Management Discussion and Analysis

Queen's Wharf, Brisbane

FINANCIAL REVIEW

1. Profit and loss analysis

The Company's consolidated revenue for FY2020 was approximately HK$7.5 billion, an increase of 8.9% as compared with FY2019, driven primarily by the significant revenue recognised from sales of residential properties. Gross profit (before depreciation of hotel, car park and gaming assets) ("adjusted gross profit") came in at HK$2.6 billion, as compared with HK$3.0 billion for FY2019. A breakdown of the Group's revenue and gross profit is set out 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
FY2020						
Revenue	**4,834,976**	**1,345,534**	**759,782**	**271,223**[i]	**239,089**	**7,450,604**
Gross profit	**1,404,126**	**402,320**	**100,776**	**146,282**	**205,848**	**2,259,352**
Depreciation	**–**	**322,352**[ii]	**28,015**[ii]	**14,160**	**–**	**364,527**
Adjusted gross profit	**1,404,126**	**724,672**	**128,791**	**160,442**	**205,848**	**2,623,879**
Adjusted gross profit margin	**29.0%**	**53.9%**	**17.0%**	**59.2%**	**86.1%**	**35.2%**
FY2019						
Revenue	3,811,236	1,817,622	720,458	259,296[i]	233,707	6,842,319
Gross profit	1,356,154	791,162	115,711	145,323	201,249	2,609,599
Depreciation	–	344,383	34,776	17,916	–	397,075
Adjusted gross profit	1,356,154	1,135,545	150,487	163,239	201,249	3,006,674
Adjusted gross profit margin	35.6%	62.5%	20.9%	63.0%	86.1%	43.9%

Notes:

(i) After deduction of gaming tax amounting to HK$88 million and HK$89 million in FY2019 and FY2020 respectively.

(ii) Excludes depreciation of leased properties under HKFRS 16.

Revenue from sales of properties amounted to approximately HK$4,835 million in FY2020, an increase of 26.9% as compared with FY2019. Major contributors to that increase in FY2020 were the revenue recognized from Astoria Crest and The Garrison in Hong Kong, The Towers at Elizabeth Quay in Perth and Artra in Singapore. Gross profit of approximately HK$1,404 million was recorded during FY2020, representing a 3.5% increase year-on-year. However, adjusted gross profit margin dropped to 29.0% in FY2020 from 35.6% in FY2019, mainly due to the combined impacts of (i) the decrease in recognized revenue from the Group's Shanghai and Guangzhou projects, which generally have a higher gross profit margin compared to the Group's projects elsewhere and (ii) the lower gross profit margin of The Towers at Elizabeth Quay with most of the units delivered in FY2020.

Impacted by the significant slowdown in tourism and business traffic globally and the temporary closure of some of the Group's hotel operations in the latter part of the financial year, revenue from hotel operations and management dropped 26.0% as compared with last year to approximately HK$1,346 million in FY2020. Adjusted gross profit margin for the Group's hotel operations dropped to 53.9% in FY2020 from 62.5% in FY2019, resulting from the reduction in overall hotel ARR and OCC across the world.

Revenue from car park operations and facilities management increased slightly by 5.5% year-on-year to HK$760 million in FY2020. Adjusted gross profit of approximately HK$129 million was recorded for FY2020. During FY2020, an additional 7,553 bays were added to the Group's owned or managed car park portfolio.

Revenue from gaming operations increased slightly year-on-year by 4.6% to approximately HK$271 million (net of gaming tax) in FY2020. The higher revenue was primarily driven by the first full-year contribution from TWC's gaming operations in FY2020 (despite being affected by part closure in March 2020) as compared with 11 months' contributions in FY2019 and offset by a lower dividend from The Star.

The Group's overall performance in FY2020 was mainly supported by the strong delivery from sales of properties. However, in addition to the social unrest in Hong Kong which hampered our Hong Kong hotel operations since the first half of FY2020, the Group's recurring income businesses have suffered from the outbreak of COVID-19 since February 2020. Some of the Group's hotels and gaming operations were forced to close temporarily which inevitably impacted the Group's recurring income businesses. Furthermore, the overall performance was further weakened by adverse movements in the fair value of investment properties amounting to HK$21 million, the higher finance costs and the ramp-up costs of new hotel opening, including the Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur in FY2020.

As a result of the above, profit attributable to Shareholders was approximately HK$366 million for FY2020. The figure represents a material reduction of 78.7% as compared with HK$1,714 million for FY2019, which included a HK$673 million fair value gain on investment properties, a disposal gain of HK$52 million in respect of a stake in BCG and a one-off gain of HK$108 million arising from bargain purchase of TWC.

Adjusted cash profit[i] was approximately HK$842 million for FY2020, a decrease of 42.2% from HK$1,457 million recorded for FY2019.

Note:

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

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 the easily monetizable nature), bank loans and borrowings, and equity as at 31 March 2020.

Consolidated statement of financial position	**As at 31 March 2020 HK$ million**	As at 31 March 2019 HK$ million
Bank loans, notes and bonds		
Due within 1 year[i]	**6,506**	4,236
Due 1–2 years	**8,297**	4,146
Due 2–5 years	**8,264**	12,799
Due more than 5 years	**393**	167
Total bank loans, notes and bonds	**23,460**	21,348
Investment securities	**3,027**	4,422
Bank and cash balances[ii]	**3,040**	2,648
Liquidity position	**6,067**	7,070
Net debts[iii]	**17,393**	14,278
Carrying amount of the total equity[iv]	**14,314**	13,632
Add: hotel revaluation surplus[v]	**16,348**	17,838
Total adjusted equity	**30,662**	31,470
Net gearing ratio (net debts to total adjusted equity)	**56.7%**	45.4%
Net debt to total adjusted assets[vi]	**29.9%**	25.1%

Notes:

(i) Includes an amount of approximately HK$909 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.

(iv) Includes Perpetual Capital Notes.

(v) Excludes Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur which are newly opened and valued at cost.

(vi) Total adjusted assets include revaluation surplus on hotel assets.

To better manage the Group's liquidity position, the Group's treasury operation allocates a portion of its cash position to marketable and liquid 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 notes issued by the trusts which hold the mortgage portfolio managed by BCG, an entity of 50.66% owned by the Group.

During the year, the Group issued US$360 million Perpetual Capital Notes at an initial distribution rate of 7.375% under the guaranteed medium-term note programme. The proceeds of the Perpetual Capital Notes help the Group in maintaining a robust financial position and a good liquidity position.

The liquidity position of the Group as at 31 March 2020 was approximately HK$6.1 billion. The Group's total adjusted equity as at 31 March 2020 was approximately HK$30,662 million, adjusting for the unrecognised hotel revaluation surplus of approximately HK$16,348 million[i], which is based on independent valuations assessed as at 31 March 2020, and including the Perpetual Capital Notes. The net gearing ratio of the Group remained at a healthy level of 56.7% as at 31 March 2020. The Group will continue to adopt a conservative approach to maintain a flexible and solid financial position.

	As at 31 March 2020 HK$ million	As at 31 March 2019 HK$ million
The Company's notes	**3,548**	3,509
Unsecured bank loans	**3,380**	2,809
Secured bank loans		
– Property development and investment	**7,589**	7,536
– Hotel operations and management	**7,292**	6,008
– Car park operations and facilities management	**629**	556
– Gaming operations	**93**	94
– Others	**929**	836
Total bank loans, notes and bonds	**23,460**	21,348

As at 31 March 2020, the Group's undrawn banking facilities stood at approximately HK$6.0 billion. Of this amount, approximately HK$2.9 billion was associated to construction/development facilities while the balance of approximately HK$3.1 billion was for the Group's general corporate use. The unutilized banking facilities, together with presales to be recognised from the Group's upcoming property development projects, placed the Group in a solid financial position to fund not only its existing business and operations but also its expansion going forward.

Note:

(i) Excludes Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur which are newly opened and valued at cost.

Post year end, a number of financings were secured, including: AUD1.6 billion (HK$7.6 billion) facility for Queen's Wharf integrated resort in Brisbane, AUD648 million (HK$3,097 million) facility for West Side Place Stage 2 in Melbourne. The Group is also in advance discussion with banks on the refinancing of a loan in relation to the Kai Tak land purchase and construction.

Queen's Wharf, Brisbane

The overview of Kai Tak Development, Hong Kong

In addition, a total of 7 hotel assets were unencumbered as at 31 March 2020, the capital value of which amounted to approximately HK$4 billion as at 31 March 2020. The Group has other assets unencumbered such as unsold residential units, retail assets, and commercial assets. These assets can be used as collateral for further bank borrowings which could provide additional liquidity for the Group, should this be necessary.

3. Foreign exchange management

Overall in FY2020, the contribution from the Group's non-Hong Kong operations was affected by the significant adverse movement of foreign currencies against the Hong Kong Dollar. The table below sets forth the exchange rates of the Hong Kong Dollar against the local currency of countries where the Group has significant operations:

Rate	**As at 31 March 2020**	As at 31 March 2019	Change
HK$/AUD	**4.78**	5.56	(14.0%)
HK$/RMB	**1.09**	1.17	(6.8%)
HK$/MYR	**1.79**	1.92	(6.8%)
HK$/GBP	**9.57**	10.20	(6.2%)
HK$/CZK	**0.31**	0.34	(8.8%)
HK$/SGD	**5.44**	5.79	(6.0%)
Average rates for	**FY2020**	FY2019	Change
HK$/AUD	**5.17**	5.78	(10.6%)
HK$/RMB	**1.13**	1.21	(6.6%)
HK$/MYR	**1.86**	1.98	(6.1%)
HK$/GBP	**9.89**	10.61	(6.8%)
HK$/CZK	**0.33**	0.36	(8.3%)
HK$/SGD	**5.62**	5.88	(4.4%)

The Group adopts a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currency of the countries where such investments are made. The impact of movements in the above currencies to the Group's profit attributable to Shareholders for FY2020 is analysed below:

Increase to the Group's profit attributable to Shareholders for FY2020 assuming exchange rates of the following currencies against the Hong Kong Dollar remained constant during the period:

	HK$ million
AUD	9.0
RMB	7.2
MYR	0.7
GBP	3.5
CZK	0.8
SGD	8.7
Total impact	29.9

The movement in foreign currencies also had an impact on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong Dollars for consolidation purposes, the movement in foreign currencies has affected the value in Hong Kong Dollar-equivalent of such net assets and therefore the Group's net asset position. The Group's net asset value (less the Perpetual Capital Notes) would have been HK$1,665 million higher as at 31 March 2020 assuming exchange rates remained constant during FY2020.

4. Net asset value per share

	As at 31 March 2020 HK$ million	As at 31 March 2019 HK$ million
Equity attributable to Shareholders of the Company	**11,119**	13,413
Add: Hotel revaluation surplus[(i)(ii)]	**16,348**	17,838
Net asset value attributable to Shareholders of the Company	**27,467**	31,251
Number of shares issued (million)	**2,369**	2,352
Net asset value per share	**HK$11.59**	HK$13.29

Adjusting for the revaluation surplus on hotel assets of approximately HK$16,348 million[(ii)], based on independent valuation assessed as at 31 March 2020, net asset value attributable to Shareholders of the Company was approximately HK$27,467 million. Net asset value per share for the Company as at 31 March 2020 was approximately HK$11.59.

Notes:

(i) As at 31 March 2020.

(ii) Excludes Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur which are newly opened and valued at cost.

5. Capital expenditures

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

During FY2020, the Group's capital expenditures amounted to approximately HK$4,985 million, primarily attributable to (i) the land acquisition of a commercial project in Kai Tak, Hong Kong; (ii) the land acquisition for a long-lease residential project in Shanghai; (iii) the joint acquisition of the Oakwood Premier AMTD Singapore hotel with AMTD; (iv) the Dorsett Melbourne and the Ritz-Carlton in Melbourne development; and (v) the ongoing capital expenditures in relation to our retail component of Artra in Singapore and hotels across Australia. The capital expenditures were funded through a combination of borrowings and internal resources.

6. Capital commitments

The Group continued to review very closely its capital commitments and to seek to optimise its investments and outgoings.

	As at 31 March 2020 HK$ million	As at 31 March 2019 HK$ million
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**1,187**	878
Commitment to provide credit facility to BCG	**94**	65
Others	**17**	28
	1,298	971

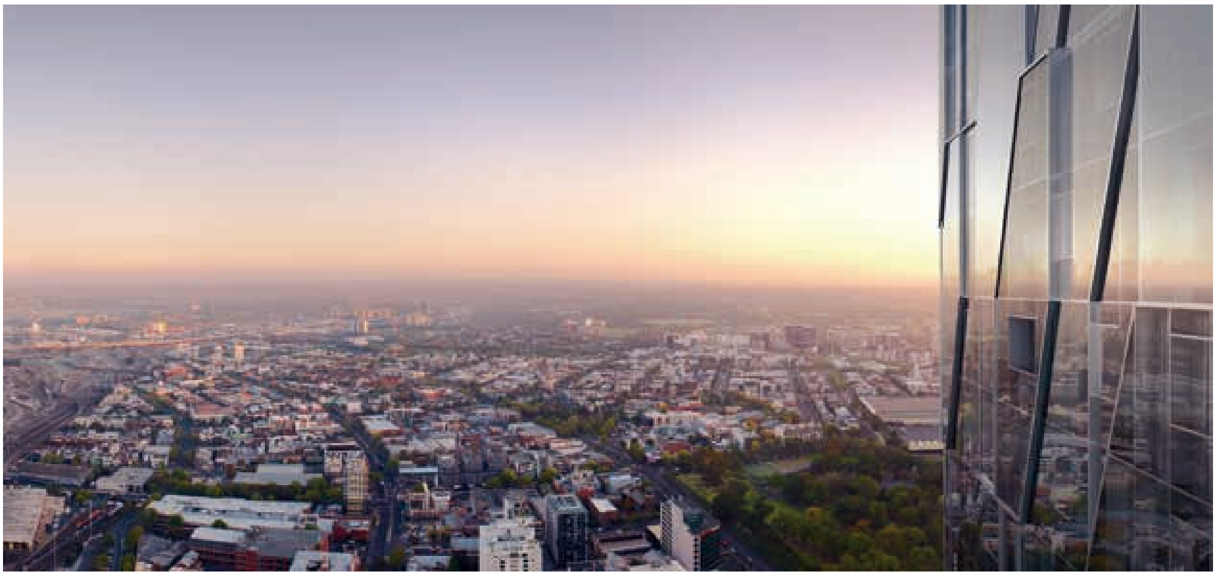
7. Recent developments

The Group has established a new safe deposit box business, FEV, with the first outlet expected to start operation in Q3 2020 in Hong Kong with around 4,500 safe deposit boxes. This business is expected to contribute to our recurring income stream starting from FY2021. Apart from the full 24-hour security provided, FEV introduces leading-edge intelligent security technologies to traditional vault services including facial recognition, palm vein scans and real-time QR codes, by combining physical and biometric identification.

The Group has announced the initiative to seek a potential separate listing of certain hospitality assets in Australia, Singapore, Malaysia and the UK ("Spin-off Plan") to unlock the significant hidden value of its hotel portfolio and recycle capital. The Board believes that the Spin-off Plan, if it proceeds, would among others: (i) create an asset management platform for the Group dedicated to hospitality assets, which would generate a new income stream to the Group, (ii) unlock and crystallise the value of the hospitality properties of the Group, and allow the Group to recycle capital, and (iii) facilitate more active third-party hotel acquisitions using the spun-off entity. Given the current market condition, the Group has slowed down the execution of the transaction until the outlook improves.

The Group is currently in discussion to take a 70% stake in EH REIT Manager and in EH Trustee-Manager. The EH REIT Manager currently manages Eagle Hospitality REIT, listed in Singapore, which owns a portfolio of 18 hospitality assets (17 of which are freehold) in the United States. The Group is reviewing the Spin-off Plan subject to the outcome of the discussions. In any case, the potential transaction is consistent with the Group's stated strategy of establishing a REIT platform for hospitality assets.

The Group is also actively evaluating the individual sales of hotels or redevelopment of hotels into residential units to unlock the value in the portfolio.



The view from West Side Place, Melbourne

BUSINESS REVIEW

1. Property division

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

Property development

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 the mass residential market. Our strong regional diversification reduces volatility and allows us to take advantage of different property cycles. To carry out property development in the various markets, the Group has established strong local teams in each of these markets. Our local presence allows the Group to identify trends and source the most attractive opportunities. 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 and little capital kept idle in a land banking strategy.

Total attributable cumulative presales value of the Group's residential properties under development amounted to approximately HK$12.2 billion as at 31 March 2020. Such presales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed. The following table shows a breakdown of the Group's total cumulative presales value of residential properties under development as at 31 March 2020.

Developments	Location	Attributable presales HK$ million	Actual/ Expected financial year of completion
West Side Place (Towers 1 and 2)	Melbourne	4,286	FY2021
West Side Place (Tower 3)	Melbourne	2,033	FY2023
West Side Place (Tower 4)	Melbourne	2,149	FY2023
Queen's Wharf Residences (Tower 4)	Brisbane	1,007	FY2024
Perth Hub	Perth	351	FY2022
The Star Residences (Tower 1)	Gold Coast	378	FY2023
The Star Residences – Epsilon (Tower 2)	Gold Coast	269	FY2024
Aspen at Consort Place	London	604	FY2024
Hornsey Town Hall	London	198	FY2022
MeadowSide (Plots 2 and 3)	Manchester	389	FY2022
MeadowSide (Plot 5)	Manchester	129	FY2021
Artra	Singapore	366[i]	FY2021
Cuscaden Reserve	Singapore	7	FY2023
Dorsett Place Waterfront Subang	Subang Jaya	72[i]	FY2024
Total		12,238	

Note:

(i) Excludes contracted presales already recognized as revenue up to 31 March 2020.

As at 31 March 2020, the expected attributable GDV of the Group's active residential property development projects under various stages of development across the regions was approximately HK$51.6 billion.

The North Pole, Aspen at Consort Place, Canary Wharf, London

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	4,555	Launched	FY2021
– Tower 3	518,000	2,162	Launched	FY2023
– Tower 4	621,000	2,571	Launched	FY2023
Bourke Street	590,000	2,562	FY2021	FY2025
Perth				
Perth Hub	230,000	744	Launched	FY2022
Brisbane				
Queen's Wharf Residences[iii]				
– Tower 4	253,000	1,406	Launched	FY2024
– Tower 5	269,000	1,496	Planning	Planning
– Tower 6	269,000	1,496	Planning	Planning
Gold Coast				
The Star Residences[iv]				
– Tower 1	98,000	430	Launched	FY2023
– Tower 2 – Epsilon	109,000	501	Launched	FY2024
– Towers 3 to 5	374,000	1,591	Planning	Planning
Hong Kong				
Shatin Heights	84,000	1,671	FY2021	FY2021
London				
Aspen at Consort Place	390,000	3,969	Launched	FY2024
Hornsey Town Hall	108,000	906	Launched	FY2022
Ensign House	253,000	2,360	Planning	Planning
Manchester				
MeadowSide				
– Plots 2 and 3	220,000	885	Launched	FY2022
– Plot 5	99,000	383	Launched	FY2021
– Plot 4	238,000	1,062	Planning	Planning
Northern Gateway[v]				
– New Cross Central	62,000	241	FY2021	FY2022
– Victoria Riverside	396,000	1,422	FY2021	FY2024
– Network Rail	1,532,000	5,498	Planning	Planning
– Others	1,202,000	4,201	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
Singapore				
Artra[vi]	9,000	459	Launched	FY2021
Holland Road[vii]	192,000	2,984	FY2021	FY2023
Cuscaden Reserve[viii]	19,000	350	Launched	FY2023
Malaysia				
Dorsett Place Waterfront Subang[ix]	525,000	965	Launched	FY2024
Total development pipeline as at 31 March 2020	**9,738,000**	**46,870**		
Completed development available for sale				
Perth				
The Towers at Elizabeth Quay	98,000	647		
Shanghai				
King's Manor	44,000	252		
The Royal Crest II	51,000	310		
District 17A	18,000	94		
Guangzhou				
Royal Riverside	237,000	834		
Malaysia				
Dorsett Bukit Bintang	28,000	125		
Hong Kong				
Marin Point	71,000	744		
Manor Parc	50,000	641		
The Garrison	1,000	31		
Others	1,000	36		
Singapore				
21 Anderson Road	86,000	1,061		
Total completed development available for sale as at 31 March 2020	**685,000**	**4,775**		
Total pipeline and completed development available for sale as at 31 March 2020	**10,423,000**	**51,645**		

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

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

(v) 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.

(vi) 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 2020.

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

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

(ix) Total saleable floor area of this development is approximately 1,050,000 sq. ft.. The Group has 10% interest in the development.

In February 2020, the Group has signed a MOU with Sainsbury's to redevelop the 4.62 acre site of Sainsbury's existing store at Whitechapel in East London. Located within the London Borough of Tower Hamlets and adjacent to Whitechapel Road, the Whitechapel Square proposal will incorporate a new flagship Sainsbury's supermarket, a significant number of residential units, retail space for local businesses and landscaped public space.

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

Living Room, Aspen at Consort Place, Canary Wharf, London

Australia

Melbourne

West Side Place, Melbourne

West Side Place is a mixed-use residential development located in the CBD of Melbourne. The project is comprised of approximately 3,000 apartments spreading over 4 towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$9.3 billion.

The development consists of 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. All four towers have been launched for presales as of FY2019. Towers 1 and 2 comprise a total of 1,376 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK$4.6 billion. HK$4.3 billion worth of units were presold as at 31 March 2020. Towers 1 and 2 are expected to be completed in FY2021 and are slated for handover in FY2021 in phases. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.2 billion. HK$2.0 billion worth of units were presold as at 31 March 2020 and the project is expected to be completed in FY2023. Tower 4 comprises 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK$2.6 billion. HK$2.1 billion worth of units were presold as at 31 March 2020 and the project is expected to be completed in FY2023. With the strong presales recorded for this development, the Group is expected to have significant cash flow and earnings 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 by securing a development site on 640 Bourke Street, which is in Melbourne CBD near the West Side Place development. The property has obtained approval to be redeveloped into a residential project with a total saleable floor area of approximately 590,000 sq. ft. and is expected to provide approximately 857 residential units. Presales of this development is expected to be launched in FY2021, with completion of the development expected to be in FY2025.

Perth

The Towers at Elizabeth Quay, Perth

The Towers at Elizabeth Quay is a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in saleable floor area of residential apartments, a luxury Ritz-Carlton of 205 rooms opened in November 2019 and some commercial and retail space as well as other ancillary facilities of approximately 15,000 sq. ft.. In FY2020, 224 apartments were sold and delivered a recognized value of HK$1.4 billion. As at 31 March 2020, the expected GDV of the remaining apartments available for sales was HK$647 million.

The Perth City Link is a large project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Perth Hub, being the first phase of the Perth City Link project, is a mixed-use development 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. Presales was launched in October 2018, with GDV of HK$351 million being presold as at 31 March 2020. 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 projects in May 2017, which is a continuation of the development stemming from Perth Hub, the Group has secured these land plots in FY2019. These three lots are planned for a range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is currently under planning stage.

Brisbane

Queen's Wharf, 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 located in Brisbane. The QWB Project comprises:

(i) 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 approximately AUD300 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

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

Together with the Group's portion of the land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group has so far funded 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, three 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 approximately 387,000 sq. m. of which approximately 147,000 sq. m. relates to the residential component.

During FY2020, the Group launched the highly awaited Queen's Wharf Residences (Tower 4). Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments with a total saleable floor area of approximately 506,000 sq. ft. and a GDV of HK$2.8 billion. Having launched in February 2020, the project received a strong response with GDV of HK$2.0 billion (attributable GDV of HK$1.0 billion) already presold as at 31 March 2020. Completion of the development is expected to be in FY2024.

The construction of the integrated resort component is well underway, on time and budget. Furthermore, the consortium has recently secured a construction facility of AUD1.6 billion with a well-diversified group of banks participating in the facility.

Gold Coast

The view from The Star Residences, 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 423 residential apartments with a total saleable floor area of approximately 295,000 sq. ft. and a GDV of HK$1.3 billion. Total presold value of HK$1.1 billion (attributable presold value of HK$378 million) was recorded as at 31 March 2020 and the completion of the first tower of the development is expected to take place in FY2023.

Following the successful 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 200-room five-star hotel and 457 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a GDV of HK$1.5 billion. Presales was launched with positive responses in May 2019, with a total presold value of HK$806 million (attributable presold value of HK$269 million) as at 31 March 2020. Completion of the development is expected in FY2024.

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.

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 project is currently under planning stage and discussions are ongoing to obtain approvals from the local authorities. The parties also agreed that there are certain nominated developments in which the parties will work together to bring forward the planning and delivery, including the potential re-development of a site in the Pyrmont Precinct in Sydney.

The Star, 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. The two phases of the development, namely King's Manor and Royal Crest II, continued to make a contribution to the Group's revenue and profit with HK$71 million of GDV being delivered in FY2020.

Situated at the riverside with a large portion of greenery and designed in modern art deco style, Royal Riverside in Guangzhou is a 5-tower residential development comprising 607 apartments. The entire development has been completed with a total of 400 apartments already sold and delivered for approximately HK$1.4 billion of GDV as at 31 March 2020. In FY2020, 45 apartments were sold for a recognized value of HK$185 million. The project, with a higher-than-usual gross profit margin, is expected to contribute to the Group's performance in the coming year.

Hong Kong

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

Astoria Crest is a residential development at Hai Tan Street, Sham Shui Po which was acquired by the Group through the URA. This residential development comprises 72 apartments with approximately 20,000 sq. ft. in a saleable floor area. All units were sold out and delivered to buyers in FY2020.

Astoria Crest, Hong Kong

Located in a prime location in the center of Tai Wai and at the meeting point of three Mass Transit Railway lines, The Garrison is a residential development which the Group acquired through a government tender. This development comprises of 118 residential units totaling approximately 29,000 sq. ft. in saleable floor area and a GDV of HK$674 million with a commercial component of approximately 5,600 sq. ft. in GFA. Completed in FY2020, the project was virtually sold out and handed-over to buyers as at 31 March 2020, representing 95% of total GDV. The remaining units will be sold on a completed basis.

Marin Point is a residential development 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 the saleable floor area and 7,923 sq. ft. of the commercial component. The development was launched for presales during FY2018 with GDV of about HK$96 million having been sold and delivered in FY2020. The remaining units will be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in the saleable floor area and GDV of HK$641 million. The remaining houses are to be sold on a completed basis.

The Group also acquired through a government tender a residential development site at Tai Po Road, Shatin Heights. Comprising over 62 apartments and 4 houses, the project has a saleable floor area of approximately 84,000 sq. ft. and a GDV of HK$1.7 billion. Construction is progressing with presales of the project expected to be launched in FY2021.

The Garrison, Hong Kong

Marin Point, Hong Kong

Malaysia

Dorsett Place Waterfront Subang, Subang Jaya

Dorsett Bukit Bintang, Kuala Lumpur

Dorsett Place Waterfront Subang is a joint development between the Group and Mayland. The Group has a 50% interest in this development. The project is next to the Group's renowned 5-star hotel, Dorsett Grand Subang. Consisting of three blocks, the development will offer 1,989 fully-serviced suites. Presales of the development project was launched in September 2019 with HK$144 million GDV having been presold as at 31 March 2020. Completion of the development is expected in FY2024.

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 the total saleable floor area. The development was completed with a number of the remaining units converted into serviced apartments and managed by the Dorsett Group. The rest is to be sold on a completed basis.

United Kingdom

London

Hornsey Town Hall, North London

Aspen at Consort Place, Canary Wharf, 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 45,050 sq. ft.. Presales for the residential component of this development was launched in FY2019 with GDV of about HK$198 million presold, as at 31 March 2020. Completion of the development is expected in FY2022.

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 390,000 sq. ft. in saleable floor area consisting of approximately 495 residential units, a hotel of approximately 230 rooms and commercial space. The residential component of the project was launched with positive responses in late January 2020 and captured presales of HK$604 million as at 31 March 2020. The completion of the development is expected to be in FY2024.

The Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. The 6,712 sq.ft. site currently comprises an office building with a surface car park which will be demolished and replaced with a residential led mixed-use development. The project is still under planning.

In February 2020, a MOU was signed to redevelop a site owned by Sainsbury's. Currently, due diligence is ongoing. The project will be a residential development project with retail components including a flagship Sainsbury's supermarket.

Manchester

The overview of MeadowSide, Manchester

Plots 2 and 3, MeadowSide, Manchester

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 756 apartments with approximately 557,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs in the city. 3 Plots are currently under presales. Plots 2 and 3, with a total saleable area of 220,000 sq. ft. and GDV of HK$885 million, were launched for presales with GDV of HK$389 million having been presold as at 31 March 2020. Plot 5 with a total saleable area of 99,000 sq. ft. and GDV of HK$383 million was launched in March 2019 for presales with GDV of HK$129 million having been presold as at 31 March 2020. Construction work is progressing smoothly and Plots 2, 3 and 5 are scheduled for completion by FY2022 and FY2021, respectively.

Northern Gateway is a mega-scale development project in Manchester which spans across an area of more than 390 acres (equivalent to 17 million sq. ft.), sweeping north from Victoria Station and taking in the neighborhoods 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 center 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.

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 neighborhoods within the extended city center of Manchester.

Since the Group entered into a 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. In July 2019, the Group has further acquired 20 acres of land from Network Rail in central Manchester to progress its delivery of the Northern Gateway and expected to offer over 1,500 new homes including the first elements of the River City Park at St Catherine's Wood, which will link from Angel Meadow out to the North of Manchester.


Northern Gateway, Manchester

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the UK. As at 31 March 2020, the Group has already secured land plots within the Northern Gateway area providing a pipeline with an estimated saleable floor area of more than 3 million sq. ft. which is expected to deliver approximately 4,500 new homes over the next 5 to 10 years.

New Cross Central, Manchester

Roof Terraces, New Cross Central, Manchester

New Cross Central is one of the initial sites acquired from MCC as part of the development agreement for the Northern Gateway. The development, located within New Cross at the northern edge of the Manchester city center, comprises 80 residential units with a saleable floor area of approximately 62,000 sq. ft. and a GDV of HK$241 million. During FY2020, the Group received planning approvals and started pre-marketing the project. Presales for this development started recently.

Victoria Riverside is located within the Northern Gateway masterplan area in close proximity to major transport links including Victoria railway station and Manchester city center. It is a key gateway into the Northern Gateway masterplan area, expanding the city center northwards from MeadowSide. It will be predominately residential development incorporating high-quality public realm, commercial and leisure use and a landmark building. The development features three towers comprising more than 612 units with approximately 396,000 sq. ft. of saleable floor area. Presales of the development is expected to be launched in FY2021.

Singapore

Artra, Singapore

A residential development site at Holland Road, Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 409,000 sq. ft. in a saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Presales of the development was launched in FY2018. The sales of this project have been recognised according to the progress of development. As at 31 March 2020, attributable unbooked presales amounted to HK$366 million. Completion of the development is expected to take place during FY2021.

Hollandia and The Estoril are premium residential development sites at Holland Road. 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 an attributable saleable floor area of approximately 192,000 sq. ft., in which the Group accounts for 80% interest. Presales of the development is expected to be launched in FY2021 with completion of the development expected to be in FY2023.

The development located at Cuscaden Reserve is a residential development site at the prime District 9 of Singapore. The development is expected to provide 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. Presales of the development was launched in FY2020 with completion of the development expected to be in FY2023.

Property investment

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore and Australia. In FY2020, impacted by the uncertain economic environment and weak market conditions across the globe, a fair value loss on investment properties of approximately HK$21 million was recognised. As at 31 March 2020, the valuation of investment properties was approximately HK$7.2 billion (31 March 2019: HK$5.4 billion).

The Group acquired a site at Baoshan District in Shanghai which is adjacent to another parcel of land acquired in early 2019 and intended to develop altogether into a few blocks of residential units to be leased out for recurring income.

In addition, the Group acquired a commercial plot in Kai Tak, Hong Kong. Apart from the flagship Dorsett hotel, the Group intends to develop some office and retail space with approximately 196,000 sq. ft. in GFA.

2. Hotel operations and management

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.

During the year, the Group added three new hotels into its operations including: the Ritz-Carlton in Perth, the J-Hotel by Dorsett in Kuala Lumpur and the Oakwood Premier AMTD Singapore in Singapore (49% ownership). These hotels shall further diversify the Group's hotel portfolio and strengthen its recurring income stream yet the Ritz-Carlton in Perth and J-Hotel by Dorsett in Kuala Lumpur were still ramping up during FY2020 and incurred approximately HK$44 million operating loss from its inception to 31 March 2020.

As at 31 March 2020, the Group had 31 hotels in operations and 13 hotels in the development pipeline. The 31 hotels represent approximately 8,100 rooms in total, spreading over Hong Kong, Mainland China, Singapore, Malaysia, Australia, the UK and Continental Europe. Construction of a number of new hotels including Dorsett Shepherds Bush extension in London and the Ritz-Carlton in Melbourne is well underway. Moreover, the Group also manages 3 other hotels in Malaysia with approximately 830 rooms.

Hotel lobby, The Ritz-Carlton, Perth

The performance of the Group's owned hotel operations for FY2020 is summarized as follows. The results of hotels by regions are expressed in the respective LC.

	Occupancy Rate		**Average room rate**		**RevPAR**		**Revenue**	
	FY2020	FY2019	**FY2020 (LC)**	FY2019 (LC)	**FY2020 (LC)**	FY2019 (LC)	**FY2020 (LC'000)**	FY2019 (LC'000)
Hong Kong (HK$)	**70.8%**	95.3%	**578**	802	**409**	764	**472,195**	846,830
Malaysia (MYR)	**65.6%**	74.7%	**197**	194	**129**	145	**102,415**	115,127
Mainland China (RMB)	**55.7%**	72.6%	**389**	398	**217**	289	**166,340**	217,759
Singapore (SGD)[i]	**76.0%**	82.0%	**174**	173	**133**	142	**14,754**	15,922
United Kingdom (GBP)	**74.3%**	82.3%	**129**	118	**96**	97	**23,762**	23,869
Australia (AUD)[ii]	**61.0%**	N/A	**354**	N/A	**216**	N/A	**10,873**	N/A
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$'000)**	(HK$'000)
Dorsett Group Total[iii]	**67.0%**	**84.2%**	**607**	**709**	**406**	**597**	**1,224,086**	**1,684,565**
TWC Hotel Group	**58.8%**	**57.1%**	**634**	**600**	**373**	**343**	**121,448**	**133,057**

Notes:

(i) Excludes Oakwood Premier AMTD Singapore which is equity accounted.

(ii) Excludes Sheraton Grand Mirage which is equity accounted.

(iii) Includes Ritz-Carlton in Perth.

The hotel operations were particularly affected by events in Hong Kong, the China-US trade tensions and more recently by the global spread of COVID-19. Strained by the global COVID-19 pandemic, countries and cities around the world have imposed severe travel restrictions on both business and leisure travelers and our hotel operations have unavoidably been affected by the unprecedented decline in ARR and OCC, resulting in a significant decrease in total hotel revenue.

To mitigate the negative impact of COVID-19, the Group took tremendous efforts to implement cost control measures and modify its marketing strategy by focusing on several key areas:

- Finding and creating new business opportunities;
- Deferring and reducing bank loan interest and principal payments;
- Negotiating with business vendors for reduction of payments and flexible payment terms; and
- Implementing internal cost savings plans to improve operational efficiencies.

Furthermore, various governments have implemented support schemes for the hospitality industry, including employee wage subsidies/credits and reduction/waiver of government rate and rent or property taxes. Some utility companies, suppliers and banks have also offered deferral and/or reduction of payments which have helped the Group's cash flow and liquidity greatly.

In FY2020, Dorsett Group's hotel operations recorded total revenue of approximately HK$1,224 million as compared with HK$1,685 million in FY2019. The OCC decreased by 17.2 percentage points to 67.0%. The overall ARR decreased 14.4% to HK$607 per night. As a result, RevPAR decreased by 32.0% to HK$406 for FY2020.

Hong Kong remained the main contributor to the Group's hotel operations which accounted for approximately 35.1% of its hotel revenue. During FY2020, the Hong Kong hospitality and tourism industry took the biggest hit due to the double blow from social unrest and the recent pandemic, which resulted in the number of tourist arrivals reporting their sharpest drop in more than a decade. Despite the very difficult operating environment, a total six out of nine of the Group's Hong Kong hotels achieved over 80% occupancy in the first half of FY2020. During FY2020, the OCC declined by 24.5 percentage points to 70.8% and ARR dropped by 27.9% to HK$578 per night, resulting in a decrease of 46.5% in the RevPAR to HK$409 per night as compared to the prior year.

Since January 2020, the Group has supported the local community by being one of the first to officially welcome and provide accommodation and other forms of support to the local healthcare personnel as well as local residents with self-quarantine requirements. As a result, both OCC and RevPAR for the nine Hong Kong hotels have outpaced the overall market in recent months despite total inbound visitor arrival dropped by 85.3% year-on-year in January to April 2020 according to Hong Kong Tourism Board and Hong Kong Government imposed travel restrictions and border lockdown measures related to COVID-19 since February 2020.

In Malaysia, apart from Dorsett Grand Labuan, which has been operating due to its relatively remote location, all of the Group's Malaysia hotels were ordered for lockdown under the local government's instruction to combat COVID-19 since mid-March 2020. Lockdown measures crippled the local economy and impacted our hotel operations resulting in the drop of total revenue of 11.0% to approximately MYR102 million for FY2020 as compared with FY2019. Hotels in Malaysia experienced a 9.1 percentage point decline in OCC as compared with FY2019, with ARR remained fairly stable, RevPAR experienced 11.0% decline for FY2020 as compared with FY2019. In early April 2020, Dorsett Grand Subang reopened to support the local community by receiving guests with self-quarantine requirements. Dorsett Kuala Lumpur, Dorsett Residences Bukit Bintang and Silka Maytower Hotel & Serviced Residences have also resumed business in early May 2020 while the remainder hotels are closed until further notice.

In Mainland China, where our hotel operations have been severely impacted by the widespread of COVID-19, OCC of our hotels in FY2020 decreased by 16.9 percentage points year-on-year. Coupled with the decrease in ARR by 2.3% to RMB389 per night, RevPAR recorded a decline of 24.9% year-on-year to RMB217 and total revenue also recorded a decline of 23.6% to RMB166 million. Dorsett Shanghai and Chengdu have remained open, albeit at low occupancy and ARR levels due to lack of international and domestic travel since late January 2020. Dorsett Wuhan and Lushan Resort were ordered to close by the local government since early January 2020 and have re-opened in April 2020.

In Singapore, the total revenue of Dorsett Singapore stood at SGD14.8 million in FY2020. ARR was relatively flat at SGD174 per night in FY2020 while OCC recorded a decrease of 6.0 percentage points to 76.0% resulting in a slight decrease of RevPAR of 6.3% to SGD133. Nevertheless, starting from mid-April 2020, Dorsett Singapore has been selected to become one of the government facilities to support various authorities and medical teams on-site, contributing its full room inventory to serve the local community. This arrangement is in place until further notice from the Singapore government.

In the UK, total revenue remained stable at GBP23.8 million. ARR managed to improve by 9.3% to GBP129 per night which was partially offset by the 8.0 percentage points drop of OCC to 74.3%. As a result, RevPAR stood at GBP96 for FY2020. The hotel market in the UK was severely affected by travel restrictions in the late second half of FY2020, both hotels in London remain open per government regulations to support essential workers including medical staff from National Health Service, policemen from City of London and guests who were not able to cross the border.

In Australia, since opening in November 2019, the luxury Ritz-Carlton in Perth had performed well until COVID-19 outbreak which seriously impacted the entire hotel sector in Australia with travel restrictions, state and national border shutdown, quarantine requirements, closure of F&B, spa and other hotel facilities imposed by Western Australia state government in late March 2020. Despite the difficult operating environment, the hotel has implemented Marriott's best practice of COVID-19 processes and remained open in line with all Marriott branded hotels in Australia. State border remains shut; however, the state government has started to re-open the economy in phases since late April 2020. As a result, the hotel has seen increased bookings for rooms, functions/events, F&B, etc.

Europe has been significantly impacted by COVID-19 albeit at a later timeline than Asia. 4 hotels in Germany and Austria of the Group were ordered to close by the local government for a month from mid-March 2020 and re-opened in mid-April 2020. The Trans World Hotel Savannah which is attached to the casino in the Czech Republic, was ordered to close by the local government since mid-March 2020 and re-opened in early June 2020. Hindered by the closure of hotel operations in Continental Europe, TWC Hotel Group had seen a slight decrease in total revenue in FY2020. Despite the respective increase of 1.7 percentage points in OCC and 5.7% in ARR which resulted in solid RevPAR growth of 8.7%, compared with its 11-month contribution in FY2019, total revenue was decreased by 8.7% due to the drop in F&B revenue. Borders between Germany, Austria and the Czech Republic were reopened in early June 2020. During the border closure, our hotels in Germany and Austria are on the shortlist to host health workers and non-COVID-19 related hospital patients under government instructions.

Hotel Tower, Kai Tak Development, Hong Kong

Podium Retail and Plaza, Kai Tak Development, Hong Kong

During the year, the Group has successfully won the tender of the commercial land at Shing Kai Road adjoining Kai Tak Sports Park in Kai Tak with total GFA up to 344,000 sq. ft. The Group is planning to develop a flagship Dorsett brand hotel with commercial and retail space on the site. Completion of the development is expected in FY2024.

The Group continues to evaluate potential opportunities to unlock the hidden values of its hotel assets. In November 2019, the Group had announced the Spin-off Plan. In light of the current market condition, the Group has slowed down the execution of the transaction until the outlook improves.

The Group is currently in discussion to take a 70% stake in EH REIT Manager and in EH Trustee-Manager. The EH REIT Manager currently manages Eagle Hospitality REIT, listed in Singapore, which owns a portfolio of 18 hospitality assets (17 of which are freehold) in the United States. The Group is reviewing the Spin-off Plan subject to the outcome of the discussions. In any case, the potential transaction is consistent with the Group's stated strategy of establishing a REIT platform for hospitality assets.

3. Car park operations and facilities management

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

The car park business covers 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 of car parking bays owned or under management growing to approximately 106,696 car parking bays as at 31 March 2020, having added approximately 7,553 car parking bays during FY2020. Of the Group's 470 car parks, 37 were self-owned car parks (24 in Australia, 3 in New Zealand, 1 in the UK, 2 in Malaysia and 7 in Hungary) comprising approximately 11,049 car parking bays, with the remaining 95,647 car parking bays in Australia, New Zealand, the UK, 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.

The Group's car park business continued to deliver consistent profit contribution to the Group through organic growth. Care Park has invested in proprietary technology and monitoring/customer service tools (Care Assist) which enable the management team 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 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.

The car park operations were disrupted due to COVID-19 restrictions imposed by countries and cities around the world from March 2020. Some of the Group's self-owned/managed car parks located around airports, hotels, shopping malls and office buildings were severely affected due to the lockdown measures and restrictions imposed.

To mitigate the negative impacts of COVID-19, the Group has adopted the following cost control measures across all business locations:

- Standing down of employees;
- Reducing employee overheads; and
- Reviewing all lease commitments and seek to reduce rental obligations on unprofitable contracts and impacted leases.

Apart from the above cost control measures, the Australian government has passed a mandatory code of conduct that entitles tenants (i.e. Care Park) to negotiate with each landlord to adjust down the lease payments proportionally to the decline in revenue as a result of COVID-19. The Group is also expected to benefit from the government compensation programmes such as in Australia, where the government will offer a wage subsidy to eligible employers. The aforesaid cost control initiatives and government support should help to minimize the pressure on the Group's cash flow.

During FY2020, Care Park has successfully secured a management contract from Macquarie to manage and operate SKYCITY's car park in Auckland, New Zealand, after Macquarie won a 30-year concession for the car park at SKYCITY's casino and convention center, adding 3,256 car parking bays to its growing portfolio. Furthermore, the Group has also secured a management contract of 3,200 car parking bays across three campuses including a diverse range of services in Royal Melbourne Institute of Technology.

Coupled with the growing 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 continue to be a growing source of recurring cash flow streams to the Group.

4. Gaming operations and management

Route 59 Casino, Czech Republic

Europe

Following 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 in FY2020 reached HK$223 million (which is net of gaming tax), increasing slightly by 13.1% from HK$197 million in FY2019, mainly due to the full-year contribution recorded in FY2020 as compared with the 11 months of trading recorded in FY2019.

TWC owns and operates a portfolio of 3 casinos in the 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 more Asian customers living in the region to TWC's properties to supplement the Group's hospitality offerings geographically.

The following sets forth certain operating data of TWC's casinos for FY2020:

	As at 31 March 2020	As at 31 March 2019
Number of slot machines	**543**	513
Number of tables	**59**	62

	FY2020	11 months ended FY2019
Table game revenue[i] (HK$ million)	**58**	51
Slots revenue[i] (HK$ million)	**140**	137
Average table game win rate[ii]	**20%**	17.2%
Average slot win per machine per day (HK$)	**1,087**	1,219

Notes:

(i) Net of gaming tax.

(ii) Table game win rate 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.

TWC's gaming operations continued to perform well with the synergies created between the Group and TWC following the acquisition since April 2018, including, for instance, cross-selling opportunities, improvement of gaming machines and introduction of new table games. 3 casinos were forced to close in mid-March 2020 due to COVID-19 outbreak but have reopened since early June 2020. The Group believes the aforesaid efforts to generate positive results upon the relaxing of the COVID-19 related restriction and the recovery of the economic environment.

Australia

The Star Residences, Gold Coast

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.

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

(i) strengthening the Group's 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; and

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

During FY2020, the dividend received on The Star shares was approximately HK$49 million, a drop by 22.2% from approximately HK$62 million for FY2019 due to a decrease in final dividend declared by The Star.

5. Provision of mortgage services

As an extension of our property development business, the Group established a mortgage lending platform under BCG. BCG specializes in the provision of residential mortgages to non-resident buyers of international properties. BCG is highly synergistic to the Group's property development business and offers significant growth potential beyond the existing property development business of the Group. Indeed, less than 5% of the loans extended to non-resident buyers were used to purchase residential properties of the Group.

Loan and advances reached AUD976 million as at 31 March 2020, an increase of about 55.9% from 31 March 2019. BCG has strict lending rules, a very diversified portfolio and a prudent loan-to-value ratio of 59.0% on average as at 31 March 2020. Net interest margin expanded to 2.07% as at 31 March 2020. During the year, BCG has continued to broaden its source of financing and is in active discussion with institutional investors and international banks to secure additional funding. Whilst most of the capital is provided by third-parties, the Group has provided approximately AUD79 million of funding as at 31 March 2020 which is classified as investment securities. Including interest income from funding, BCG business contributed approximately HK$34 million to the Group's profit during FY2020.

BCG is reviewing a number of new and promising markets where it can expand its service offerings, such as the UK, Malaysia and New Zealand. The Group remains committed to growing the BCG business and expects contribution from the business to increase over time.

OUTLOOK

The global economic uncertainty has inevitably imposed pressure on the Group's operations across the regions. However, the Group has taken the following mitigation and cost control measures to navigate the current challenges:

- Reducing overheads in the hotel and gaming operations through standing down operating workforce as well as cutting fixed costs;
- Reducing overheads in the car park operations including elimination and deferrals of expenses;
- Deferral of payments and cancellations of certain incentive payments; and
- Streamlining of operations including reducing workforce in certain operations.

The Group remains alert to the global economic uncertainty and will implement further mitigation measures if the situation worsens. The Group will take a cautious approach to seek investment opportunities to grow its operations and leverage its diversified portfolio of businesses to take advantage of a rebound in business activity during the recovery phase. As at 31 March 2020, the cumulative presales value of the Group was approximately HK$12.2 billion and the current development pipeline and completed development was approximately HK$51.6 billion which provides clear visibility of the Group's future revenues. The Group will selectively add to its development pipeline by allocating resources to regions where the Group sees long-term growth prospects and where the region's property cycle offers higher risk-adjusted returns to the Group.

The Group's hotel business continues to expand with 13 new hotels coming online and these hotels are expected to contribute to the next growth phase of the Group upon the recovery of the economy. The Group remains cautiously optimistic about the long term future and is well prepared for the rebound in leisure and business travel as soon as restriction imposed across the globe start to ease.

Furthermore, we believe in our home market of Hong Kong and its resilience and long-term prospects as a world-class business and leisure travel destination. Tourism in Hong Kong will remain positive given the big macro picture demand including MICE, the Greater Bay Area initiatives, and the new infrastructure that continues to enable expansion of intercity travels. In the meantime, the Group is open to opportunities of potential conversion of existing hotels to offices, co-living/service apartments or residential apartments by leveraging the Group's property development expertise to maximize investment returns.

Car park operations have also faced difficulty since the widespread of COVID-19. In response, the Group actively reviews all lease commitments and seeks to reduce rental obligations on impacted leases. Concurrently, the Group will continue to grow the business organically through new management contracts or the acquisitions of car park assets that yield good returns and offer longer-term potential land-banking opportunities.

Performance in our gaming operations was affected by the temporary closure of casinos from March 2020 although we have seen a recovery of the business since the casinos in the Czech Republic reopened in June 2020 and will implement new initiatives to increase footfall. In Australia, we are excited by the opening of the Queen's Wharf Brisbane integrated resort. Whilst years away, it will be very significant and additive to the recurring income of the Group.

The Group has a solid and healthy liquidity position of approximately HK$6.1 billion and a net gearing ratio of 56.7% as at 31 March 2020. The intention is to continue to manage the Group's financial position in a prudent and disciplined manner, whilst ensuring that our capital is employed productively. Together with the available undrawn credit facilities of HK$6.0 billion and a number of hotel assets unencumbered, the Group has access to a number of sources of capital available to support current operations and growth opportunities.

In conclusion, thanks to our diversified portfolio and solid foundation, the Group is confident to be able to navigate successfully the current global economic headwinds and to deliver a sustainable and progressive dividend to its Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had approximately 4,400 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.

Ecolab Disinfectant Cleaner 2.0 Training