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HKR

INTERNATIONAL LTD.
香港興業國際集團

HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2011
AND
PROPOSED ADOPTION OF THE 2011 SHARE OPTION SCHEME
AND
CHANGE OF COMPANY SECRETARY**

RESULTS

The directors (the “Board” or the “Directors”) of HKR International Limited (the “Company”) are pleased to announce the audited final results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2011.

The Group’s overall turnover during the year amounted to HK\$1,800.7 million, representing a slight decrease of 2.1% as compared to HK\$1,839.8 million of last year. Profit attributable to shareholders amounted to HK\$1,647.9 million, compared to profit attributable to shareholders of HK\$1,890.8 million (restated) last year. The basic earnings per share were HK\$1.22 for the year, compared to earnings per share of HK\$1.40 (restated) last year.

DIVIDEND

The Directors have recommended the declaration of a final dividend of HK11 cents (2010: HK12 cents) per share for the year ended 31 March 2011 to shareholders whose names appear on the registers of members of the Company on 16 September 2011. The proposed final dividend together with the interim dividend of HK7 cents (2010: HK6 cents) per share makes a total dividend of HK18 cents (2010: HK18 cents) per share for the year. The proposed final dividend will be paid on 29 September 2011 following approval at the 2011 annual general meeting (“AGM”) of the Company.

CLOSURE OF REGISTERS

The main and branch registers of members of the Company will be closed on 15 and 16 September 2011. During these two days, no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2011, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 14 September 2011.

AUDITED CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2011	2010
	NOTES	HK\$'M	HK\$'M
			(Restated)
Turnover	3	1,800.7	1,839.8
Cost of sales		(1,287.7)	(1,322.9)
Gross profit		513.0	516.9
Other income		94.1	126.1
Administrative expenses		(431.8)	(400.4)
Other gains and losses	4	94.3	39.9
Change in fair value of investment properties			
Realised gains on disposals		640.2	611.3
Unrealised gains		750.8	479.9
Finance costs	5	(42.2)	(82.2)
Share of results of associates		150.1	116.8
Share of results of jointly controlled entities		79.3	780.2
Profit before taxation	6	1,847.8	2,188.5
Taxation	7	(63.9)	(236.1)
Profit for the year		<u>1,783.9</u>	<u>1,952.4</u>
Attributable to:			
Owners of the Company		1,647.9	1,890.8
Non-controlling interests		136.0	61.6
		<u>1,783.9</u>	<u>1,952.4</u>
Earnings per share	9		
— Basic (HK cents)		<u>122</u>	<u>140</u>
— Diluted (HK cents)		<u>122</u>	<u>134</u>

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (Restated)
Profit for the year	<u>1,783.9</u>	<u>1,952.4</u>
Other comprehensive income (expense):		
Exchange differences arising from translation of foreign operations	228.3	164.4
Share of reserves of associates	0.8	0.4
Share of exchange reserve of jointly controlled entities	207.2	7.3
Available-for-sale financial assets:		
Fair value changes during the year	(19.1)	65.4
Reclassified to profit or loss upon disposal	(9.2)	(63.3)
Deferred tax arising from fair value change	(0.4)	(0.9)
Revaluation gain on land and buildings upon transfer to investment properties	—	4.6
Reclassification of exchange reserve to profit or loss upon disposal of an associate	—	(0.3)
	<u>407.6</u>	<u>177.6</u>
Other comprehensive income for the year (net of tax)		
	<u>407.6</u>	<u>177.6</u>
Total comprehensive income for the year	<u><u>2,191.5</u></u>	<u><u>2,130.0</u></u>
Total comprehensive income attributable to:		
Owners of the Company	2,043.9	2,066.8
Non-controlling interests	147.6	63.2
	<u><u>2,191.5</u></u>	<u><u>2,130.0</u></u>

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March		
	<i>NOTES</i>	2011	2010	2009
		HK\$'M	<i>HK\$'M</i>	<i>HK\$'M</i>
			(Restated)	(Restated)
Non-current assets				
Investment properties		6,133.1	5,298.6	5,367.3
Property, plant and equipment		2,460.1	2,410.8	2,597.6
Prepaid lease payments		35.8	34.4	34.0
Goodwill		—	—	9.2
Interests in associates		514.1	371.9	320.1
Interests in jointly controlled entities		6,011.2	4,918.5	4,120.4
Amount due from an associate		104.2	—	—
Held-to-maturity investments		84.2	52.4	21.8
Available-for-sale financial assets		60.6	79.2	108.8
Other assets		129.4	53.2	94.0
Deferred tax assets		7.6	3.2	2.7
		15,540.3	13,222.2	12,675.9
Current assets				
Inventories		160.7	134.7	145.1
Properties held for sale		17.5	30.6	121.3
Trade receivables	<i>10</i>	110.8	92.2	286.3
Deposits, prepayments and other financial assets		180.4	287.3	213.2
Properties held for/under development for sale		2,727.4	1,735.1	1,173.3
Amounts due from associates		91.1	211.5	476.4
Amount due from a jointly controlled entity		36.3	18.2	25.9
Taxation recoverable		23.8	1.7	12.8
Held-to-maturity investments		62.6	135.5	23.7
Available-for-sale financial assets		—	9.2	—
Financial assets at fair value through profit or loss		0.2	128.6	741.7
Pledged bank deposits		2.9	59.3	58.9
Bank balances and cash		2,379.9	2,055.4	1,903.5
		5,793.6	4,899.3	5,182.1
Current liabilities				
Trade payables, provision and accrued charges	<i>11</i>	919.8	933.4	849.0
Deposits received and other financial liabilities		621.2	694.5	548.6
Amount due to an associate		5.5	10.0	2.2
Taxation payable		58.6	43.6	103.9
Bank and other loans due within one year		1,521.1	169.6	1,022.1
Other liabilities due within one year		6.3	4.7	18.9
Convertible bonds — liability component		—	830.5	—
		3,132.5	2,686.3	2,544.7
Net current assets		2,661.1	2,213.0	2,637.4
Total assets less current liabilities		18,201.4	15,435.2	15,313.3

		At 31 March		
	<i>NOTE</i>	2011	2010	2009
		HK\$'M	<i>HK\$'M</i>	<i>HK\$'M</i>
			(Restated)	(Restated)
Non-current liabilities				
Bank and other loans due after one year		2,002.0	1,401.0	2,360.0
Convertible bonds — liability component		—	—	777.3
Other liabilities due after one year		1,177.9	886.4	945.4
Deferred tax liabilities		144.7	206.0	337.5
		<u>3,324.6</u>	<u>2,493.4</u>	<u>4,420.2</u>
		<u>14,876.8</u>	<u>12,941.8</u>	<u>10,893.1</u>
Capital and reserves				
Share capital	12	337.5	337.5	337.5
Reserves		13,234.2	11,446.8	9,461.0
		<u>13,571.7</u>	<u>11,784.3</u>	<u>9,798.5</u>
Equity attributable to owners of the Company		1,305.1	1,157.5	1,094.6
Non-controlling interests		<u>14,876.8</u>	<u>12,941.8</u>	<u>10,893.1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

- (a) In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HK(IFRIC*) — INT 17	Distributions of non-cash assets to owners
HK — INT 5	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

- * IFRIC represents the IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee).

The adoption of these new and revised standards has resulted in the following changes and impact on the results and financial position for the current year. The adoption of the other new and revised HKFRSs had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, Hong Kong Accounting Standard (“HKAS”) 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in a reclassification of prepaid lease payments with a previous carrying amount of HK\$65.1 million and HK\$109.1 million at 31 March 2010 and 1 April 2009, respectively, to property, plant and equipment that are measured at cost model (see Note 2(c) for the financial impact).

As at 31 March 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK\$63.5 million has been included in property, plant and equipment. The application of the amendment to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

Hong Kong Interpretation 5 “Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause” (“HK-INT 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK-INT 5 for the first time in the current year. HK-INT 5 requires retrospective application. In order to comply with the requirements set out in HK-INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-INT 5, term loans with a repayment on demand clause are classified as current liabilities. As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK\$10.3 million and HK\$0.6 million have been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009 respectively. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK\$333.9 million have been classified as current liabilities. The application of HK-INT 5 has had no impact on the reported profit or loss for the current and prior years. Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

HKFRS 3 (Revised) Business combinations and HKAS 27 (Revised) Consolidated and separate financial statements

The Group applies HKFRS 3 (Revised) “Business combinations” prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) “Consolidated and separate financial statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

- (b) Up to the date of approval for issuance of these consolidated financial statements, the HKICPA has issued a number of new and revised HKFRSs which are not yet mandatorily effective for the current accounting period. The Group has not early adopted any of these standards, with the exception of the amendments to HKAS 12 titled “Deferred Tax: Recovery of underlying assets”. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

Early adoption of HKAS 12 (Amendments) Income taxes

The change in policy arising from the amendments to HKAS 12 has had a material impact on the current and prior accounting periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of the Group’s investment properties with reference to the tax liability that would arise if the investment properties were disposed of at their carrying amounts at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use. This change in accounting policy has been applied retrospectively by restating the opening balance at 1 April 2009 and 1 April 2010, with consequential adjustments to comparatives for the year ended 31 March 2010 (see Note 2(c) for the financial impact).

This change in accounting policy has also resulted in an increase in the profit attributable to the owners of the Company and non-controlling interests of HK\$126.5 million and HK\$16.4 million, respectively, for the year ended 31 March 2011, and an increase in the interest in associates, non-controlling interests and investment property revaluation reserve of HK\$24.7 million, HK\$59.0 million and HK\$276.0 million respectively, and a decrease in deferred tax liabilities of HK\$310.3 million as of 31 March 2011.

The investment properties of a jointly controlled entity are held with the objective to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment to HKAS 12 has no impact on the share of results of jointly controlled entities for the current and prior accounting periods.

HKFRS 9 “Financial instruments” (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. This standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The Directors anticipate that the application of HKFRS 9 will affect the classification and measurement of the Group’s available-for-sales financial assets and may affect the classification and measurement of other financial assets.

The Directors of the Company anticipate that the application of the other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

- (c) The following table is a summary of the impacts on the results and financial position after adoption/early adoption of the new and revised standards:

	As previously reported <i>HK\$'M</i>	Effect of adoption of amendment to HKAS 17 <i>HK\$'M</i>	Effect of adoption of amendments to HKAS 12 <i>HK\$'M</i>	Effect of adoption of HK — INT 5 <i>HK\$'M</i>	As restated <i>HK\$'M</i>
Consolidated income statement for the year ended 31 March 2010:					
Share of results of associates	111.0	—	5.8	—	116.8
Taxation	(282.4)	—	46.3	—	(236.1)
Profit for the year	1,900.3	—	52.1	—	1,952.4
Attributable to:					
Owners of the Company	1,841.4	—	49.4	—	1,890.8
Non-controlling interests	58.9	—	2.7	—	61.6
Earnings per share					
— Basic (HK cents)	136	—	4	—	140
— Diluted (HK cents)	130	—	4	—	134
	<u>111.0</u>	<u>—</u>	<u>5.8</u>	<u>—</u>	<u>116.8</u>
	<u>(282.4)</u>	<u>—</u>	<u>46.3</u>	<u>—</u>	<u>(236.1)</u>
	<u>1,900.3</u>	<u>—</u>	<u>52.1</u>	<u>—</u>	<u>1,952.4</u>
	<u>1,841.4</u>	<u>—</u>	<u>49.4</u>	<u>—</u>	<u>1,890.8</u>
	<u>58.9</u>	<u>—</u>	<u>2.7</u>	<u>—</u>	<u>61.6</u>
	<u>136</u>	<u>—</u>	<u>4</u>	<u>—</u>	<u>140</u>
	<u>130</u>	<u>—</u>	<u>4</u>	<u>—</u>	<u>134</u>
Consolidated statement of financial position as at 31 March 2010:					
Property, plant and equipment	2,345.7	65.1	—	—	2,410.8
Prepaid lease payments	99.5	(65.1)	—	—	34.4
Interest in associates	356.9	—	15.0	—	371.9
Bank and other loans due within one year	(159.3)	—	—	(10.3)	(169.6)
Bank and other loans due after one year	(1,411.3)	—	—	10.3	(1,401.0)
Deferred tax liabilities	(383.1)	—	177.1	—	(206.0)
Non-controlling interests	1,114.9	—	42.6	—	1,157.5
Investment property revaluation reserve	1,255.3	—	149.5	—	1,404.8
	<u>2,345.7</u>	<u>65.1</u>	<u>—</u>	<u>—</u>	<u>2,410.8</u>
	<u>99.5</u>	<u>(65.1)</u>	<u>—</u>	<u>—</u>	<u>34.4</u>
	<u>356.9</u>	<u>—</u>	<u>15.0</u>	<u>—</u>	<u>371.9</u>
	<u>(159.3)</u>	<u>—</u>	<u>—</u>	<u>(10.3)</u>	<u>(169.6)</u>
	<u>(1,411.3)</u>	<u>—</u>	<u>—</u>	<u>10.3</u>	<u>(1,401.0)</u>
	<u>(383.1)</u>	<u>—</u>	<u>177.1</u>	<u>—</u>	<u>(206.0)</u>
	<u>1,114.9</u>	<u>—</u>	<u>42.6</u>	<u>—</u>	<u>1,157.5</u>
	<u>1,255.3</u>	<u>—</u>	<u>149.5</u>	<u>—</u>	<u>1,404.8</u>
Consolidated statement of financial position as at 1 April 2009:					
Property, plant and equipment	2,488.5	109.1	—	—	2,597.6
Prepaid lease payments	143.1	(109.1)	—	—	34.0
Interest in associates	311.0	—	9.1	—	320.1
Bank and other loans due within one year	(1,021.5)	—	—	(0.6)	(1,022.1)
Bank and other loans due after one year	(2,360.6)	—	—	0.6	(2,360.0)
Deferred tax liabilities	(468.4)	—	130.9	—	(337.5)
Non-controlling interests	1,054.7	—	39.9	—	1,094.6
Accumulated profits	6,681.9	—	100.1	—	6,782.0
	<u>2,488.5</u>	<u>109.1</u>	<u>—</u>	<u>—</u>	<u>2,597.6</u>
	<u>143.1</u>	<u>(109.1)</u>	<u>—</u>	<u>—</u>	<u>34.0</u>
	<u>311.0</u>	<u>—</u>	<u>9.1</u>	<u>—</u>	<u>320.1</u>
	<u>(1,021.5)</u>	<u>—</u>	<u>—</u>	<u>(0.6)</u>	<u>(1,022.1)</u>
	<u>(2,360.6)</u>	<u>—</u>	<u>—</u>	<u>0.6</u>	<u>(2,360.0)</u>
	<u>(468.4)</u>	<u>—</u>	<u>130.9</u>	<u>—</u>	<u>(337.5)</u>
	<u>1,054.7</u>	<u>—</u>	<u>39.9</u>	<u>—</u>	<u>1,094.6</u>
	<u>6,681.9</u>	<u>—</u>	<u>100.1</u>	<u>—</u>	<u>6,782.0</u>

3. TURNOVER AND SEGMENT INFORMATION

The Group is currently organised into seven operating divisions: property development, property investment, services provided (clubs operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, dental clinics, diabetic and cardiovascular centres and multi-specialty outpatient centres), manufacturing (manufacturing and sales of bathroom products) and securities investment. Operating segments are identified on the basis of internal reports about divisions of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Each of the operating divisions represents an operating segment. The following is an analysis of the Group's revenue and results by operating segments for the year:

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operation <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Manufacturing <i>HK\$'M</i>	Securities investment <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year 31 March 2011								
TURNOVER								
Segment revenue — sales								
to external customers derived								
by the Group and associates	810.2	465.5	397.5	344.1	409.4	227.1	9.2	2,663.0
Excluding turnover of associates	(752.9)	(85.5)	—	—	—	—	—	(838.4)
Excluding sale proceeds of investment								
properties located in the PRC	—	(14.7)	—	—	—	—	—	(14.7)
Excluding sale proceeds								
of securities investment	—	—	—	—	—	—	(9.2)	(9.2)
Consolidated turnover, as reported	<u>57.3</u>	<u>365.3</u>	<u>397.5</u>	<u>344.1</u>	<u>409.4</u>	<u>227.1</u>	<u>—</u>	<u>1,800.7</u>
RESULTS								
Results — total results of the Group,								
associates and jointly								
controlled entities (<i>note 1</i>)	116.3	923.5	49.1	15.5	(42.8)	(15.9)	14.9	1,060.6
Excluding results of associates								
and jointly controlled entities								
not shared by the Group	(66.4)	14.2	—	—	—	—	—	(52.2)
Segment results attributable								
to the Group	<u>49.9</u>	<u>937.7</u>	<u>49.1</u>	<u>15.5</u>	<u>(42.8)</u>	<u>(15.9)</u>	<u>14.9</u>	1,008.4
Unallocated corporate expenses								(99.7)
Finance costs and corporate								
level exchange difference								(32.1)
Net unrealised gains on								
fair value change								
of investment properties (<i>note 2</i>)								750.5
Net unrealised gain on								
fair value change of investment								
properties attributable to								
the Group's interest in jointly								
controlled entities and associates,								
net of deferred tax								156.8
Profit for the year								1,783.9
Non-controlling shareholders'								
share of profit for the year								(136.0)
Profit for the year attributable to								
the owners of the Company								<u>1,647.9</u>

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Securities investment HK\$'M	Total HK\$'M
For the year 31 March 2010								
TURNOVER								
Segment revenue — sales								
to external customers derived								
by the Group and associates	1,478.5	1,737.4	379.6	290.0	496.9	223.1	98.9	4,704.4
Excluding turnover of associates	(1,270.0)	(84.9)	—	—	(84.9)	—	—	(1,439.8)
Excluding sale proceeds of investment								
properties located in the PRC	—	(1,325.9)	—	—	—	—	—	(1,325.9)
Excluding sale proceeds								
of securities investment	—	—	—	—	—	—	(98.9)	(98.9)
Consolidated turnover, as reported	<u>208.5</u>	<u>326.6</u>	<u>379.6</u>	<u>290.0</u>	<u>412.0</u>	<u>223.1</u>	<u>—</u>	<u>1,839.8</u>
RESULTS								
Results — total results of the Group,								
associates and a jointly								
controlled entity (note 3)	179.0	728.2	46.0	12.5	27.6	(70.1)	89.2	1,012.4
Excluding results of associates								
and a jointly controlled entity								
not shared by the Group	(106.2)	(5.4)	—	—	—	—	—	(111.6)
Segment results attributable								
to the Group	<u>72.8</u>	<u>722.8</u>	<u>46.0</u>	<u>12.5</u>	<u>27.6</u>	<u>(70.1)</u>	<u>89.2</u>	900.8
Unallocated corporate expenses								(75.5)
Finance costs and corporate								
level exchange difference								(80.2)
Net unrealised gains on								
fair value change of								
investment properties (note 4)								390.3
Net unrealised gain on								
fair value change of investment								
properties attributable to								
the Group's interest in a jointly								
controlled entity and associates,								
net of deferred tax								817.0
Profit for the year								1,952.4
Non-controlling shareholders'								
share of profit for the year								(61.6)
Profit for the year attributable to								
the owners of the Company								<u>1,890.8</u>

Notes:

- (1) The segment results of property investment business for year ended 31 March 2011 included realised gains on fair value change of investment properties of HK\$640.2 million, deferred tax credit on disposal of investment properties of HK\$5.1 million, and recognition of current tax upon disposal of investment properties of HK\$4.3 million.
- (2) The net unrealised gains on fair value change of investment properties for year ended 31 March 2011 of HK\$750.5 million represented the unrealised gain on fair value change of investment properties of HK\$750.8 million net of the deferred tax arising from change in fair value of HK\$0.3 million.
- (3) The segment results of property investment business for the year ended 31 March 2010 included realised gains on fair value change of investment properties of HK\$611.3 million, deferred tax credit on disposal of investment properties of HK\$214.3 million, recognition of current tax upon disposal of investment properties of HK\$315.3 million, and withholding tax on undistributed profits of a PRC subsidiary of HK\$27.6 million.
- (4) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2010 of HK\$390.3 million represented the unrealised gain on fair value change of investment properties of HK\$479.9 million net of the deferred tax arising from change in fair value of HK\$89.6 million.

All of the segment revenue reported above is from external customers.

No analysis of the Group's assets and liabilities by operating segments is disclosed as they are not reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker for review.

Other segment information

For the year ended 31 March 2011

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Securities investment HK\$'M	Unallocated amounts HK\$'M	Total HK\$'M
Amounts included in the measure of segment profit or loss:									
Revenue from inter-segment sales*	—	(3.1)	(5.2)	—	—	—	—	—	(8.3)
Depreciation	21.8	10.5	30.5	50.6	23.7	12.1	—	3.6	152.8
Impairment losses on property, plant and equipment recognised	—	—	—	—	10.0	—	—	—	10.0
(Reversal of allowance) allowance for doubtful debts	(0.6)	—	(1.1)	—	5.0	0.7	—	—	4.0
Reversal of provision for loans to an investee	—	(85.3)	—	—	—	—	—	—	(85.3)
Net gains from financial assets/liabilities	—	—	—	—	—	—	(7.8)	—	(7.8)
Loss (gain) on disposal of property, plant and equipment	—	0.8	0.1	(0.4)	—	—	—	—	0.5
Realised gains on disposals of investment properties	—	(640.2)	—	—	—	—	—	—	(640.2)
Interest income	(1.0)	(14.4)	—	(0.6)	(0.2)	—	(0.2)	(9.7)	(26.1)
Interest expenses	—	2.8	—	0.1	0.1	0.8	—	38.4	42.2
Income tax expenses (credit)	8.4	52.2	8.0	(6.8)	2.8	—	—	(0.7)	63.9
Share of results of associates	(79.9)	2.3	—	—	—	—	—	(72.5)	(150.1)
Share of results of jointly controlled entities	—	5.0	—	—	—	—	—	(84.3)	(79.3)

For the year ended 31 March 2010

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Securities investment HK\$'M	Unallocated amounts HK\$'M	Total HK\$'M
Amounts included in the measure of segment profit or loss:									
Revenue from inter-segment sales*	—	(3.3)	(4.4)	—	—	—	—	—	(7.7)
Depreciation	21.8	8.8	30.7	46.8	30.5	11.4	—	3.7	153.7
Impairment losses on property, plant and equipment recognised	—	—	—	—	—	60.6	—	—	60.6
Net allowance for doubtful debts	—	—	0.1	—	2.0	0.4	—	—	2.5
Impairment loss on goodwill recognised in profit or loss	—	—	—	—	9.4	5.3	—	—	14.7
Net gains from financial assets/liabilities	—	—	—	—	—	—	(86.6)	—	(86.6)
(Gain) loss on disposal of property, plant and equipment	(6.7)	0.3	10.4	6.0	3.8	0.1	—	—	13.9
Realised gains on disposals of investment properties	—	(611.3)	—	—	—	—	—	—	(611.3)
Interest income	(0.2)	(6.0)	—	(0.6)	(0.1)	—	(3.3)	(1.5)	(11.7)
Interest expenses	2.0	1.9	—	0.3	—	1.3	—	76.7	82.2
Income tax expenses (credit)	14.3	140.6	5.3	(21.7)	(2.4)	—	10.4	89.6	236.1
Share of results of associates	(74.4)	—	—	—	—	—	—	(42.4)	(116.8)
Share of result of a jointly controlled entity	—	(5.6)	—	—	—	—	—	(774.6)	(780.2)

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions in which the pricing was with reference to prevailing market price or actual cost incurred, as appropriate.

Turnover from major products and services

The following is an analysis of the Group's turnover from its major products and services:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Sales of properties	57.3	208.5
Sales of goods	227.1	223.1
Services rendered	1,145.2	1,066.6
Rental income	371.1	335.0
Others	—	6.6
	<u>1,800.7</u>	<u>1,839.8</u>

Geographical information

For each of the years ended 31 March 2011 and 2010, the Group's operations are located in Hong Kong, South East Asia, Australia, PRC and United Kingdom.

The Group's revenue from external customers based on the location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Hong Kong	1,076.9	1,143.9	6,807.6	6,626.3
South East Asia	486.2	458.2	2,471.1	1,263.7
Australia	173.3	175.5	3.6	3.1
PRC	34.9	28.4	5,871.8	5,140.8
United Kingdom	29.4	33.8	0.2	0.3
	<u>1,800.7</u>	<u>1,839.8</u>	<u>15,154.3</u>	<u>13,034.2</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

The revenue from individual customer contributed less than 10% of the total turnover of the Group for both years.

4. OTHER GAINS AND LOSSES

Other gains (losses) include the following:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
(i) Net exchange gain	<u>11.2</u>	<u>28.6</u>
(ii) Reversal of provision for loans to an investee	<u>85.3</u>	<u>—</u>
(iii) Impairment loss recognised		
Property, plant and equipment	(10.0)	(60.6)
Goodwill	<u>—</u>	<u>(14.7)</u>
	<u>(10.0)</u>	<u>(75.3)</u>
(iv) Net gains from financial assets/liabilities		
Net realised gains on financial assets at fair value through profit or loss	—	21.5
Net unrealised gains on financial assets at fair value through profit or loss	—	4.9
Net realised gains on available-for-sale financial assets	<u>9.2</u>	<u>63.3</u>
	<u>9.2</u>	89.7
Net losses on derivative financial instruments	<u>(1.4)</u>	<u>(3.1)</u>
	<u>7.8</u>	<u>86.6</u>
	<u>94.3</u>	<u>39.9</u>

5. FINANCE COSTS

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Interest on		
Bank and other loans wholly repayable within five years	25.4	13.6
Other borrowings wholly repayable within five years	4.9	5.6
Convertible bonds — liability component wholly repayable within five years	<u>3.8</u>	<u>53.2</u>
	<u>34.1</u>	72.4
Less: Amounts included in the cost of properties held for/under development for sale	<u>(4.8)</u>	<u>(3.5)</u>
	<u>29.3</u>	68.9
Bank loans arrangement fees	<u>12.9</u>	<u>13.3</u>
	<u>42.2</u>	<u>82.2</u>

6. PROFIT BEFORE TAXATION

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (Restated)
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	7.6	6.6
Cost of inventories and developed properties recognised as an expense	153.0	248.2
Operating lease rentals in respect of land and buildings	46.5	44.8
Loss on disposal of property, plant and equipment	0.5	13.9
Net allowance for doubtful debts	4.0	2.5
Staff costs (including directors' remuneration)	509.2	456.5
Release of prepaid lease payments	1.2	1.1
Depreciation		
Owned assets	152.4	152.7
Assets under finance leases	0.4	1.0
	<u>152.8</u>	<u>153.7</u>
Net rental income under operating leases on		
Investment properties	(367.6)	(329.9)
Other properties	(3.5)	(5.1)
Less: Outgoings	22.9	18.5
	<u>(348.2)</u>	<u>(316.5)</u>

7. TAXATION

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (Restated)
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the year	35.9	40.0
Overseas tax calculated at rates prevailing in respective jurisdictions (<i>note a</i>)	35.4	332.2
	<u>71.3</u>	<u>372.2</u>
Deferred taxation for current year (<i>note b</i>)	(7.4)	(136.1)
	<u>63.9</u>	<u>236.1</u>

Notes:

(a) The overseas tax charge for the year comprises:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Land Appreciation Tax and Enterprise Income Tax arising from disposal of investment properties in the PRC ("PRC Tax on disposal of investment properties")	4.3	315.3
Other overseas tax	31.1	16.9
	<u>35.4</u>	<u>332.2</u>
Taxation (credit) charge to profit or loss during the year arising from disposal of investment properties is as follows:		
PRC Tax on disposal of investment properties	4.3	315.3
Less: deferred tax recognised in prior year	(5.1)	(214.3)
	<u>(0.8)</u>	<u>101.0</u>

(b) An analysis of current year deferred taxation is as follows:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (Restated)
Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties	0.3	89.6
Deferred tax credit on disposal of investment properties	(5.1)	(214.3)
Others	(2.6)	(11.4)
	<u>(7.4)</u>	<u>(136.1)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the EIT Law, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation of HK\$27.6 million (2011: nil) has been provided during the year ended 31 March 2010.

8. DIVIDENDS

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2010 of HK12 cents (financial year ended 31 March 2009: nil) per share	162.0	—
Interim dividend paid for the financial year ended 31 March 2011 of HK7 cents (financial year ended 31 March 2010: HK6 cents) per share	<u>94.5</u>	<u>81.0</u>
	<u>256.5</u>	<u>81.0</u>
Proposed final dividend for the financial year ended 31 March 2011 of HK11 cents (financial year ended 31 March 2010: HK12 cents) per share	<u>148.5</u>	<u>162.0</u>

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	1,647.9	1,890.8
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	<u>3.8</u>	<u>53.2</u>
Earnings for the purpose of calculating diluted earnings per share	<u>1,651.7</u>	<u>1,944.0</u>
	2011	2010
Number of shares		
Number of ordinary shares for the purpose of calculating the basic earnings per share	1,350,274,367	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds	<u>7,563,245</u>	<u>105,885,434</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,357,837,612</u>	<u>1,456,159,801</u>

10. TRADE RECEIVABLES

The credit period allowed by the Group to its customers is dependent on the general practice in the industry concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed upon the execution of legally binding, unconditional and irrevocable contracts and the sale prices are usually fully paid when the properties are assigned to the purchasers. Deferred payment terms are sometimes offered to purchasers at a premium. Property rentals are receivable in advance. Payments for healthcare, clubs and hotel services are receivable on demand. The general credit terms allowed for customers of manufactured goods range from 30 to 90 days.

The following is an aged analysis of trade receivables presented on the payment due date at the reporting date:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Not yet due	39.5	24.5
Overdue:		
0-60 days	59.3	59.1
61-90 days	5.2	4.5
Over 90 days	6.8	4.1
	<u>110.8</u>	<u>92.2</u>

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$226.7 million (2010: HK\$164.3 million), an aged analysis of which is as follows:

	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Not yet due	174.6	121.5
Overdue:		
0-60 days	39.7	27.7
61-90 days	5.2	1.2
Over 90 days	7.2	13.9
	<u>226.7</u>	<u>164.3</u>

12. SHARE CAPITAL

	2011 & 2010	
	<i>Number of shares</i>	<i>HK\$'M</i>
Ordinary shares of HK\$0.25 each		
Authorised:	<u>2,000,000,000</u>	<u>500.0</u>
Issued and fully paid:		
At 1 April 2009, 31 March 2010 and 31 March 2011	<u>1,350,274,367</u>	<u>337.5</u>

BUSINESS REVIEW

Property Development

Discovery Bay, Hong Kong, the PRC

Construction works of Amalfi, Phase 14 of Discovery Bay, are well on schedule. Comprising three mid-rise blocks with a size of about 169,000 square feet GFA, Amalfi was given an occupation permit in February and is planned for sales launch in the third quarter of 2011. With the Group's strong brand equity in creating innovative lifestyle and Amalfi's exceptional quality, it is believed the project would be very well-received by the market.

Receiving an occupation permit together with Amalfi was Phase 15 of Discovery Bay, the latest development with a total size of about 187,000 square feet GFA. Construction works are in good progress and sales plan would be formulated in due course.

The deluxe resort hotel on the waterfront of Yi Pak Bay is scheduled for soft opening in mid-2012. Internal fitting-out works are in progress and expected to complete by the end of 2011. Boasting unobstructed sea views, alfresco dining, a Spa Botanica and state-of-the-art banquet and meeting facilities, the 325-room hotel will cater to all types of functions from meetings, corporate training, wedding banquets to large gala events.

Opening alongside the hotel will be Hong Kong's first seaside wedding chapel. With floor-to-ceiling glass windows offering 180° sea view and a capacity of 100 guests, this 16-metre white chapel will be the venue of choice for romantic weddings.

Whether for vacation, business meeting, wedding or romantic getaway, guests will enjoy a complete resort experience in Discovery Bay.

The Bounty, a 42-metre European tall ship replica which resides in Discovery Bay, has become an icon of local waters since she arrived in Hong Kong in 2007. As the only European tall ship in Hong Kong, The Bounty was chartered by international firms, professional groups & associations as well as individuals for a wide range of functions, including large-scale international conferences, corporate entertainment, team-building activities, private theme parties and weddings etc.

Thirty years on, the unique planning and comprehensive development of Discovery Bay continued to win recognition from the market. In October 2010, the Group's 50%-owned subsidiary namely, Hong Kong Resort Company Limited ("HKRCL") was given the honor of "美好生活 • 典範人居樓盤獎" organised by Wen Wei Po newspaper for development of the Discovery Bay project.

The Group has a 50% interest in the Discovery Bay project.

The Sukhothai Residences, Thailand

Construction works of The Sukhothai Residences, the Group's high-end freehold residential development in Bangkok, are targeted for completion in the third quarter of 2011 and the handover of units to flat owners will commence in the fourth quarter.

As at 31 March 2011, 139 units of this ultra luxury 41-storey condominium tower were sold, representing 71% of the total of 196 units, at an average selling price of Thai Baht 226,494 (approximately HK\$57,529) per square metre. The remaining units are scheduled for sales relaunch around end of 2011.

Wireless Road, Thailand

Meanwhile, a joint-venture company was set up by the Group and its Thai partner to acquire a freehold land on Wireless Road in Bangkok at a consideration of about Thai Baht 2.5 billion (approximately HK\$651.7 million). With a site area of about 12,666 square metres, the land will be held for future development of high-end residential projects.

Property Investment

Dazhongli Project in Jingan District, Shanghai, the PRC

The Dazhongli project in the Jingan district of Shanghai, scheduled for completion by phases from 2015 onwards, will become one of the most iconic and magnificent landmarks in Puxi in the 21st century, grabbing the attention of the whole city.

The concept of the Dazhongli project is to create the most exclusive address and most stylish social hub in Shanghai, blending business with leisure, entertainment with culture. With a planned GFA of approximately 323,000 square metres, the Dazhongli project comprises two super Grade-A office towers (168,000 square metres), three luxury hotels (56,000 square metres) and a prime retail mall (99,000 square metres) where all the high-end brands and famed restaurants are to be found. Few developments in Shanghai rival the Dazhongli project in terms of scale, diversity and class. For the locals and visitors alike, the Dazhongli project will be the place to be, to shop, to dine, to see and to be seen!

The Dazhongli project has access to superior transportation infrastructure and enjoys unparalleled connectivity to the whole county and the world. Located in the very heart of the city centre, it is bounded on the north by Nanjing West Road, on the west by Shimenyi Road (across the Four Seasons Hotel), on the south by Weihai Road, and on the east by Qinghai Road (across the Shanghai TV Building). The Yan An Expressway and North-South Expressway are just a stone's throw away. What's more, it would connect seamlessly with Nanjing West Road Station of Metro Line 13 and its affiliated facilities, construction works of which are to commence in June. Meanwhile, Metro Lines 2, 12 and 13 will converge at an interchange to be built close to the site, linking the Dazhongli project to all major transportation hubs and nodal points in Shanghai, including the two international airports in Pudong and Hongqiao, the high-speed railway and the freeway network.

The Dazhongli project will also be a showcase project of the Jingan district's vision to create a modern commercial hub. It is considered by the local government to be a key development project that would contribute significantly to the economic development of the city. The Group will spare no efforts to make it another signature project of the Group. During the year, the project made good progress, having practically completed the resettlement works and submitted the schematic design of the development for approval. Foundation works are planned to commence in the second half of 2011. In December 2010, a 13-year syndicated loan facility was secured to fund construction and development of the project.

The Company is confident in the long-term economic growth of China and is particularly optimistic about the commercial property market in Shanghai, which has remained buoyant in recent years. Market rent of comparable properties in the vicinity is around RMB 12 per square metre per day for prime office and RMB 65 per square metre per day for prime retail (ground floor). As an integrated commercial development in a class of its own, the Dazhongli project would be able to fetch a premium in rental level. Target commercial clientele would include world famous consumer brands eager to tap the huge business potential of the Chinese market and multinational corporations planning to set up headquarters in Shanghai. The Company expects that the Dazhongli project would perform well when completed and would generate a strong and steady income stream for the Group in the years to come, allowing the Group to share the economic growth of one of the largest economies in the world.

The Dazhongli project is jointly developed by the Group and Swire Properties Limited. The Group has a 50% interest in the project.

Chelsea Residence, Shanghai, the PRC

Renovation and upgrading works of Chelsea Residence, the deluxe property launched for strata-title sale earlier on Huashan Road in Shanghai were completed during the year. As of 31 March 2011, 111 of the total of 116 units (96%) were sold and all of the sold units were handed over to the buyers subsequently .

The Exchange, Tianjin, the PRC

The Exchange, the Group's 15%-owned investment property in Tianjin, comprises a retail mall, two office towers and a hotel. With a total GFA of over 152,000 square metres, The Exchange continues to generate stable rental income for the Group. During the year, the average occupancy rates of the retail mall, the office towers and the hotel were 100%, 87% and 59% respectively.

Industrial and/or commercial properties, Hong Kong, the PRC

The tenant mix of DB North Plaza, the up-market lifestyle shopping centre in Yi Pak, was further diversified as new shops and restaurants opened during the year. With more than 200,000 square feet GFA of shops and office units, the shopping centre will continue to bring great products and services to the community.

Being the largest oceanfront alfresco dining hotspot in Hong Kong, D Deck has remained diners' firm favourite. About 20 thematic restaurants at D Deck, along the waterfront promenade connecting Tai Pak Beach, offer mouthwatering international cuisines and unique dining experience for gourmets. Creative publicity campaigns are being launched to promote D Deck as a paradise of delicacies. DB Plaza, privileged with D Deck, achieved an occupancy rate of 97% as at 31 March 2011 and generated a stable rental income for the Group.

The Group's long-term commercial and industrial property investment portfolios continue to record strong performance and generate stable rental revenue. As at 31 March 2011, the Group's wholly-owned Joyce Building in Wong Chuk Hang, CDW Building in Tsuen Wan and West Gate Tower in Cheung Sha Wan attained occupancy rates of 100%, 93% and 93% respectively.

To further enhance its property investment portfolio, the Group acquired a 7-storey industrial building on Fui Yiu Kok Street in Tsuen Wan for HK\$140.0 million in October 2010. Redevelopment is being planned. Meanwhile, the Group disposed of its 50% interest in Discovery Park Shopping Centre in Tsuen Wan in March 2011 for HK\$1,410.9 million. The Group will seek to generate more profits through strategic acquisition and disposal.

Residential properties, Japan

The Group continues to explore new investment opportunities in Japan in order to add values to its investment portfolio in Asia. During the year, the Group bought two investment properties in Tokyo, namely Horizon Place Akasaka (a 94-unit apartment building in Akasaka) and Homat Sun (a luxury low-rise development with 18 units in Roppongi). Together with DIA Palace Sapporo Higashi Actio (a 39-unit residential building in Sapporo) acquired earlier by the Group, the three properties generated a steady rental income for the Group.

Services Provided

In order to provide added transportation convenience and flexibility to Discovery Bay residents, HKRCL has applied to the Transport Department for the introduction of a strictly controlled taxi service for Discovery Bay. The application is being considered by the Government.

The patronage of bus rose slightly during the year and bus services for DB North Plaza were enhanced to provide shoppers and diners added convenience. Ferry service remains a comfortable and convenient transport mode for residents.

The clubs in Discovery Bay recorded a stable turnover during the year and they will continue to upgrade their facilities to cope with the rising needs of club members. Meanwhile, the Group's property management services company continued to deliver professional service to Discovery Bay residents.

The Group has a 50% interest in such service providers in Discovery Bay.

Hospitality

The tourism industry of Thailand had been hard hit by the political unrest since March 2010. The Group's hospitality business in Bangkok however picked up gradually as the city became calm again in late May 2010. During the year, The Sukhothai hotel and Siri Sathorn serviced residences recorded average occupancy rates of 49% and 52% respectively. Their performances are expected to improve continuously as long as the political situation remains stable.

The Sukhothai hotel, renowned for its unparalleled service quality, continued to receive numerous accolades in spite of the unfavourable operating environment. It was named one of "The 50 Best Hotels in the World" by the Daily Telegraph UK in January 2011, and was ranked 17th in "The World's Best Hotels 2010" by the Institutional Investor magazine in December 2010. It was also voted by readers of Conde Nast Traveler magazine as one of "The Top 100 Hotels in Asia" in the "Readers' Choice Awards" in November 2010 and one of the top hotels on the "2011 Gold List" in January 2011.

In Singapore, the hospitality sector remained robust due to the strong market demand for accommodation. Although the hotel room supply in Singapore had surged by more than 10% since the beginning of 2010 and competition had intensified, The Sentosa Resort & Spa, the Group's luxury spa resort in Singapore, managed to deliver a strong performance during the year. It attained an average occupancy rate of 72%, representing a 15% increase year-on-year.

The Sentosa Resort & Spa also clinched a number of awards during the year. It was named one of the "Best Hotels — Resorts" in "The Best of Singapore 2011" award organised by Singapore Tatler magazine in November 2010. Spa Botanica, Singapore's first garden destination spa, won the prestigious titles of the "Best Luxury Resort Spa" and "Best Luxury Destination Spa" in the "World Luxury Spa Awards 2011" in April 2011. It was also voted the "Best Spa" in the "I-S Magazine Annual Readers' Choice Awards 2011" in March 2011 and the "Best Getaway" in the "Harper's Bazaar Spa Awards 2011" in February 2011.

Healthcare

With its leading position in the private healthcare sector, GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary, continues to grow its business by capitalising on the rising demand for quality private medical services in Hong Kong, Mainland China and Southeast Asia. Its comprehensive service network comprises cancer centres, dental clinics, diabetic and cardiovascular centres, and multi-specialty outpatient centres. During the year, GenRx further expanded its medical service network as the number of patients/customers increased. A new clinic of Qualigenics, a subsidiary specialising in diabetes treatment, was opened in Tsuen Wan in October 2010. "Greenbelt 5" clinic, the seventh branch of Healthway Philippines, another subsidiary of GenRx, opened in Makati City of the Philippines in April 2011. Turnover for the year was reported at HK\$409.4 million, similar to the result of last year. Strategic reorganisation of certain clinic business in Mainland China was carried out to reduce operating costs and allow the management focusing on the majority of the well performing operations in Hong Kong and Manila.

Manufacturing

The financial tsunami coupled with a shortage of skilled labour, especially in the casting sector in the southern part of Mainland China in early 2010, caused a slowdown in production of Imperial Bathroom Products Limited ("Imperial"), the Group's sanitaryware unit. However, with the situation gradually improving in the second half of 2010, Imperial resumed to deliver a positive result during the year.

Securities Investment

During the year, the Group recorded a net profit of HK\$14.9 million for its investment in securities, comprising interest and dividend income, as well as gain on disposal of certain unlisted equity securities.

As at 31 March 2011, the Group had 10,265,500 shares in Sino-Ocean Land Holdings Limited. The investment is classified as available-for-sale financial asset.

Construction

Hanison Construction Holdings Limited (“Hanison”), the Group’s 49%-owned associated company engaging primarily in construction business, interior and renovation business, supply and installation of building materials, and property investment and development, delivered a positive performance and recorded an increase in profit from HK\$109.2 million last year to HK\$156.0 million this year. This favourable result was mainly attributable to the gain on change in fair value of investment properties and recognition of profit from sales of the remaining units of One LaSalle, a 50%-owned luxury low-rise residential development in Kowloon Tong. Despite the fact that market competition remains keen, Hanison will continue to control cost and identify businesses with good potential. During the year, Sau Mau Ping South Estate, a construction project of Hanison, received a Grand Award of the Green Building Award 2010, jointly organised by the Hong Kong Green Building Council and the Professional Green Building Council, under the New Buildings Category — Hong Kong for residential project. This award and the awards Hanison have received throughout the years serve to recognise Hanison’s commitment to its core businesses.

HUMAN RESOURCES

As at 31 March 2011, the Group had a total of 3,268 employees in Hong Kong, Mainland China and overseas. In view of its business diversification and expansion in new markets, the Group revisited and updated its vision, mission and values during the year to ensure that its corporate objectives and directions are accurately captured and coherently conveyed to all staff. The move would also help strengthen the Group’s employer brand.

The Group continued to adopt best practices in human resources management to attract, develop and retain talents. An account management system was launched to allow human resources account managers to gain a more in-depth understanding of the needs of various business units, making it easier for them to find the right person for the right job. In May 2011, as a result of a candidate experience survey using “mystery shopper” approach conducted by HR Magazine, the Group won the award of “Best Performer in e-Recruitment 2011” for its outstanding online recruitment system.

To ensure leadership continuity, the Group cascaded the succession planning and talent review process to business unit level so as to identify and develop high-potential employees throughout the Group. A series of competency-based workshops, such as on coaching, influencing skills and supervisory management, was also designed to equip employees with the right skills to achieve business objectives.

On talent retention, the Group is committed to enhancing its total rewards and promoting employee well-being. During the year, a 5-day work week was introduced and the medical scheme was upgraded. A series of seminars under the theme of “Creating a Happy Workforce” were organised and a caring programme was also launched to provide comprehensive on-boarding support to new recruits at senior staff level.

CORPORATE SOCIAL RESPONSIBILITY

The Group has been active in reaching out to the needy and serving the community. During the year, its corporate volunteer team HKR Care & Share organised a number of events to bring joys and love to the less fortunate, focusing on the needs of children.

In recognition of the Group's continued contribution to the community, the Hong Kong Council of Social Service in March 2011 awarded the Group the "Caring Company" logo for the sixth consecutive year. The Social Welfare Department also awarded the Group the "Gold Award for Volunteer Service" in December 2010.

INFORMATION TECHNOLOGY

The Group continued to enhance its competitiveness and operational efficiency through utilisation of information technology during the year.

In April 2011, the Group's unwired defect tracking system, won the "Certificate of Merit" in the "Hong Kong ICT Awards 2011" organised by Hong Kong Wireless Technology Industry Association and the Hong Kong Productivity Council. The system, which runs on the latest handheld devices with touch-screen technology, would enable the inspectors of a property developer to mark up defects, take photos and draw on the floor plan off-line on site as these devices would synchronise with the office system when a wireless connection is available.

The Group also won an award for its online recruitment system as mentioned under the human resources section above. Meanwhile, the Group is in the course of launching the eMarketing system and event management system which will facilitate the design, update of web contents, and provide an effective and affordable way to communicate with customers and other target audience. The systems also allow participants of events organised by the Group to submit their entries and register on-line.

The Group will continue to enhance the commitment control and contractors pre-qualification workflow system to cater for new acquisition and business development. This new workflow system will be extended to include an automation of the tendering procedure and will help minimise the manual processing time.

OUTLOOK

Barring unforeseen circumstances, both the global and local economies are on their long-term paths to recovery. The Company remains cautiously optimistic about the economic outlook in Asia and the healthy development of the Hong Kong property market, notwithstanding short-term volatility following the introduction of new tightening measures by the Government. The low interest rate, abundant liquidity, improved job market, limited supply of residential flats and solid demand for housing would continue to contribute to a vibrant market.

On consolidating its strong foothold in Hong Kong, which remains the base of operations, the Company would be leveraging on its combined expertise in property development and investment, hospitality management and healthcare service provision to capture, and where appropriate create, new opportunities that will allow the Group to further develop, diversify, and expand in Asia.

The Company will also strengthen its communications with all stakeholders, in particular the investment community, so as to enhance the Group's transparency and to ensure that the Group's strength and values, as well as its directions, which are known and appreciated by the market.

FINANCIAL REVIEW

Shareholders' Funds

As at 31 March 2011, the shareholders' funds of the Group increased by HK\$1,787.4 million to HK\$13,571.7 million (2010: HK\$11,784.3 million (restated)). The increase was mainly due to an upward fair value revaluation of investment properties, disposal of certain investment properties and profit contribution from operating units. The overall gross profit margin for the Group was 28.5% (2010: 28.1%).

Major cash flows to/from investing activities

During the year, the Group acquired two residential investment properties located in Tokyo, Japan for a total consideration of HK\$693.0 million. The Group also made an investment of HK\$331.1 million in a property development project in Thailand, in which the Group has a 49% interest. In Hong Kong, the Group also acquired an industrial building located in Tsuen Wan at a total consideration of HK\$140.0 million.

In addition, Tung Chung Station Development Company Limited, in which the Group has 31% interest, repaid HK\$86.8 million shareholders' loan to the Group during the year.

Major cash flows from operating activities

The sale of residential units located in Discovery Bay, Hong Kong and that of The Sukhothai Residences in Bangkok, Thailand contributed approximately HK\$36.6 million and HK\$2.8 million cash respectively to the Group during the year.

During the year, disposal of the 50% interest in Discovery Park Shopping Centre, Tsuen Wan was completed and brought HK\$1,372.3 million cash to the Group.

The Group also sold certain residential investment properties located in Discovery Bay and other areas of Hong Kong that contributed HK\$92.8 million cash to the Group. In addition, the sales of Chelsea Residence in Shanghai, the PRC, brought HK\$17.6 million cash to the Group.

All the investment properties of the Group generated approximately HK\$266.4 million operating cash during the year.

Major cash flows to financing activities

On 26 April 2010, the Group fully redeemed its zero coupon convertible bonds due 2010 (the "Bonds") in the principal amount of HK\$647.0 million for a redemption price of HK\$834.3 million as a result of the maturity of the Bonds.

Financial Liquidity

As at 31 March 2011, the Group had total cash and securities investment of HK\$2,590.4 million (2010: HK\$2,527.5 million) whilst total bank borrowings and other loans were HK\$3,523.1 million (2010: HK\$1,570.6 million). The major changes in bank borrowings and other loans were reflected in the redemption of the Bonds, capitalisation of certain development projects and acquisitions located in Hong Kong, Thailand and Japan.

Gearing

The Group's gearing ratio maintained at a level of 8.4% (2010: 2.4%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2011.

Banking Facilities

As at 31 March 2011, the Group had adequate internal cash and banking facilities, both secured and unsecured, to finance its development projects and operations. As at 31 March 2011, the unutilised credit facilities stood at approximately HK\$3,420.3 million (2010: HK\$5,141.1 million).

The maturity profile of bank borrowings and other loans were 43.2% (2010: 10.8% (restated)) falling within one year, 47.7% (2010: nil) falling between one to two years, and 9.1% (2010: 89.2% (restated)) falling between two to five years as at 31 March 2011.

Treasury Policy

The Group has centralized treasury functions and adopted a conservative approach for its treasury management. With majority of assets and liabilities denominated in HK dollars and US dollars, the Group has limited exposure to foreign currencies. To manage foreign currency exposure in certain investments overseas, the Group has maintained naturally hedged positions and made currency swap arrangements. The Group's banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short to medium term borrowings when appropriate and necessary.

It is the policy of the Group to restrict the use of financial derivatives for speculative purpose.

Pledge of Assets

As at 31 March 2011, the Group had pledged property, plant and equipment with a carrying value of HK\$9.2 million (2010: HK\$9.1 million) and bank deposits of HK\$2.9 million (2010: HK\$59.3 million) to secure banking facilities granted to the Group. No property under development (2010: HK\$104.9 million) was pledged for the aforesaid purpose as at 31 March 2011.

National Asset Limited, the Company's wholly owned subsidiary, had subordinated an inter-company debt due from one of its fellow subsidiaries in the amount of HK\$40.2 million (2010: HK\$35.6 million) as at 31 March 2011 to secure banking facilities granted to that particular subsidiary.

HKR Asia-Pacific Pte Ltd, Beaufort Holdings Limited and Sathorn Park Co Ltd, the Company's subsidiaries, had also subordinated certain inter-company debts due from one of their fellow subsidiaries respectively in the amount of HK\$16.9 million (2010: nil), HK\$273.6 million (2010: nil) and HK\$176.0 million (2010: nil) as at 31 March 2011 to secure banking facilities granted to that particular subsidiary.

Contingent Liabilities

The Group's contingent liabilities relating to a corporate guarantee given, to the extent of the Group's proportionate share, in respect of banking facility granted to an investee company, increased by HK\$6.9 million to HK\$160.4 million as at 31 March 2011 (2010: HK\$153.5 million).

Saved as the aforesaid disclosure, the Group did not have other contingent liabilities as at 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

As mentioned above the Company has fully redeemed the Bonds in April 2011. The redeemed Bonds were cancelled and de-listed from the Stock Exchange automatically.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules on the Stock Exchange except for certain deviations from the code provisions A.2.1 (division of responsibilities between the chairman and chief executive officer be clearly established and set out in writing), A.4.1 (non-executive directors be appointed for a specific term). Since the issue of the Company's interim report for the six months ended 30 September 2010, there has been no other deviation from the CG Code.

The considered reasons for deviations and details of the Company's compliance with the CG Code are set out in the corporate governance report contained in the annual report 2010/2011 of the Company to be published shortly.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the year ended 31 March 2011 have been reviewed by the audit committee of the Company. In addition, the figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2011 as set out in the preliminary results announcement have been agreed by the Group's independent auditor to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2011.

PROPOSED ADOPTION OF THE 2011 SHARE OPTION SCHEME

The Board of the Company has passed a conditional resolution to early terminate the Company's existing share option scheme (the "2002 Scheme") which was adopted on 3 January 2002 and will expire on 4 January 2012. The early termination of the 2002 Scheme is conditional upon the passing of an ordinary resolution by shareholders of the Company at the 2011 AGM to approve the adoption of a new share option scheme (the "2011 Scheme") as proposed by the Board. Details of the proposed 2011 Scheme will be set out in a circular, together with the notice of 2011 AGM for despatching to the shareholders of the Company in due course.

CHANGE OF COMPANY SECRETARY

The Board announces to have accepted the resignation from Mr LO Tai On (“Mr LO”) as the company secretary of the Company with immediate effect from the conclusion of the board meeting held on 22 June 2011. Mr LO has confirmed that he has no disagreement with the Board and there is no matter which needs to be brought to the attention of the shareholders of the Company in respect of his resignation.

The Board also announces that Ms MAK Sau Ching (“Ms MAK”) has been appointed as the company secretary of the Company with effect from 22 June 2011. Ms MAK is currently the assistant general manager in charge of the company secretarial and legal department of the Company. She is also an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

The Board would like to express its appreciation to Mr LO for his valuable contribution to the Company during his tenure of service.

By order of the Board
HKR International Limited
CHA Mou Zing Victor
Deputy Chairman & Managing Director

Hong Kong, 22 June 2011

As at the date of this announcement, the Board comprises:

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHA Yiu Chung Benjamin

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Mr CHEUNG Tseung Ming

Mr CHEUNG Wing Lam Linus

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Ms HO Pak Ching Loretta

Dr QIN Xiao

** Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong*