

Chairman and Chief Executive Officer's Statement



I am delighted to announce that despite facing several challenges that have impacted our performance and profitability, the Group has achieved good revenue this year. Our team demonstrated resilience, agility, and an unwavering commitment to excellence in meeting these challenges, and we will continue to navigate ongoing global challenges. Although it has been a tough time in the past few years, we are heartened to see the world returning to normalcy and recovering. In light of our forward-looking mindset, we remain optimistic about the future, as we believe that our strategic investments in diversification over the years will position us well for a prosperous future.

Our primary focus remains on property development. Although the Hong Kong market is expected to face challenges in the future, we remain cautiously optimistic that government policies, coupled with consistent demand for housing, will continue to support our performance and enable the property market to experience organic growth. Nonetheless, our strategy of geographically diversifying our projects has proven to be wise and prudent, and we will continue to focus on this approach. Most of our projects, including Hyll on Holland in Singapore, Queen's Wharf Brisbane (Towers 4 and 5) in Australia, and MeadowSide in the UK, have progressed well and received positive feedback from buyers, who are experiencing an attractive return on their investment. This proves our ability to design, build and maintain quality properties in different regions. We are also pleased to witness a growing level of maturity and productivity among our regional teams.

We currently have several on-going mixed-use development projects consisting of primarily residential and hotel components, with small office portfolios. We have also entered into an agreement to sell an office tower in Kai Tak, Hong Kong, which is expected to be completed in FY2025. Despite the impact of COVID-19 on costs and construction times, we remain enthusiastic about the coming years as several of our projects are in their final stages. West Side Place (Towers 3 and 4) started the handover process in early April 2023, which will provide visible cash flow to the Group. Our cumulative presales and unbooked contract sales as at 31 March 2023 reached HK\$18.7 billion, providing us with a solid foundation for future growth and balance sheet.

We have seen a strong recovery in the hotel industry worldwide. We are proud to have launched our first Dao by Dorsett hotel in the UK, as well as the second Ritz-Carlton hotel and Dorsett hotel in Australia, expanding our global footprint and demonstrating our commitment to delivering exceptional experiences to our guests. We are excited that our flagship Dorsett hotel in Kai Tak, Hong Kong, is expected to commence operations in the coming year, which will further enhance our hotel portfolio in Hong Kong.

Chairman and Chief Executive Officer's Statement

This year, the Group arranged its first sustainability-linked loan facility, marking a significant milestone in our commitment to sustainability and responsible business practices. This achievement represents a great step forward in our efforts to raise green financing. Sustainability and responsible business practices have always been a core belief of the Group.

We recognise the impact of rising interest rates on the real estate industry as interest rates continue to rise globally. We remain committed to reducing our debt level and gearing and are targeting to sell some of our non-core assets, such as the non-Dorsett brand hotel, Sheraton Grand Mirage Resort in Australia and some matured car park assets. This will enable us to recycle capital and invest in projects with higher returns while reducing our overall debt level.

Overall, while a smooth sailing experience is not guaranteed, we remain confident that we have emerged from the tunnel and into the light of a new era. In line with our commitment to driving value for our shareholders, we will continue to improve the Group's performance and focus on lowering our debt level and gearing. Finally, I would like to express my sincere appreciation to all our employees for their continued commitment and support throughout the year. Our workforce is the cornerstone of our success, and we deeply appreciate all of their contributions.

David CHIU

Chairman and Chief Executive Officer

28 June 2023