Joint Managing Directors' Report

The financial year ended 31 March 2025 presented both challenges and opportunities, requiring resilience to navigate market volatility, elevated interest rates, and rising financial costs. Amid these complexities, the Group remained focused on its core businesses, adapting swiftly to shifting market conditions while implementing strategic measures to ensure financial stability and long-term growth.

Throughout the year, we maintained a deliberated approach to portfolio optimisation, prudently divesting non-core assets and business to enhance liquidity, reduce debt, and alleviate financial pressures. This approach not only strengthened our balance sheet but also positioned us to seize new investment opportunities aligned with our long-term vision. Despite prevailing market adversities, our team demonstrated exceptional adaptability and commitment, achieving notable milestones across key business segments.

Our steadfast execution of strategic initiatives has reinforced our financial resilience and operational efficiency. As we look ahead, we remain confident in our ability to navigate evolving challenges while capitalising on growth prospects across our diversified portfolio.

Below is a summary of our key achievements in FY2025, along with a comprehensive business update, highlighting the progress made and our vision for sustainable development.

Key Achievements and Business Progress Update

Hotel Operations and Management

- Our hotel operations and management business recorded growth across most of the countries and cities where we operate, including Malaysia, the UK and Australia. The sustained recovery in global travel demand, alongside government-backed initiatives, supported our strong performance.

- Revenue from hotel operations increased by 2.3% year-on-year to approximately HK$2.1 billion, with adjusted gross profit[i], a non-GAAP financial measure, at 44.4%. While revenue expanded, gross profit margins experienced slight contraction as compared to FY2024, primarily due to the change in travel patterns in Hong Kong as well as inflationary pressures and ramp-up phases for newly opened property.

Winnie CHIU
Joint Managing Director and
Executive Director

- In September 2024, we soft-launched Dorsett Kai Tak, Hong Kong, strategically located adjacent to Kai Tak Sports Park, a venue for frequent mega events. Despite evolving travel patterns impacting Hong Kong's tourism recovery, this flagship 373-room hotel is well-positioned to capture event-driven demand and reinforce our market presence in Hong Kong.

- In September 2024, the Group completed the acquisition of a hotel in Singapore and rebranded it as Dorsett Changi City Singapore through a partnership with a 10% stake. Located just 10 minutes drive from Changi Airport, this 313-room hotel further strengthens our asset-light strategy. The transaction was finalised alongside securing an additional 100-room project contract and a hotel management agreement, reinforcing our presence in the Singapore market.

- We are expected to inaugurate Dao by Dorsett North London and Dorsett Canary Wharf, London in the UK in FY2026, which will add a further 305 rooms to our portfolio.

Property Development

- Our property development business maintained strong momentum. Adjusted revenue from property development[i], a non-GAAP financial measure, reached HK$7.2 billion, an increase of 5.3% as compared with FY2024.

- Aspen at Consort Place in London, UK, was completed in stages, with the phased handover process commencing in May 2024. In addition, we completed Perth Hub in Perth, Australia, and the Queen's Wharf Residences (Tower 4) in Brisbane, Australia. The handover process for these two developments is progressing commendably. Hyll on Holland in Singapore was completed and fully handed over in FY2025. Manor Parc and Mount Arcadia in Hong Kong, as well as West Side Place (Towers 3 and 4) in Melbourne, Australia, recorded valuable revenue contributions in FY2025. We remain steadfast in effectively executing our sales strategy and diligently managing our existing inventory.

Wendy CHIU
Joint Managing Director and Executive Director

Joint Managing Directors' Report

- Our cumulative presales and unbooked contracted sales have reached approximately HK$8.9 billion, ensuring a solid foundation for cash flow in the forthcoming years. Following the launch of Red Bank Riverside – Falcon in Manchester, UK, in March 2024 with satisfactory feedback, we launched The Pavilia Forest in Hong Kong with a total GDV of approximately HK$11.9 billion in July 2024, Red Bank Riverside – Kingfisher in Manchester, UK, with a total GDV of approximately HK$1.2 billion in August 2024, and 640 Bourke Street in Melbourne, Australia, with a total GDV of approximately HK$3.7 billion in February 2025. These launches were met with strong market reception.

- The first phase of Victoria Riverside in Manchester is expected to be completed in the first half of FY2026 and the second phase in the second half of FY2026, with an expected total GDV of approximately HK$2.0 billion. This is expected to pave the way for significant cash inflows and contribute to debt reduction.

Car Park Operations

- In alignment with our strategic objectives, we have selectively phased out underperforming car parks from our portfolio to improve operational efficiency and have successfully divested a car park in the UK. Additionally, we have actively sought and secured new management contracts to strengthen our position in the market.

- Revenue from car park operations and facilities management business experienced a decrease of 2.6% to HK$713 million as compared to FY2024, as we have strategically phased out underperforming car parks and focused on operational efficiency. Adjusted gross profit margin[i], a non-GAAP financial measure, increased to 28.3% in FY2025.

Gaming Operations

- Gaming revenue under the Palasino Group recorded a slight increase of 1.6% to HK$409 million as compared to FY2024, primarily driven by the increase in the number of slot machines, indicating a path of growth and adaptability.

- In August 2024, we successfully opened the initial phases of the QWB Project casino, which we hold a 25% stake, receiving positive feedback. Additional phases are scheduled for progressive openings, further strengthening cash flow generation.

- We, together with our JV partner, entered into a heads of agreement with The Star Entertainment Group Limited in relation to the QWB Project and Broadbeach Island, Gold Coast, Queensland, Australia (the "Gold Coast Project"), as well as certain hotel and car park assets currently owned either outright by The Star, or in partnership with us, in Brisbane, Queensland, Australia (the "Strategic Assets").

Balance Sheet and Management

- We are taking proactive measures to reduce our debt levels and finance costs. We have expedited the completion of property development projects. In December 2024, we completed the Perth Hub in Perth, Australia, and fully repaid the construction loan in February 2024. We also accelerated the completion of the Queen's Wharf Residences (Tower 4) in Brisbane, Australia, and initiated the handover process in March 2025. The development set a record in Australia with 321 apartments settled in a day. Victoria Riverside is nearing completion and is expected to be handed over in FY2026, further contributing to debt reduction.

- We are steadfast in effectively executing our sales strategy and diligently managing our existing inventory. Manor Parc and Mount Arcadia in Hong Kong, as well as West Side Place (Towers 3 and 4) in Melbourne, Australia, have made significant contributions to FY2025 revenue and set a visible cash inflow.

- We have earmarked certain non-core hotels and mature car park assets for sale to recycle capital. Our objective is to decrease our gearing ratio without adversely affecting long-term business performance. Our strategy includes repaying borrowings and reinvesting capital into projects with higher potential yields. In FY2025, we disposed of a car park in Boundary Farm, UK, in September 2024 for a consideration of approximately GBP17.24 million (equivalent to approximately HK$169 million); and entered into an agreement to dispose of a hotel asset and a property in London, UK, for a consideration of approximately GBP47.2 million (equivalent to approximately HK$462 million).

- We entered into agreement to dispose of our 53.21% stake in BC Invest for a consideration of approximately AUD106 million (equivalent to approximately HK$513 million) in February 2025 and completed the disposal of a mortgage portfolio in Hong Kong for approximately HK$485 million in May 2025.

- We obtained a consent, with 98.4% vote in favour, for an option to partially redeem our USD360 million senior guaranteed perpetual capital notes over multiple optional redemption dates and increase the frequency of the optional redemption dates to monthly intervals, with minimum optional redemption conditions at USD20 million. This provides us with more flexibility in managing our cash flow. We may also consider to repurchase the perpetual capital notes from the market at an opportune time.

Results Highlights

Although the Group recorded a decrease of 6.2% in revenue in FY2025, it remains a strong record at approximately HK$9.6 billion in FY2025. When accounting for the attributable revenue contribution from our JV projects, the adjusted revenue[i], a non-GAAP financial measure, slightly increased by 3.8% to HK$10.6 billion in FY2025.

Although we achieved satisfactory revenue for the year, our profitability has been influenced by one-off and several non-cash factors. The net loss attributable to shareholders was approximately HK$1,275 million. A significant impact was due to impairment losses, which put pressure on our profitability.

We recorded approximately HK$33 million adjusted cash profit[i], a non-GAAP financial measure, in the first half of FY2025, and we have put in extra effort to increase the adjusted cash profit[i], a non-GAAP financial measure, in the second half of FY2025 to approximately HK$133 million. As a result, the full-year adjusted cash profit[i], a non-GAAP financial measure, stood at approximately HK$266 million. However, the adjusted cash profit[i], a non-GAAP financial measure, decreased by 65.9% from HK$780 million in FY2024.

The adjusted net asset value per share[i], a non-GAAP financial measure, decreased by 13.5% to HK$9.32. The Board resolved not to recommend a final dividend for FY2025. The dividend for FY2025 is HK1.0 cent per share.

For more detailed information on our financial results, please refer to the section entitled "Management Discussion and Analysis."

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

Joint Managing Directors' Report

Capital Structure

Throughout the year, we maintained a prudent and cautious approach to our capital structure. As at 31 March 2025, total bank loans, notes and bonds decreased by approximately HK$2,391 million as compared with 31 March 2024. The reduction was primarily due to the settlement of project-based construction loans upon completion as well as scheduled repayments made in accordance with respective repayment terms.

As at 31 March 2025, our cash and liquidity position amounted to approximately HK$3.9 billion (as at 31 March 2024: HK$4.9 billion). Moreover, our undrawn banking facilities stood at approximately HK$3.4 billion, and our unencumbered hotel assets and unsold inventory valued at approximately HK$4.6 billion. These assets could be monetised or used as collateral to raise additional funds. Furthermore, we persistently review our portfolio of non-core assets and business and remain open to the possibility of monetising certain assets should the terms be considered favourable. We are also considering to unlock the hotel revaluation surplus at the opportune moment.

The adjusted net gearing ratio[ii], a non-GAAP financial measure, decreased to 67.6% as at 31 March 2025. To reflect the net gearing ratio before accounting for the non-operating impairment loss, the Group's proforma adjusted net gearing ratio decreased to 65.8%, which showcased our effort in reducing our debt level.

Note:

(ii) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

Post Year-End

In May 2025, the Group entered into a mortgage portfolio sale agreement to dispose of its interest in a mortgage portfolio in Hong Kong for a consideration of approximately HK$485 million. The mortgage portfolio consists of mortgage loans secured on Hong Kong properties that were developed by the Group. The Group also entered into a participation agreement in May 2025 whereby the Group will have an economic participation in the said mortgage portfolio. Upon completion of the mortgage portfolio sale agreement on 27 May 2025, the net proceeds received by the Group for the disposal (taking into account the transaction under the participation agreement) was approximately HK$344 million. For details, please refer to the announcement of the Company dated 22 May 2025.

Corporate Governance and Environmental, Social and Governance

As a Hong Kong-listed company, we are committed to exceeding the newly established ESG disclosure requirements, recognising our critical role in driving sustainable growth and creating long-term value for our stakeholders.

On the environmental front, we have partnered with an external consultant to enhance our monitoring process by capturing greenhouse gas emission data. In addition, we have engaged an independent professional party to conduct a physical risk scenario analysis and stakeholder engagement workshop, identifying key climate risks and opportunities relevant to our operations. By actively overseeing ESG matters and aligning with global best practices and regulatory expectations, we integrate ESG principles into our core strategy – building trust, fostering innovation, and contributing to a sustainable future for all.

To further strengthen our commitment to climate-related financial disclosures, we have engaged a professional entity proficient in the Task Force on Climate-related Financial Disclosures framework. Our aim is to create lasting positive impact while inspiring others to pursue a more sustainable and resilient future.

Throughout the year, we have continued to dedicate significant efforts and resources to advancing our ESG priorities and objectives. A strong focus on sustainable and responsible business practices remains a key strategic imperative for our organisation. Our achievements in ESG initiatives have been recognised through multiple awards, affirming our commitment to excellence in this area.

Moreover, we uphold the belief that exemplary corporate governance is essential to fostering sustainable development. We maintain proactive engagement with investors and ensure a high level of transparency with our stakeholders. Our dedication to investor relations, corporate governance, and corporate social responsibility has earned several international distinctions, further reinforcing our commitment to responsible and ethical business practices.

Examples of awards include:

- "Best Small Cap Company in Hong Kong" at "FinanceAsia's Best Companies Poll 2025";
- Three awards at the "HKIRA 2025 11th Investor Relations Awards", including "Best ESG (E)", "Best Investor Meeting" and "Best Annual Report";
- "Outstanding Corporate Strategy Award" at "East Week Outstanding Corporate Strategy Awards 2024";
- "Excellence in Brand Value Award" at "China Financial Market's China Financial Market Awards 2023";
- Two awards at "The Institute of ESG of Benchmark's ESG Achievement Awards 2023/2024", including "Best Sustainable Vision Award – Merit" and "Outstanding ESG Awards – Listed Company Gold Award"; and
- Three awards at the "14th Asian Excellence Award 2024", including "Asia's Best CEO: Mr. David Chiu, Chairman and Chief Executive Officer"; "Asia's Best CFO: Mr. Boswell Cheung, Chief Financial Officer and Company Secretary"; and "Best Investor Relations Company".

Prospects

The business environment in FY2025 remains uncertain, presenting both challenges and opportunities. Macroeconomic headwinds, fluctuating market conditions, and global financial pressures continue to shape the operating landscape. However, we remain steadfast in our efforts and continue striving forward, committed to navigating complexities and driving sustainable growth. With a diversified portfolio that fosters resilience, we are well-positioned to mitigate risks, capitalise on emerging opportunities, and ensure steady progress in our key business segments.

As at 31 March 2025, our attributable presales and unbooked contract sales amounted to approximately HK$8.9 billion, with ongoing projects advancing smoothly and as planned. Several landmark developments are set for completion in FY2026, reinforcing our strategic growth trajectory. Victoria Riversides, spanning three towers with an expected total GDV of approximately HK$2.0 billion, is entering its final stages of development, while The Pavilia Forest in Hong Kong, with an expected total GDV of approximately HK$11.9 billion, is slated for completion in September 2025. These major projects are anticipated to contribute significantly to FY2026 revenue, cash flow, and debt reduction.

In addition, subject to market conditions, we are also preparing to launch Sai Ying Pun in Hong Kong and additional towers within Victoria North, Manchester, further strengthening our presence in the market.

Our hotel operations remain a cornerstone of our business strategy. Following its soft launch in September 2024, Dorsett Kai Tak, Hong Kong is currently in its ramp-up phase. Given its strategic location adjacent to Kai Tak Sports Stadium, the hotel is well-positioned to benefit from the major events scheduled at the venue. Within the next 12 months, we anticipate expanding our portfolio by approximately 305 additional rooms. These hotel assets are expected to contribute to our recurring income stream and further enhance our hospitality footprint.

Meanwhile, our car park and facilities management business continues to demonstrate resilience. In line with our strategic vision, we are progressively divesting or phasing out lower-performing and mature assets while securing management contracts to transition toward an asset-light model, which will contribute to leverage reduction and operational efficiency. We also launched an application to enhance the user experience and operational efficiency with further updates to be launched in FY2026 to ensure we become a market leader in technology.

Our gaming business under the Palasino Group remains stable, contributing to recurring revenue generation. We expect gaming appetite and patron spending to further increase, aligning with the ongoing growth trend. We are also exploring opportunities to expand our footprint in Asia and plan to open a new Mikulov casino in the Czech Republic in FY2026.

Joint Managing Directors' Report

Following the successful opening of the initial phases of our investment in the QWB Project in August 2024, we have received positive feedback. As additional phases are rolled out, this segment is expected to gradually solidify as a source of cash flow. In addition, we are actively working with our JV partner to finalise formal agreement(s) for the asset swap with The Star which is a strategic restructuring move aimed at optimising our asset portfolio. We believe that restructuring our investment in the QWB Project will create opportunities for both our JV partner and us to drive operational improvements.

Despite prevailing economic challenges, we maintain an optimistic outlook for FY2026, foreseeing a year of fruitful returns driven by strategic initiatives and operational resilience. While interest rates remained elevated last year, we have observed a softening in recent months. We believe the finance cost will decline in the coming years. Notably, the finance costs last year were lower than FY2024, and we expect this trend to continue. With continued investment in high-potential projects, a disciplined approach to market expansion, and the gradual recovery of the global economy, we are confident that our steadfast efforts will yield sustainable growth and long-term value for our stakeholders.

Winnie CHIU
Joint Managing Director and
Executive Director

Wendy CHIU
Joint Managing Director and
Executive Director

26 June 2025