** HK$'000	**Car park operations and facilities management** HK$'000	**Gaming operations** HK$'000	**Others** HK$'000	**Total** HK$'000
FY2019						
Revenue	**3,811,217**	**1,817,622**	**720,458**	**259,296[i]**	**233,726**	**6,842,319**
Gross profit	**1,356,154**	**781,582**	**115,712**	**154,902**	**201,249**	**2,609,599**
Depreciation	**–**	**344,383**	**34,776**	**17,916**	**–**	**397,075**
Adjusted gross profit	**1,356,154**	**1,125,965**	**150,488**	**172,818**	**201,249**	**3,006,674**
Adjusted gross profit margin	**35.6%**	**61.9%**	**20.9%**	**66.6%**	**86.1%**	**43.9%**
FY2018						
Revenue	**3,430,795**	**1,537,802**	**666,380**	**–**	**196,150**	**5,831,127**
Gross profit	**1,705,216**	**645,152**	**122,129**	**–**	**161,738**	**2,634,235**
Depreciation	**–**	**313,609**	**28,516**	**–**	**–**	**342,125**
Adjusted gross profit	**1,705,216**	**958,761**	**150,645**	**–**	**161,738**	**2,976,360**
Adjusted gross profit margin	**49.7%**	**62.3%**	**22.6%**	**–**	**82.5%**	**51.0%**

Note:

(i) After deduction of gaming tax amounting to HK$88 million.

Revenue from sales of properties amounted to approximately HK$3,811 million in FY2019, increased by 11.1% as compared with FY2018, as there were more project completion during the year. Gross profit of approximately HK$1,356 million for FY2019 was recorded, representing a 20.5% year-on-year drop as revenue recognized during FY2018 were primarily due to our Shanghai project which had a higher-than-usual gross profit margin compared to the Group's projects elsewhere.

Revenue from hotel operations and management amounted to approximately HK$1,818 million in FY2019, an improvement of 18.2% as compared to FY2018. Hotel market, in particular in Hong Kong, continued its strong growth, while the addition of the newly opened Dorsett City in London (fully operated in February 2018) and TWC Hotel Group also contributed to the Group's hotel revenue during FY2019. Despite the additions of TWC Hotel Group which has lower-than-average gross profit margin, gross profit margin for the Group's hotel operations (before depreciation and amortisation) was maintained at 61.9% in FY2019, compared to 62.3% in FY2018. Gross profit margin of hotels under Dorsett Group expanded to 63.4% which was driven by better overall hotel average room rate and higher overall occupancy rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from car park operations and facilities management amounted to approximately HK$720 million in FY2019, an increase of 8.1% as compared to FY2018. Adjusted gross profit remained stable at HK$150 million for FY2019, as the Group incurred start up expenditures in the United Kingdom and Hungary where the Group is expanding its regional presence. During FY2019, 10,275 car park bays were added to the Group's car park management portfolio.

FY2019 was the first year when the Group started to see contributions from its gaming operations, following the Group's acquisition of TWC in April 2018, and the Group's investment in The Star which started to generate dividend income. Total revenue from gaming operations (net of gaming tax) was approximately HK$259 million during the year.

Profit attributable to shareholders of the Company was at HK$1,714 million for FY2019, which increased by 9.4% as compared with HK$1,567 million for FY2018, despite that the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in FY2018 were not repeated in FY2019. These were offset by the strong performance of the Group's core businesses, as well as a one-off gain arising from a bargain purchase of TWC and value uplift of the Group's interest in BCG in a restructuring.

Adjusted cash profit[i] was at HK$1,457 million for FY2019, which showed a drop from the HK$1,649 million recorded for FY2018, as the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in FY2018 were not repeated in FY2019. Excluding the gain on disposal of the hotel, core cash profit for FY2018 would have been approximately HK$1,329 million, with a 9.6% growth in FY2019. Within the core cash profit for FY2019, approximately HK$815 million was contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment), showing a growth of 32.7% from the HK$614 million recorded for FY2018.

Note:

(i) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting post-tax fair value gain in investment properties and gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.

The Star, Sydney

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2019.

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Bank loans, notes and bonds		
Due within 1 year[i]	**4,243**	6,199
Due 1–2 years	**4,158**	1,593
Due 2–5 years	**12,799**	7,273
Due more than 5 years	**167**	1,307
Total bank loans, notes and bonds	**21,367**	16,372
Investment securities	**4,422**	3,520
Bank and cash balances[ii]	**2,648**	4,591
Liquidity position	**7,070**	8,111
Net debts[iii]	**14,297**	8,261
Carrying amount of the total equity	**13,632**	13,144
Add: hotel revaluation surplus	**17,838**	15,593
Total adjusted equity	**31,470**	28,737
Net gearing ratio (net debts to total adjusted equity)	**45.4%**	28.7%

Notes:

(i) Include an amount of approximately HK$1,044 million which is reflected as liabilities due within one year even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

(ii) The amount represents total restricted bank deposits, deposit in a financial institution, and bank balances and cash.

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

To better manage the Group's liquidity position, the Group's treasury operation allocates a portion of its cash position to marketable investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities and investments in fixed income funds, the investment in the listed shares of The Star which the Group intends to hold for the long term, as well as the investment in the mortgage portfolio managed by BCG.

The liquidity position of the Group as at 31 March 2019 was approximately HK$7.1 billion. Adjusting for the unrecognized hotel revaluation surplus of approximately HK$17,838 million, which is based on independent valuation assessed as at 31 March 2019, the Group's total consolidated equity as at 31 March 2019 was approximately HK$31,470 million. The net gearing ratio of the Group was at 45.4% as at 31 March 2019, compared to 28.7% as at 31 March 2018. Such rise in net gearing ratio was primarily due to capital expenditure for replenishment of development pipeline and new investments made during FY2019. The Group will continue to adopt a prudent approach to capital management by maintaining its net gearing ratio at a healthy level.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below shows the Group's debts profile.

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
The Company's notes	**3,509**	3,499
Dorsett bonds	**–**	908
Unsecured bank loans	**2,809**	1,437
Secured bank loans		
– Property development and investment	**7,536**	3,954
– Hotel operations and management	**6,008**	5,787
– Car park operations and facilities management	**556**	576
– Gaming	**94**	–
– Others	**855**	211
Total bank loans, notes and bonds	**21,367**	16,372

As at 31 March 2019, the Group's undrawn banking facilities were approximately HK$9.0 billion which were all committed banking facilities. Of this amount, approximately HK$5.3 billion was in relation to construction development while the balance of approximately HK$3.7 billion was for the Group's general corporate use. The unutilized banking facilities together with sale proceeds to be generated from the Group's upcoming property development projects place the Group in a solid financial position to fund not only its existing business and operations but also to expand its business further.

In addition, a total of 8 hotel assets within the Group were unencumbered as at 31 March 2019, the capital value of which amounted to HK$5.0 billion based on independent valuation assessed as at 31 March 2019. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Sky Deck, Queen's Wharf, Brisbane

MANAGEMENT DISCUSSION AND ANALYSIS

3. Foreign exchange management

In general, contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar. The table below sets forth the exchange rates of Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate as at	**As at 31 March 2019**	As at 31 March 2018	Change
HK$/AUD	**5.56**	5.99	(7.2%)
HK$/RMB	**1.17**	1.25	(6.4%)
HK$/MYR	**1.92**	2.03	(5.4%)
HK$/GBP	**10.20**	11.02	(7.4%)
HK$/CZK	**0.34**	0.37[i]	(8.1%)
HK$/SGD	**5.79**	5.97	(3.0%)

Average rates for	**FY2019**	FY2018	Change
HK$/AUD	**5.78**	5.96	(3.0%)
HK$/RMB	**1.21**	1.19	1.7%
HK$/MYR	**1.98**	1.89	4.8%
HK$/GBP	**10.61**	10.35	2.5%
HK$/CZK	**0.36**	N/A	N/A
HK$/SGD	**5.88**	5.77	1.9%

Note:

(i) As at 30 April 2018

The Group adopted a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currencies of the countries where such investments are made. The impact of movement in the above currencies to the Group's profit attributable to shareholders of the Company for FY2019 is analysed below:

Increase (decrease) to the Group's profit attributable to shareholders of the Company for FY2019 assuming exchange rates of the following currencies against Hong Kong dollar remained constant during the year:

	HK$ million
AUD	10.1
RMB	(9.0)
MYR	(0.6)
GBP	(0.6)
CZK	(9.7)
SGD	(1.9)
Total impact	(11.7)

The movement in foreign currencies also had impacts on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollar for consolidation purpose, the movement in foreign currencies will affect the Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. As a result of the fluctuation of the abovementioned foreign currencies against Hong Kong dollar during FY2019, the Group's net asset value was down by HK$765 million.

4. Net asset value per share

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Equity attributable to shareholders of the Company	**13,413**	12,971
Add: Hotel revaluation surplus	**17,838**	15,593
Total net asset value	**31,251**	28,564
Number of shares issued (million)	**2,352**	2,302
Net asset value per share	**HK$13.29**	HK$12.41

Adjusting for revaluation surplus on hotel assets of approximately HK$17,838 million based on independent valuation assessed as at 31 March 2019, net asset value attributable to the Shareholders reached approximately HK$31,251 million. Net asset value per share for the Company as at 31 March 2019 was approximately HK$13.29, showing a growth of 7.1% despite adverse foreign currency movements on the Group's non-Hong Kong operations and the mark-to-market loss of the Group's long-term investment in The Star as mentioned above.

5. Capital expenditure

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

During FY2019, the Group's capital expenditure amounted to approximately HK$1,880 million primarily attributable to the acquisition of TWC and the investment in The Star. The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**878**	1,596
Commitment to provide credit facility to BC Group	**65**	–
Others	**28**	31
	971	1,627

7. Post balance sheet events

In April 2019, the Group entered into an agreement for the acquisition of a property on Bourke Street in the CBD of Melbourne, which is near the West Side Place development, at a consideration of AUD90 million. The property currently has approval to be redeveloped into a residential project with total GFA of approximately 940,000 sq. ft.. The Group intends to redevelop the property into a residential tower. Completion of the acquisition is subject to the vendor providing vacant possession of the property and certain other obligations the vendor has to fulfill, and is expected to take place before the end of 2019.

BUSINESS REVIEW

1. Property division

The view from West Side Place, Tower 4

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

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China and Australia. For FY2019, a fair value gain of investment properties of approximately HK$673 million (HK$548 million after tax) was recognized, as a result of an increase in fair value of the investment properties in Hong Kong, Mainland China and Australia. As at 31 March 2019, valuation of investment properties was approximately HK$5.4 billion (31 March 2018: HK$3.2 billion).

The Group has a diversified portfolio of residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class.

To carry out property development in the various markets, the Group has established strong local teams in each of these markets which, coupled with the regionalisation approach, allow the Group to take advantage of the different property cycles in different markets. The Group is also actively looking to work with property owners for redevelopment opportunities, an example of which is the partnership with The Star. These land acquisition strategies have resulted in a relatively low land cost base for the Group's development projects.

During FY2019, the Group launched pre-sales of seven of its residential development projects, namely (i) The Garrison in Hong Kong; (ii) West Side Place (Tower 3) in Melbourne; (iii) Royal Riverside (Tower 5) in Guangzhou; (iv) Hornsey Town Hall in London; (v) Perth Hub in Perth; (vi) Manor Parc in Hong Kong; and (vii) MeadowSide (Plot 5) in Manchester. Total expected attributable GDV and attributable saleable floor area of these seven development projects are approximately HK$7 billion and 1.2 million sq. ft. respectively.

Having pre-sold residential units worth HK$5.8 billion during FY2019, total attributable cumulative pre-sales value of the Group's residential properties under development amounted to approximately HK$14.6 billion as at 31 March 2019 (excluding the pre-sales value of Artra in Singapore recognised as revenue on a percentage of completion basis). Such pre-sales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table shows a breakdown of the Group's total cumulative pre-sales value of residential properties under development as at 31 March 2019.

Developments	Location	Attributable pre-sales HK$ million	Expected financial year of completion
Astoria Crest	Hong Kong	422	FY2020
The Garrison	Hong Kong	635	FY2020
Artra	Singapore	1,165[i]	FY2021
West Side Place (Towers 1 and 2)	Melbourne	4,848	FY2021
West Side Place (Tower 3)	Melbourne	2,347	FY2022
West Side Place (Tower 4)	Melbourne	2,334	FY2023
The Towers at Elizabeth Quay	Perth	1,619[ii]	FY2020
Perth Hub	Perth	250	FY2022
The Star Residences (Tower 1)	Gold Coast	415	FY2022
MeadowSide (Plots 2 and 3)	Manchester	411	FY2021
MeadowSide (Plot 5)	Manchester	16	FY2021
Hornsey Town Hall	London	152	FY2021
		14,614	

Notes:

(i) Excluding contracted pre-sales already recognized as revenue up to 31 March 2019.

(ii) Development partially completed during FY2019. Amount represents the revenue for the portion to be recognised in FY2020.

As at 31 March 2019, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 7.9 million sq. ft..

Details of the Group's current pipeline are shown below:

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Pipeline development				
Melbourne				
West Side Place				
–Towers 1 and 2	1,078,000	5,299	Launched	FY2021
–Tower 3	518,000	2,515	Launched	FY2022
–Tower 4	621,000	2,991	Launched	FY2023
Perth				
The Towers at Elizabeth Quay[iii]	306,000	2,224	Launched	FY2020
Perth Hub	230,000	866	Launched	FY2022
Brisbane				
Queen's Wharf Brisbane[iv]				
– Tower 4	284,000	1,634	FY2020	FY2022
– Tower 5	280,000	1,609	Planning	Planning
– Tower 6	223,000	1,282	Planning	Planning

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Gold Coast				
The Star Residences[v]				
– Tower 1	98,000	501	Launched	FY2022
– Tower 2 – Epsilon	109,000	664	FY2020	FY2023
– Towers 3 to 5	337,000	1,665	Planning	Planning
Hong Kong				
Astoria Crest	20,000	422	Launched	FY2020
The Garrison	29,000	678	Launched	FY2020
Shatin Heights	84,000	1,671	FY2020	Planning
London				
Consort Place	390,000	4,512	FY2020	FY2023
Hornsey Town Hall	108,000	962	Launched	FY2021
Manchester				
MeadowSide				
– Plots 2 and 3	221,000	944	Launched	FY2021
– Plot 5	99,000	415	Launched	FY2021
– Plot 4	238,000	1,132	Planning	Planning
Northern Gateway[vi]				
– Addington Street	47,000	184	FY2020	Planning
– Victoria Riverside	396,000	1,515	FY2021	Planning
– Others	1,202,000	4,477	Planning	Planning
Singapore				
Artra[vii]	149,000	1,658	Launched	FY2021
Holland Road[viii]	192,000	3,176	FY2020	FY2023
Cuscaden Road[ix]	19,000	395	FY2020	FY2023
Total development pipeline as at 31 March 2019	**7,278,000**	**43,391**		
Completed development available for sale				
Shanghai				
King's Manor	50,000	309		
The Royal Crest II	57,000	366		
Guangzhou				
Royal Riverside	292,000	1,138		
Kuala Lumpur				
Dorsett Bukit Bintang	31,000	124		
Hong Kong				
Marin Point	80,000	843		
Manor Parc	50,000	641		
Others	1,000	36		

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Singapore				
21 Anderson Road	86,000	1,238		
Total completed development available for sale as at 31 March 2019	**647,000**	**4,695**		
Total pipeline and completed development available for sale as at 31 March 2019	**7,925,000**	**48,086**		
Additional pipeline post 31 March 2019				
Melbourne				
Bourke Street	552,000	3,179	FY2020	FY2024
Total pipeline (including additional pipeline post 31 March 2019) and completed development available for sale	**8,477,000**	**51,265**		

Notes:

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

(ii) The amounts represent expected gross development value attributable to the Group, which may change subject to market conditions.

(iii) This development was partially completed in FY2019. Amounts shown here represent the portion to be completed in FY2020.

(iv) This residential development consists of a total gross floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(v) The Group has 33.3% interest in these developments.

(vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Northern Gateway, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.

(vii) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development. Revenue for this development is recognised based on a percentage of completion basis. Amounts shown here exclude the portion which has been recognized as revenue up to 31 March 2019.

(viii) Total saleable floor area of this development is approximately 241,000 sq. ft.. The Group has 80% interest in the development.

(ix) Total saleable floor area of this development is approximately 190,000 sq. ft.. The Group has 10% interest in the development.

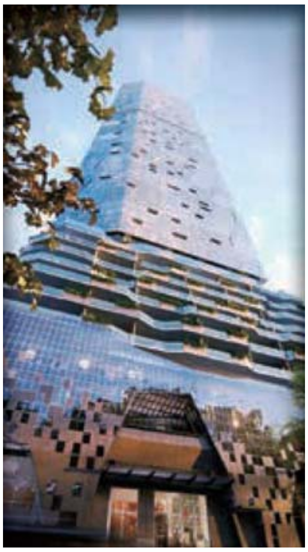
In addition to the above, the Group has entered into a memorandum of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino site in Sydney, which will further contribute to the residential pipeline of the Group upon receiving planning approval and signing of definitive agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Australia

Melbourne

West Side Place is a mixed-use residential development located in the CBD of Melbourne. This development is expected to have a residential saleable floor area of approximately 2.2 million sq. ft. from 4 towers with approximately 3,000 apartments and a total GDV of HK$10.8 billion.



West Side Place, Melbourne

The development will comprise two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz-Carlton with approximately 250 hotel rooms located at the top of Tower 1. Building on the strong response on the pre-sales of Towers 1 and 2 in June 2016 and of Tower 4 in June 2017, the Group launched the pre-sales of Tower 3 in May 2018. Units worth HK$9.5 billion in West Side Place were pre-sold as at 31 March 2019, representing approximately 88% of a total expected GDV of the entire development of HK$10.8 billion. With Towers 1 and 2 expected to be completed in FY2021 and the remaining two towers to be completed in each of FY2022 and FY2023, this development is expected to generate significant cashflow and earnings for the Group in the coming few years.

Following the successful launch of the various stages of West Side Place, the Group has replenished its pipeline in Melbourne post year-end by securing a development site on Bourke Street, which is in Melbourne CBD near the West Side Place development. The property currently has approval to be redeveloped into a residential project with total saleable floor area of approximately 552,000 sq. ft.. Completion of the acquisition is expected to take place before 31 December 2019, and is subject to certain obligations the vendor has to fulfill.

Perth

The Towers at Elizabeth Quay is a two-tower mixed-use development comprising residential apartments of approximately 371,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 15,000 sq. ft. of commercial or retail area as well as other ancillary facilities. The first tower of the two within this development was partially completed with HK$463 million worth of units having been delivered up to 31 March 2019. The remaining units of that tower and the second tower are due for completion during FY2020. As at 31 March 2019, its pre-sales value was approximately HK$1.6 billion (excluding units delivered up to 31 March 2019), representing 73% of the expected GDV of the remaining portion of the development.

The Towers at Elizabeth Quay, Perth

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district.

Perth Hub is the first phase of the Perth City Link project. It is a mixed-use development located adjacent to the Perth Arena representing Lots 2 and 3A of the Perth City Link project, featuring 314 residential apartments and approximately 260 hotel rooms to be operated by Dorsett. It was launched for pre-sales in October 2018, with pre-sales value of HK$250 million as at 31 March 2019, representing 29% of the expected GDV. Completion of the development is expected in FY2022.

Having been selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project in May 2017, which is a continuation of the development stemming from Perth Hub, the Group has secured these land plots during the year. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is currently under planning stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and CTF, entered into development agreements with the Queensland State, Australia for the delivery of the QWB Project. The QWB Project comprises:

(1) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of more than AUD200 million. Payments are made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of FY2023; and

(2) the residential component owned in the proportion of 50% by the Group and 50% by CTF.

Queen's Wharf, Brisbane

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group intends to fund from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, and envisages three residential towers, five world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development GFA of the QWB Project is expected to be 386,650 sq. m. of which approximately 160,250 sq. m. relates to the residential component.

The QWB Project brings together the Group's experience in international hospitality operation and mixed-use development, CTF's extensive VIP customer base in Mainland China and Asian markets, as well as The Star's operational experience in integrated resorts. The QWB Project is expected to contribute significantly to the Group's recurring cash flow stream as well as to add to its residential development pipeline.

The construction of the QWB Project is well underway with the excavation of the site close to completion, thereby substantially de-risking the construction of the development.

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest.

The first tower of the development will feature a 316-room Dorsett hotel and residential apartments with total saleable floor area of 295,000 sq. ft. and a GDV of HK$1.5 billion. Pre-sales of the residential component of the first tower was launched in September 2017, with pre-sales contracted for 83% of the GDV as at 31 March 2019. The completion of the first tower of the development is expected to take place in FY2022.

The Star Residences-Epsilon, Gold Coast

Following the launch of the first tower, planning approval has been granted for the other four towers of the development. Epsilon, which is the second tower of the development, will feature a 210-room five-star hotel and residential apartments with total saleable floor area of 327,000 sq. ft. and a GDV of HK$2.0 billion. Pre-sales of the residential component was launched in May 2019.

In addition, the strategic alliance agreement that was entered into with The Star and CTF in March 2018 stipulated that the parties will join forces on the delivery of certain nominated developments including the potential re-development of The Spit Precinct in Gold Coast. The realization of these potential developments will undoubtedly add to the Group's development pipeline in the city, and will benefit the Group through its investment in The Star.

MANAGEMENT DISCUSSION AND ANALYSIS


The Star, Sydney


California Garden, Shanghai

Sydney

The Group has agreed to partner with The Star and CTF to co-develop a mixed-use tower located at the existing site where The Star operates its casino in Sydney. The entire project is currently under planning stage. The parties also agreed that there are certain nominated developments which the parties will work together to bring forward the planning and delivery, including the potential re-development of the Pyrmont Precinct of Sydney.

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses.

King's Manor consists of 479 apartments and 90 town houses. 22 town houses of this development remain unsold, and will be sold on a completed basis.

The Royal Crest II consists of 180 apartments and 42 town houses. 24 town houses of this development remain unsold, and will be sold on a completed basis.

In February 2019, the Group acquired an additional land parcel with GFA of 574,000 sq. ft. as part of the California Garden development. The Group intends to develop this land parcel as a residential block for long-term rental purposes. This project has been excluded from the tables outlining pre-sales and development pipeline above.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 692,000 sq. ft. and a total expected GDV of HK$2.4 billion. Pre-sales for Tower 5 was launched in May 2018. The entire development has been completed with approximately HK$1,330 million worth of units having been delivered up to 31 March 2019, with the remaining units to be sold on completed basis.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with URA.

Currently the Group has 6 residential projects in Hong Kong.

Aspen Crest is a redevelopment project consisting of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 9,000 sq. ft. of commercial component. All the units have been pre-sold before completion and fully settled during FY2019.

Marin Point is a residential development site at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area and 6,800 sq. ft. of commercial component. The development was launched for pre-sales during FY2018 with HK$235 million worth of units having been pre-sold and delivered up to 31 March 2019. The remaining units will be sold on a completed basis.

Astoria Crest is a residential development site at Hai Tan Street, Sham Shui Po which was acquired by the Group through URA. This residential development comprises 72 apartments (mainly 1-bedroom apartment) with approximately 20,000 sq. ft. in saleable floor area. Pre-sales for the development was launched in December 2017 with all the units pre-sold as at 31 March 2019. Completion of the development is expected in FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS


The Garrison, Hong Kong

The Garrison is a residential development site at Mei Tin Road, Tai Wai, which the Group acquired through a government tender. This development comprises a residential component of approximately 29,000 sq. ft. in saleable floor area and a commercial component of approximately 5,100 sq. ft. in GFA. Pre-sales for the development was launched in July 2018 with 94% of the units pre-sold as at 31 March 2019. Completion of the development is expected in FY2020.

Manor Parc is a residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in saleable floor area. All units are to be sold on a completed basis.

The Group also acquired through government tender a residential development site at Tai Po Road, Shatin Heights. This development will comprise more than 60 apartments and 4 houses. The project has a saleable floor area of approximately 84,000 sq. ft. and is currently under construction. Pre-sales of the development is expected to be launched in FY2020.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. The development was completed during FY2018 with 119 apartments delivered up to 31 March 2019, with a number of the remaining units converted into serviced apartments managed by the Dorsett Group. The rest is to be sold on a completed basis.

United Kingdom

London

Hornsey Town Hall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 135 apartments with a saleable floor area of approximately 108,000 sq. ft.. This development also has a commercial component of 5,600 sq. ft.. Pre-sales for the residential component of this development was launched during FY2019 with 16% of the expected GDV pre-sold as at 31 March 2019. Completion of the development is expected in FY2021.


Hornsey Town Hall, London

Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf, London, which has been granted planning approval for a complex featuring private residences of approximately 390,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms and commercial facilities. Pre-sales for the residential component of this development is expected to be launched in FY2020, with completion of the development expected to be in FY2023.

Manchester

Northern Gateway is a mega-sized development project in Manchester which the Group will deliver. It spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city centre to expand and providing the optimal mix of high quality housing. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.


Northern Gateway, Manchester

The SRF of the Northern Gateway development was approved by the MCC in February 2019. The SRF provides an illustrative masterplan in order to guide development proposals within Northern Gateway. It will be used to guide and co-ordinate development brought forward by the joint venture formed between the Group and MCC, to deliver a series of vibrant, sustainable and integrated residential neighbourhoods within the extended city centre of Manchester.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the entering into of the development agreement with MCC in April 2017, the Group has acquired various land plots within the Northern Gateway area which will be developed into individual projects as the overall masterplan pans out.

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the United Kingdom. As at 31 March 2019, the Group has already secured land plots within the Northern Gateway area providing a pipeline with saleable floor area of more than 1.6 million sq. ft..

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city, and is sitting on the doorstep of the Group's Northern Gateway development. The development will feature 4 towers comprising more than 750 apartments with approximately 558,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs of the city. Pre-sales for the first 2 plots of the development with overall saleable area of 221,000 sq. ft. was launched during FY2018, with 43% of the overall GDV having been pre-sold as at 31 March 2019. Pre-sales of plot 5 of the development was also launched in March 2019. Completion of plots 2, 3 and 5 of the development is expected to be in FY2021 while that of plot 4 is in planning stage.

MeadowSide, Manchester

Addington Street is one of the initial sites acquired from MCC as part of the development agreement for Northern Gateway. The development is located within New Cross at the northern edge of the Manchester city centre. The site, which is currently used as a surface car park, is to be developed into an 80-apartment residential scheme with saleable floor area of approximately 47,000 sq. ft. With launch of the development planned for FY2020, this will be the first of the many developments the Group will launch within the Northern Gateway masterplan area.

Victoria Riverside is located within the Northern Gateway masterplan area in close proximity to major transport links including Victoria railway station and Manchester city centre. It is a key gateway into the Northern Gateway masterplan area, expanding the city centre northwards from MeadowSide. It will be predominately a residential development incorporating high quality public realm, commercial and leisure uses and a land mark building. The development features three towers comprising more than 550 units with approximately 396,000 sq.ft. of saleable floor area. Pre-sales of the development is expected to be launched in FY2021.

Artra, Singapore

Singapore

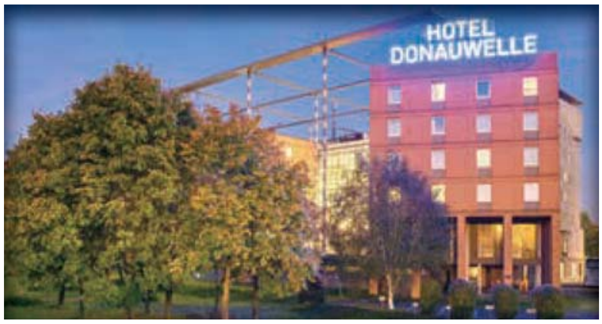
Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 410,000 sq. ft. in saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Pre-sales of the development was launched in FY2018 with 82% of the overall units pre-sold as at 31 March 2019. Completion of the development is expected to take place during FY2021.

Hollandia and The Estoril are residential development sites at Holland Road within the highly sought after District 10 of Singapore, for which the Group was awarded the tender through collective sale in FY2018. Completion of the acquisition of both sites took place in FY2019. The two adjacent sites are expected to be amalgamated and redeveloped into a residential development with a combined saleable floor area of approximately 241,000 sq. ft., in which the Group has a 80% interest. Pre-sales of the development is expected to be launched in FY2020.

The development located at Cuscaden Road is a residential development site at the prime District 9 of Singapore. The development is expected to comprise approximately 19,000 sq. ft. in attributable saleable floor area. The Group has a 10% interest in the joint venture which is undertaking the development.

21 Anderson Road is a freehold condominium development situated in District 10 of Singapore, acquired by the Group in July 2018. It is currently known as "21 Anderson Royal Oak Residence" and comprises 34 residential units with saleable floor area of approximately 86,000 sq. ft., which the Group currently holds for recurring income purposes but with flexibility to resell or redevelop.

Dorsett City, London



Hotel Donauwelle, Austria

2. Hotel operations and management

The Group owns and operates its hotel portfolio through three distinct lines of business, with focus on the three to four star hotel segment. These include Dorsett Hotels and Resorts, featuring the upscale "Dorsett Grand" and mid-scale "Dorsett", the value-led "Silka" branded hotels, and the "d.Collection" which features boutique hotels with unique identities. The Group's hotels under these three lines of business are collectively referred to as the "Dorsett Group".

In April 2018, the Group completed the acquisition of TWC, which owns and operates two four-star hotels and one three-star hotel in Germany, one four-star hotel in Austria and one four-star hotel in the Czech Republic (directly connected to one of the casinos in TWC's portfolio), with a combined 572 rooms operated under the TWC Hotel Group. TWC Hotel Group started to contribute to the Group's hotel operating results with effect from 1 May 2018.

The following summarises the regional operating performance of the Group's owned hotels for FY2019 and FY2018 in LC.

	Occupancy Rate		Average room rate		RevPAR		Revenue	
			(LC)	(LC)	**(LC)**	(LC)	**(LC'000)**	(LC'000)
	FY2019	FY2018	**FY2019**	FY2018	**FY2019**	FY2018	**FY2019**	FY2018
Hong Kong (HK$)	**95.3%**	93.8%	**802**	739	**764**	693	**846,830**	776,474
Malaysia (MYR)	**74.7%**	73.9%	**194**	193	**145**	142	**122,964**	125,552
Mainland China (RMB)	**72.6%**	68.4%	**398**	408	**289**	279	**218,119**	214,742
Singapore (SGD)	**82.0%**	86.1%	**173**	174	**142**	149	**15,930**	16,658
United Kingdom (GBP)	**82.3%**	82.9%	**118**	106	**97**	88	**23,804**	16,637
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$'000)**	(HK$'000)
Dorsett Group Total	**84.2%**	82.8%	**709**	658	**597**	545	**1,684,565**	1,537,802
TWC Hotel Group (i)	**57.1%**	–	**600**	–	**343**	–	**133,057**	–

Note:

(i) Amounts represent results of TWC Hotel Group for the period from 1 May 2018 to 31 March 2019.

Dorsett Group's hotel operations for FY2019 recorded total revenue of approximately HK$1.7 billion, representing a solid growth of 9.5% from that in FY2018. OCC increased approximately 1.4 percentage points to 84.2%. The overall ARR increased 7.8% to HK$709 per night. As a result, RevPAR increased 9.5% to HK$597 for FY2019. These results were achieved despite the adverse foreign exchange movements during the year.

Hong Kong remained the main contributor to Dorsett Group's hotel operations which accounted for approximately 50% of its revenue. The OCC increased approximately 1.5 percentage points to 95.3% and ARR rose by 8.5% to HK$802 per night, contributing to a solid growth of 10.2% in the RevPAR to HK$764 per night as compared to FY2018. Overall performance of Hong Kong for the FY2019 is shown below.

	FY2019		FY2018	
Hong Kong	**2H**	**1H**	**2H**	**1H**
Occupancy rate	96.5%	94.0%	96.5%	91.2%
Average room rate (HK$)	872	730	820	655
RevPAR (HK$)	842	686	791	597

MANAGEMENT DISCUSSION AND ANALYSIS

Both OCC and ARR for Hong Kong in the second half of FY2019 recorded a robust growth to 96.5% and HK$872 per night respectively, leading to the rise of RevPAR to HK$842 per night, as compared to HK$791 per night in the second half FY2018. In FY2019, Dorsett Group benefited from the strong growth of the arrival of overnight visitors from a wide base of international visitors, primarily from Mainland China. The Group remains optimistic in further growing the hotel revenue in Hong Kong.

In Malaysia, revenue from hotel operations for FY2019 remained flat at approximately MYR123 million as compared to FY2018. ARR were maintained at similar levels to those of FY2018 at MYR194 per night. OCC increased slightly by 0.8 percentage points to 74.7% as compared to the prior year. As such, RevPAR had a modest growth of 2.1% to MYR 145 per night. As can be seen from the operating data below, the operating performance of hotels in Malaysia maintained well for the whole year of FY2019 despite the economic difficulty in Malaysia.

	FY2019		**FY2018**	
Malaysia	**2H**	**1H**	**2H**	**1H**
Occupancy rate	72.8%	76.6%	75.4%	72.4%
Average room rate (MYR)	191	196	192	194
RevPAR (MYR)	139	150	145	140

In Singapore, Dorsett Singapore recorded revenue of approximately SGD15.9 million for FY2019, down 4.4% year-on-year. For FY2019, OCC was 82.0% and ARR was SGD173 per night. RevPAR was recorded at SGD142 per night, as competition in the hotel market remained intense. Further operating data of the performance in Singapore is as below.

	FY2019		**FY2018**	
Singapore	**2H**	**1H**	**2H**	**1H**
Occupancy rate	82.2%	81.9%	86.3%	85.9%
Average room rate (SGD)	170	176	174	173
RevPAR (SGD)	139	144	150	149

In Mainland China, OCC in FY2019 increased by 4.2 percentage points to 72.6% compared with FY2018 while ARR was recorded at RMB398 per night. As a result, RevPAR increased by 3.6% to RMB289 per night as compared to FY2018. Revenue increased by 1.6% to approximately RMB218 million for FY2019 mainly due to the strong growth of Dorsett Grand Chengdu and Dorsett Wuhan. OCC of Dorsett Grand Chengdu rose by 6.2 percentage points to 72.4% while RevPAR increased by 7.8% to RMB251 per night in FY2019. Dorsett Wuhan also recorded a strong growth in RevPAR of 8.9% to RMB242 per night for FY2019 as compared to prior year.

	FY2019		**FY2018**	
Mainland China	**2H**	**1H**	**2H**	**1H**
Occupancy rate	67.3%	77.8%	67.6%	69.2%
Average room rate (RMB)	406	390	401	415
RevPAR (RMB)	274	304	271	287

MANAGEMENT DISCUSSION AND ANALYSIS

In the United Kingdom, hotel revenue was approximately GBP24 million for FY2019, an increase of approximately 43% as compared to FY2018, due to the addition of the hotel rooms from newly-opened 13-storey Dorsett City London which had the official opening in February 2018 with the full inventory of 267 rooms. Despite the initial ramp-up of Dorsett City London during the year, OCC remained broadly flat at 82.3% and RevPAR recorded an increase of 10.2% to GBP97 per night as compared to prior year. The operating performance of hotels in the United Kingdom will continue to grow healthily as Dorsett City London continues its ramp-up.

	FY2019		FY2018	
United Kingdom	**2H**	**1H**	**2H**	**1H**
Occupancy rate	77.8%	86.9%	79.6%	87.6%
Average room rate (GBP)	121	116	107	105
RevPAR (GBP)	94	101	85	92

Having completed the acquisition of TWC Hotel Group in April 2018, its results started to feature in the Group's result for FY2019 with a 11-month contribution. Revenue from TWC Hotel Group was HK$133 million with OCC of 57.1% and a RevPAR of HK$343 per night for FY2019. The Group is actively driving the collaboration between Dorsett Group and TWC Hotel Group to bring out the synergies from the Group's entire hotel portfolio which are now under the same management. The post-acquisition integration of the operations have been progressing as planned, and with a larger portfolio the Group will be able to enjoy the benefits of an enlarged pool of resources and streamlined operations.

As at 31 March 2019, the Group owns 28 operating hotels (9 in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London, 1 in Gold Coast (25% stake), 3 in Germany, 1 in Austria and 1 in Czech Republic) with approximately 7,500 rooms, having added a combined 572 rooms to the Group's portfolio through the acquisition of TWC in April 2018.

The Group has 15 hotels in the development pipeline. Except for Ritz-Carlton hotels in Melbourne and Perth, three world-class hotels (in addition to a Dorsett hotel) in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, and a five-star hotel as part of the Star Residences development in Gold Coast, all the hotels in the pipeline are expected to be operated by Dorsett Group. When all the hotels in the pipeline become operational, the Group will own 43 hotels operating approximately 10,700 rooms. The Group also manages 4 other hotels (1 in Hong Kong and 3 in Malaysia) with approximately 970 rooms.

In addition, the Group has, through a 50% joint venture, entered into a contract to acquire a land plot in the Sydney CBD which can be developed into the first Dorsett hotel in Sydney with approximately 280 rooms. With this additional hotel added into the Group's pipeline, the Group will have secured land plots for a Dorsett hotel in each of the major cities of Australia.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Car park operations and facilities management

Care Park

The Group's car park and facilities management business includes car park operations, operated under the brand "Care Park", and property management services, operated under the brand "APM".

The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. Care Park has been achieving steady growth over the years, with the Group's portfolio under management growing to 494 car parks with approximately 99,143 car parking bays as at 31 March 2019, having added approximately 10,275 car parking bays during FY2019. Of the Group's 494 car parks, 35 were self-owned car parks (23 in Australia, 3 in New Zealand, 1 in the United Kingdom, 2 in Malaysia and 6 in Hungary) comprising approximately 10,649 car parking bays, with the remaining 88,494 car parking bays in Australia, New Zealand, the United Kingdom, Hungary and Malaysia under management contracts entered into with third party car park owners, which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

During FY2019, the Group's car park business continued to deliver consistent profit contribution to the Group through organic growth, having leveraged on its central monitoring system, Care Assist, which enabled the management team of this business to have better control on the day-to-day operations of the business, providing a strong foundation for growth. With a management team rich in experience in car parking operations and the scalability offered by Care Assist, the Group is allocating more resources to the car parking division which is currently actively evaluating a number of acquisition opportunities in regions where the Group has an existing presence, with an aim of adding further self-owned car parks to its portfolio.

Subsequent to FY2019, Care Park was appointed by Macquarie to manage and operate SKYCITY's car park in Auckland, New Zealand, after Macquarie has won a 30-year concession for the car park at SKYCITY's casino and convention centre, adding another 3,300 car parking bays to its growing portfolio.

With the car parking division further expanding its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 93 contracts in relation to facilities management services as at 31 March 2019, it is expected that the car park operations and facilities management business will continue to be a steadily growing source of recurring cash flow stream to the Group.

4. Gaming operations and management


Route 55 Casino, Czech Republic

Europe

Following on from the Group's investment in the QWB Project, the Group completed the acquisition of TWC on 30 April 2018. Revenue from TWC's gaming operations during the year of HK$197 million (which is net of gaming tax) represented eleven months' contribution since the acquisition.

TWC owns and operates a portfolio of 3 casinos in Czech Republic. All the casinos of TWC feature gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavor to introduce Asian customers to TWC's properties to supplement the Group's hospitality offerings geographically.

MANAGEMENT DISCUSSION AND ANALYSIS

TWC upholds a high standard of regulatory compliance and corporate governance practice, having been listed on the over-the-counter market in the United States until being privatized and delisted. It will not only bring to the Group recurring earnings and cash flow contribution from its hospitality business, but will also serve as a platform for the Group to pursue expansion in the gaming space.

The following sets forth certain operating data of TWC's casinos for the 11 months ended 31 March 2019:

	As at 31 March 2019
Number of slot machines	513
Number of tables	62

	11 months ended 31 March 2019
Table game revenue[i] *(HK$ million)*	51
Slots revenue[i] *(HK$ million)*	137
Average table game win %[ii]	17.2%
Average slot win per machine per day (HK$)	1,219

(i) Net of gaming tax.

(ii) Table game win % is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table.

With TWC's gaming operations gradually recovering from the impact of the change in gaming regulations in the Czech Republic which became fully effective on 1 January 2018, and with the synergies created between the Group and TWC, including, for instance, cross-selling opportunities, TWC's gaming operations is expected to deliver decent returns to the Group.

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and took a 4.99% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, Gold Coast and Brisbane.

The Star, Sydney

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

(i) strengthening the Group's already established relationship with The Star;

(ii) forging partnership with The Star for potential mixed use property projects, and adding to the Group's development pipeline in Australia;

(iii) allowing the Group to increase its exposure to QWB Project and benefit from The Star's future growth;

(iv) benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group; and

(v) benefit from cash flow from The Star's future dividend distribution based on a dividend payout of at least 70% of normalised net profit after tax.

During FY2019, revenue from the Group's investment in The Star was HK$62 million which represented dividend from The Star.

5. Other business

As an extension of our property development business, the Group established the BCG Business. BCG specializes in the provision of residential mortgages to non-resident buyers of international properties. The BCG Business is highly synergistic to the Group's property development business and offers significant growth potential.

Assets under management of the BCG Business reached AUD617 million as at 31 March 2019 with an average loan-to-value ratio of 59.3%. Majority of the BCG Business's mortgage portfolio funding comes from an international investment bank. The Group has also committed AUD75 million of funding, and has funded AUD63 million as at 31 March 2019 which is classified as investment securities. Despite its initial stage of development, the BCG Business contributed HK$36 million to the Group's profit during FY2019 excluding a gain arising from the value uplift of the Group's interest in BCG explained below. Including interest income from funding, total contribution from BCG amounted to HK$70 million.

The rapid growth of the BCG Business seen for the past year is expected to continue, due to its uniqueness of having the backing of a property developer and its diverse distribution channels. To continue its growth, the Group has introduced two new private equity investors, which collectively manage assets in excess of US$40 billion, into the BCG Business in February 2019. The transaction involves the two new investors subscribing for 25% shares of the investment vehicle which holds the BCG Business at a consideration of AUD15 million, thereby valuing the BCG Business at approximately AUD60 million (post money), and resulted in a gain of HK$176 million recognised by the Group during the year as a result of the value uplift of the Group's interest in BCG. In addition to purchasing an equity stake in the BCG Business, the new investors are also expected to assist with the expansion of BCG Business's platform over the next 3 years to grow its mortgage loan assets under management to AUD5 billion.

The Group will enjoy good risk-adjusted return with this investment given the quality of asset backing.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had approximately 4,000 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.

Internal Crisis Management Training 2018

Sustainability