香港興業國際集團有限公司
**HKR International Limited**

*(Incorporated in the Cayman Islands with limited liability and registered under the Companies Ordinance of Hong Kong)*

**(Stock Code: 00480)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

## RESULTS

The Board of Directors (the "Board") of HKR International Limited (the "Company") announces the audited final results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017.

The Group's turnover for continuing operations for the year amounted to HK$2,234.1 million, representing a decrease of 15.6% compared to HK$2,647.9 million last year. Profits attributable to shareholders amounting to HK$823.9 million showed an increase of 5.1% as compared to HK$783.9 million last year. The basic earnings per share were HK61.0 cents for the year as compared to HK58.1 cents last year.

## DIVIDEND

The Board have recommended the declaration of a final dividend of HK7 cents per share for the year ended 31 March 2017 (2016: Nil) to the shareholders whose names appear on the registers of members of the Company on 30 August 2017. The proposed final dividend will be paid on 13 September 2017 following approval at 2017 annual general meeting of the Company to be held on 23 August 2017 ("2017 AGM"). The final dividend represents the total dividend payable by the Company for the year ended 31 March 2017 (2016: an interim dividend by distribution in specie of all shares held in Hanison Construction Holdings Limited paid in November 2015 represented the total dividend paid by the Company for the year ended 31 March 2016).

## CLOSURE OF REGISTERS

The main and branch registers of members of the Company will be closed from 18 to 23 August 2017 (both days inclusive) and on 29 and 30 August 2017 for the 2017 AGM and the final dividend respectively. During the periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2017 AGM, and entitled for the final dividend for the year ended 31 March 2017, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August and 28 August 2017 respectively. The notice of the 2017 AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and despatched to the shareholders of the Company in due course.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*FOR THE YEAR ENDED 31 MARCH 2017*

| | *NOTES* | **2017** *HK$'M* | 2016 *HK$'M* |
|---|---|---|---|
| **Continuing operations** | | | |
| Turnover | *3* | **2,234.1** | 2,647.9 |
| Cost of sales | | **(1,546.4)** | (1,787.7) |
| Gross profit | | **687.7** | 860.2 |
| Other income | | **124.2** | 142.7 |
| Administrative expenses | | **(430.1)** | (407.0) |
| Other gains and losses | *4* | **10.5** | (25.1) |
| Change in fair value of investment properties | | | |
| Realised gains on disposals | | **–** | 1.4 |
| Unrealised gains | | **623.3** | 518.9 |
| Finance costs | *5* | **(191.7)** | (168.3) |
| Share of results of associates | | **(0.2)** | (2.4) |
| Share of results of joint ventures | | **260.6** | 159.0 |
| Profit before taxation | *6* | **1,084.3** | 1,079.4 |
| Taxation | *7* | **(95.8)** | (126.0) |
| Profit for the year from continuing operations | | **988.5** | 953.4 |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations | *8* | **–** | 189.3 |
| Profit for the year | | **988.5** | 1,142.7 |

| | NOTES | **2017** HK$'M | 2016 HK$'M |
|---|---|---|---|
| Profit for the year attributable to owners of the Company | | | |
| For continuing operations | 3 | **823.9** | 698.0 |
| For discontinued operations | | **–** | 85.9 |
| Profit for the year attributable to owners of the Company | | **823.9** | 783.9 |
| Profit for the year attributable to non-controlling interests | | | |
| For continuing operations | | **164.6** | 255.4 |
| For discontinued operations | | **–** | 103.4 |
| Profit for the year attributable to non-controlling interests | | **164.6** | 358.8 |
| **For continuing and discontinued operations** | | | |
| Earnings per share | 10 | | |
| Basic (HK cents) | | **61.0** | 58.1 |
| Diluted (HK cents) | | **61.0** | N/A |
| **For continuing operations** | | | |
| Earnings per share | 10 | | |
| Basic (HK cents) | | **61.0** | 51.7 |
| Diluted (HK cents) | | **61.0** | N/A |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2017*

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Profit for the year | **988.5** | 1,142.7 |
| Other comprehensive (expense) income: | | |
| *Items that may be subsequently reclassified to profit or loss* | | |
| Exchange differences arising from foreign joint ventures | **(379.9)** | (304.1) |
| Exchange differences arising from translation of other foreign operations | **(126.0)** | (146.1) |
| Release of exchange reserve upon deregistration/disposal of a foreign associate and foreign subsidiaries | **–** | (4.1) |
| Available-for-sale financial assets: | | |
| Fair value changes during the year | **0.4** | (2.1) |
| Reclassified to profit or loss upon disposal | **(2.2)** | (0.4) |
| Deferred tax arising from fair value changes | **(0.3)** | 0.6 |
| | **(508.0)** | (456.2) |
| *Items that will not be reclassified to profit or loss* | | |
| Revaluation gain on property, plant and equipment upon transfer to investment properties | **–** | 21.7 |
| Share of asset revaluation reserve of a joint venture | **–** | 0.2 |
| | **–** | 21.9 |
| Other comprehensive expense for the year (net of tax) | **(508.0)** | (434.3) |
| Total comprehensive income for the year | **480.5** | 708.4 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **315.9** | 342.0 |
| Non-controlling interests | **164.6** | 366.4 |
| | **480.5** | 708.4 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 MARCH 2017*

| | NOTES | 2017 HK$'M | 2016 HK$'M |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | | **8,688.3** | 7,654.7 |
| Property, plant and equipment | | **2,181.9** | 2,085.4 |
| Prepaid lease payments | | **–** | 0.1 |
| Interests in associates | | **–** | – |
| Interests in joint ventures | | **8,364.2** | 7,299.8 |
| Held-to-maturity investments | | **107.6** | 146.2 |
| Available-for-sale financial assets | | **87.9** | 98.8 |
| Other assets | | **144.3** | 136.5 |
| Deferred tax assets | | **3.1** | 3.1 |
| | | **19,577.3** | 17,424.6 |
| Current assets | | | |
| Inventories | | **47.6** | 49.9 |
| Properties held for sale | | **1,161.9** | 1,557.6 |
| Properties held for/under development for sale | | **4,755.5** | 3,111.5 |
| Trade receivables | *11* | **32.7** | 40.0 |
| Deposits, prepayments and other financial assets | | **609.1** | 629.7 |
| Amounts due from associates | | **8.1** | 19.0 |
| Loan to a joint venture | | **665.3** | – |
| Amounts due from joint ventures | | **166.6** | 145.5 |
| Taxation recoverable | | **9.9** | 14.2 |
| Held-to-maturity investments | | **48.3** | 56.9 |
| Bank balances and cash | | **2,548.3** | 4,718.0 |
| | | **10,053.3** | 10,342.3 |
| Current liabilities | | | |
| Trade payables, provision and accrued charges | *12* | **879.6** | 911.5 |
| Deposits received and other financial liabilities | | **800.8** | 231.9 |
| Taxation payable | | **75.9** | 79.6 |
| Bank and other loans due within one year | | **1,564.4** | 351.2 |
| Other liabilities due within one year | | **0.7** | 0.5 |
| | | **3,321.4** | 1,574.7 |
| Net current assets | | **6,731.9** | 8,767.6 |
| Total assets less current liabilities | | **26,309.2** | 26,192.2 |

| | NOTE | **2017** | 2016 |
|---|---|---|---|
| | | ***HK$'M*** | *HK$'M* |
| Non-current liabilities | | | |
| Bank and other loans due after one year | | **6,229.5** | 6,614.9 |
| Other liabilities due after one year | | **1,051.6** | 1,062.0 |
| Deferred tax liabilities | | **274.5** | 255.8 |
| | | **7,555.6** | 7,932.7 |
| | | **18,753.6** | 18,259.5 |
| Capital and reserves | | | |
| Share capital | *13* | **337.5** | 337.5 |
| Reserves | | **16,048.3** | 15,718.8 |
| Equity attributable to owners of the Company | | **16,385.8** | 16,056.3 |
| Non-controlling interests | | **2,367.8** | 2,203.2 |
| | | **18,753.6** | 18,259.5 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 MARCH 2017*

## 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 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 that are measured at fair values at the end of each reporting period.

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

The Group has applied for the following amendments to HKFRSs issued by the HKICPA.

| | |
|---|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012–2014 cycle |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations |
| Amendments to HKAS 1 | Disclosure initiative |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants |

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**Amendments to HKAS 1 "Disclosure initiative"**

The Group has applied the amendments to HKAS 1 for the first time in the current year. The amendments to HKAS 1 clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group has applied these amendments retrospectively. The Group's previous share of exchange differences of joint ventures resulted from the translation to Hong Kong dollars, which is the presentation currency of the relevant joint ventures have been re-presented as the exchange differences arising from foreign joint ventures.

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 | Financial instruments[1] |
| HKFRS 15 | Revenue from contracts with customers (and the related amendments)[1] |
| HKFRS 16 | Leases[2] |
| HK(IFRIC) – Int 22 | Foreign currency transactions and advance consideration[1] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2014–2016 cycle[3] |
| Amendments to HKFRS 2 | Classification and measurement of share-based payment transactions[1] |
| Amendments to HKFRS 4 | Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture[4] |
| Amendments to HKAS 7 | Disclosure initiative[5] |
| Amendments to HKAS 12 | Recognition of deferred tax assets for unrealised losses[5] |
| Amendments to HKAS 40 | Transfers of investment property[1] |

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017.

**HKFRS 9 "Financial instruments"**

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets: (a) the Group's available-for-sale financial assets will either be measured at fair value through profit or loss or FVTOCI depending on further assessment; (b) the Group's held-to-maturity investments and financial assets classified as loans and receivables under HKAS 39 will be subject to further assessment as to whether they were held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

It should be noted that the above assessments were made based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 April 2018 as the Group does not intend to early apply the standard, the assessment of the potential impact is subject to change.

**HKFRS 15 "Revenue from contracts with customers"**

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and more disclosures relating to revenue required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

**HKFRS 16 "Leases"**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised assets for prepaid lease payment for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they are owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group as lessee has non-cancellable operating lease commitments of HK$35.5 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

**Amendment to HKAS 7 "Disclosure Initiative"**

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

The amendments apply prospectively to the Group for annual period beginning on 1 April 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

**Amendments to HKAS 40 "Transfers of investment property"**

The amendments to HKAS 40 clarify that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred.

The amendments also re-characterised the list of circumstances as a non-exhaustive list of examples to allow for other circumstances to be accounted for as a transfer, as long as that change is supported by appropriate evidence as follows:

(a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; and

(d) inception of an operating lease to another party, for a transfer from inventories to investment property.

The amendments require the entity to apply retrospectively. The directors of the Company anticipate that the application of the amendments may not have significant impact on the Group's transfers of investment properties.

The directors of the Company anticipate that the application of the other amendments to HKFRSs and the new interpretation will have no material impact on the results and the financial position of the Group.

## 3. TURNOVER AND SEGMENT INFORMATION

The Group is organised into five operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations and healthcare (provision of medical and dental care services, comprising a cancer centre, diabetic and cardiovascular centres, an imaging facility, dental clinics, Chinese medicine outlets and multi-specialty outpatient centres). Each of the operating divisions represents an operating and reportable segment.

During the year ended 31 March 2016, in addition to the above five operating and reportable segments, Hanison Construction Holdings Limited ("Hanison") and its subsidiaries (collectively referred to as "Hanison group"), which is engaged in construction, interior and renovation works, supply and installation of building materials, property investment and development, provision of property agency and management services and sales of health products, was considered as an operating segment and was presented as discontinued operations of the Group. The segment information reported below does not include any amounts for those discontinued operations which are described in more details in Note 8.

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segments for the year:

**Continuing operations**

| | **Property development** *HK$'M* | **Property investment** *HK$'M* | **Services provided** *HK$'M* | **Hotel operations** *HK$'M* | **Healthcare** *HK$'M* | **Total** *HK$'M* |
|---|---|---|---|---|---|---|
| **For the year ended 31 March 2017** | | | | | | |
| **TURNOVER** | | | | | | |
| Segment revenue – sales to external customers derived by the Group, an associate and a joint venture | **814.5** | **519.1** | **473.7** | **306.8** | **275.7** | **2,389.8** |
| Excluding turnover of an associate and a joint venture | **(0.2)** | **(155.5)** | **–** | **–** | **–** | **(155.7)** |
| Consolidated turnover, as reported | **814.3** | **363.6** | **473.7** | **306.8** | **275.7** | **2,234.1** |
| **RESULTS** | | | | | | |
| Segment results – total realised results of the Group, associates and joint ventures *(note a)* | **88.2** | **(53.9)** | **74.2** | **9.4** | **(16.6)** | **101.3** |
| Excluding realised results of associates and joint ventures not shared by the Group | **18.1** | **122.7** | **–** | **–** | **–** | **140.8** |
| Results attributable to the Group | **106.3** | **68.8** | **74.2** | **9.4** | **(16.6)** | **242.1** |
| Unallocated other income | | | | | | **10.4** |
| Unallocated corporate expenses | | | | | | **(132.6)** |
| Finance costs and corporate level exchange difference | | | | | | **(145.5)** |
| Net unrealised gains on fair value change of investment properties *(note b)* | | | | | | **613.6** |
| Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax | | | | | | **400.5** |
| Profit for the year | | | | | | **988.5** |
| Non-controlling shareholders' share of profit for the year | | | | | | **(164.6)** |
| Profit for the year attributable to owners of the Company | | | | | | **823.9** |

| | Property development HK$'M | Property investment HK$'M | Services provided HK$'M | Hotel operations HK$'M | Healthcare HK$'M | Total HK$'M |
|---|---|---|---|---|---|---|
| For the year ended 31 March 2016 | | | | | | |
| **TURNOVER** | | | | | | |
| Segment revenue – sales to external customers derived by the Group and an associate | 1,247.4 | 323.2 | 494.0 | 304.8 | 278.7 | 2,648.1 |
| Excluding turnover of an associate | (0.2) | – | – | – | – | (0.2) |
| Consolidated turnover, as reported | 1,247.2 | 323.2 | 494.0 | 304.8 | 278.7 | 2,647.9 |
| **RESULTS** | | | | | | |
| Segment results – total realised results of the Group, associates and joint ventures *(note a)* | 252.1 | 68.8 | 73.2 | 11.4 | (14.5) | 391.0 |
| Excluding realised results of associates and joint ventures not shared by the Group | 13.3 | 48.0 | – | – | – | 61.3 |
| Results attributable to the Group | 265.4 | 116.8 | 73.2 | 11.4 | (14.5) | 452.3 |
| Unallocated other income | | | | | | 11.4 |
| Unallocated corporate expenses | | | | | | (126.5) |
| Finance costs and corporate level exchange difference | | | | | | (108.3) |
| Net unrealised gains on fair value change of investment properties *(note b)* | | | | | | 510.6 |
| Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax | | | | | | 213.9 |
| Profit for the year | | | | | | 953.4 |
| Non-controlling shareholders' share of profit for the year | | | | | | (255.4) |
| Profit for the year attributable to owners of the Company | | | | | | 698.0 |

*Notes:*

(a) The segment results of the Group include the entire results of associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.

(b) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2017 of HK$613.6 million (2016: HK$510.6 million) represented the unrealised gains on fair value change of investment properties of HK$623.3 million (2016: HK$518.9 million) net of deferred tax charge arising from change in fair value of HK$9.7 million (2016: HK$8.3 million).

Other than including the entire revenue and entire results of associates and joint ventures as segment revenue and segment results respectively, the accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of unallocated other income, unallocated corporate expenses, finance costs and corporate level exchange difference, net unrealised gains on fair value change of investment properties and net unrealised gains on fair value change of investment properties attributable to the Group's interests in a joint venture, net of deferred tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

No analysis of the Group's assets and liabilities by operating and reportable 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**

**Continuing operations**

| | Property development *HK$'M* | Property investment *HK$'M* | Services provided *HK$'M* | Hotel operations *HK$'M* | Healthcare *HK$'M* | Unallocated amounts *HK$'M* | Total *HK$'M* |
|---|---|---|---|---|---|---|---|
| **For the year ended 31 March 2017** | | | | | | | |
| Amounts included in the measure of segment profit or loss: | | | | | | | |
| Revenue from inter-segment sales* | – | (0.8) | (10.7) | (0.1) | – | – | (11.6) |
| Depreciation | 12.1 | 12.8 | 54.2 | 58.0 | 5.8 | 5.5 | 148.4 |
| Release of prepaid lease payments | – | – | 0.1 | – | – | – | 0.1 |
| Net allowance for doubtful debts | – | – | – | – | 0.5 | – | 0.5 |
| Net gains from financial assets | – | – | – | – | – | (2.2) | (2.2) |
| Loss (gain) on disposal of property, plant and equipment | 0.3 | – | (18.8) | (0.1) | – | – | (18.6) |
| Interest income | (20.4) | (7.3) | – | (4.4) | – | (26.4) | (58.5) |
| Finance costs | 2.1 | 21.1 | – | – | – | 168.5 | 191.7 |
| Income tax charge | 42.8 | 27.9 | 11.0 | 7.3 | 2.7 | 4.1 | 95.8 |
| Share of results of associates | 0.2 | – | – | – | – | – | 0.2 |
| Share of results of joint ventures | 17.3 | 122.6 | – | – | – | (400.5) | (260.6) |

| | Property development HK$'M | Property investment HK$'M | Services provided HK$'M | Hotel operations HK$'M | Healthcare HK$'M | Unallocated amounts HK$'M | Total HK$'M |
|---|---|---|---|---|---|---|---|
| For the year ended 31 March 2016 | | | | | | | |
| Amounts included in the measure of segment profit or loss: | | | | | | | |
| Revenue from inter-segment sales* | – | (0.8) | (10.5) | (0.1) | – | – | (11.4) |
| Depreciation | 6.8 | 13.7 | 54.2 | 62.1 | 7.0 | 5.7 | 149.5 |
| Release of prepaid lease payments | – | – | 0.3 | – | – | – | 0.3 |
| Impairment loss reversed on property, plant and equipment and other receivables | – | – | – | – | (1.0) | – | (1.0) |
| Net allowance for doubtful debts | – | – | 0.1 | – | 0.2 | – | 0.3 |
| Net gains from financial assets | – | – | – | – | – | (0.4) | (0.4) |
| Loss on disposal of property, plant and equipment | – | 0.3 | 0.2 | 3.4 | 0.1 | – | 4.0 |
| Realised gains on disposal of investment properties | (1.4) | – | – | – | – | – | (1.4) |
| Interest income | (16.4) | (9.1) | – | (3.1) | – | (41.3) | (69.9) |
| Finance costs | 0.8 | 24.6 | – | – | – | 142.9 | 168.3 |
| Income tax charge | 74.5 | 27.6 | 10.1 | 6.8 | 2.9 | 4.1 | 126.0 |
| Share of results of associates | 0.2 | 2.2 | – | – | – | – | 2.4 |
| Share of results of joint ventures | 12.5 | 42.4 | – | – | – | (213.9) | (159.0) |

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions, in which the pricing was determined 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 continuing operations from its major products and services:

| | **2017** ***HK$'M*** | 2016 *HK$'M* |
|---|---|---|
| Sales of properties | **810.6** | 1,243.7 |
| Rental income | **339.6** | 301.6 |
| Hotel revenue | **306.8** | 304.8 |
| Provision of healthcare services | **275.7** | 278.7 |
| Other services rendered | **501.4** | 519.1 |
| | **2,234.1** | 2,647.9 |

**Geographical information**

For each of the years ended 31 March 2017 and 2016, the Group's continuing operations are located in Hong Kong, mainland China and South East Asia and Japan.

The Group's revenue from external customers from continuing operations based on the location of properties and goods delivered or services rendered, and location of properties in the case of rental income, and information about its non-current assets by geographical location of the assets are detailed below:

| | **Revenue from external customers** | | **Non-current assets** *(note a)* | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | ***HK$'M*** | *HK$'M* | ***HK$'M*** | *HK$'M* |
| Hong Kong | **1,325.4** | 1,915.1 | **11,229.8** | 9,295.3 |
| Mainland China | **443.3** | 340.1 | **6,487.4** | 6,368.2 |
| South East Asia and Japan *(note b)* | **465.4** | 392.7 | **1,517.2** | 1,376.5 |
| | **2,234.1** | 2,647.9 | **19,234.4** | 17,040.0 |

*Notes*:

(a) Non-current assets excluded financial instruments and deferred tax assets.

(b) Revenue from countries in this category are individually less than 10% of the Group's revenue.

**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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Continuing operations** | | |
| Other (losses) gains include the following: | | |
| Net foreign exchange loss | **(10.2)** | (26.3) |
| Gain (loss) on disposal of property, plant and equipment | **18.6** | (4.0) |
| Gain on disposal of an associate and a joint venture | **–** | 2.3 |
| Impairment loss reversed on property, plant and equipment and other receivables | **–** | 1.0 |
| Net allowance for doubtful debts | **(0.5)** | (0.3) |
| Others | **2.6** | 2.2 |
| | **10.5** | (25.1) |

## 5. FINANCE COSTS

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Continuing operations** | | |
| Interest on | | |
| Bank and other loans | **151.0** | 125.9 |
| Advance from a non-controlling shareholder | **9.0** | 6.7 |
| | **160.0** | 132.6 |
| Less: Amounts included in the cost of properties under development for sale | **(9.0)** | (6.7) |
| | **151.0** | 125.9 |
| Bank and other loans arrangement fees | **40.7** | 42.4 |
| | **191.7** | 168.3 |

Borrowing costs capitalised arose on specific borrowings to finance the properties under development for sale for both years.

## 6. PROFIT BEFORE TAXATION

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Continuing operations** | | |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Auditor's remuneration | **8.3** | 8.7 |
| Cost of inventories and developed properties recognised as an expense | **601.1** | 666.3 |
| Operating lease rentals in respect of land and buildings | **34.4** | 35.7 |
| Staff costs incurred (including directors' remuneration) | **636.4** | 602.8 |
| Release of prepaid lease payments | **0.1** | 0.3 |
| Depreciation | **148.4** | 149.5 |
| Gross rental income under operating leases on | | |
| Investment properties | **(331.7)** | (294.6) |
| Other properties | **(7.9)** | (7.0) |
| Less: Outgoings | **39.4** | 44.0 |
| | **(300.2)** | (257.6) |

## 7. TAXATION

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| **Continuing operations** | | |
| The taxation charge comprises: | | |
| Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year | **41.3** | 92.9 |
| Overseas tax calculated at rates prevailing in respective jurisdictions | **31.9** | 9.7 |
| | **73.2** | 102.6 |
| Deferred taxation for current year *(note)* | **22.6** | 23.4 |
| | **95.8** | 126.0 |

*Note*: An analysis of deferred taxation for the year is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties | **9.7** | 8.3 |
| Deferred tax credit on disposal of investment properties | **–** | (3.8) |
| Others | **12.9** | 18.9 |
| | **22.6** | 23.4 |

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

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

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

## 8. DISCONTINUED OPERATIONS

Pursuant to a resolution of the board of directors of the Company on 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of its subsidiary, Hanison to the Company's shareholders. The distribution was made by way of allocating 1.21639 Hanison shares for every 5 shares held by the Company's shareholders. Upon the distribution, the Group held no interest in Hanison group and Hanison group ceased to be subsidiaries of the Company. Details of the distribution in specie had been disclosed in the announcement of the Company dated 13 October 2015.

The consolidated profit for the period from 1 April 2015 to 3 November 2015 from discontinued operations was set out below.

| | For the period from 1 April 2015 to 3 November 2015 *HK$'M* |
|---|---|
| Turnover | 1,590.6 |
| Cost of sales | (1,347.2) |
| Gross profit | 243.4 |
| Other income | 2.0 |
| Administrative expenses | (114.3) |
| Other gains and losses | 0.4 |
| Change in fair value of investment properties | |
| Realised gains on disposals | 31.9 |
| Unrealised gains | 57.3 |
| Finance costs | (3.7) |
| Share of result of an associate | 0.1 |
| Share of results of joint ventures | (3.8) |
| Profit before taxation | 213.3 |
| Taxation | (24.0) |
| Profit for the period | 189.3 |
| Attributable to: | |
| Owners of the Company | 85.9 |
| Non-controlling interests | 103.4 |
| | 189.3 |

Profit for the period from 1 April 2015 to 3 November 2015 from discontinued operations had been arrived at after charging (crediting):

| | For the period from 1 April 2015 to 3 November 2015 *HK$'M* |
|---|---|
| Auditor's remuneration | 1.5 |
| Cost of inventories recognised as an expense | 126.2 |
| Contract costs recognised as expense in cost of sales | 1,189.0 |
| Staff costs incurred (including directors' remuneration) | 170.4 |
| Depreciation | 3.4 |
| Gross rental income under operating leases on investment properties | (13.1) |
| Less: Outgoings | 1.7 |
| | (11.4) |
| Expenses included in cost of contract work: | |
| Depreciation | 2.6 |
| Release of prepaid lease payments | 0.1 |
| Rentals under operating leases in respect of | |
| Plant and machinery | 5.0 |
| Others | 0.8 |

During the period from 1 April 2015 to 3 November 2015, Hanison group contributed to the Group's net operating cash inflows of HK$593.3 million, paid HK$963.1 million in respect of investing activities and received HK$638.3 million in respect of financing activities.

## 9. DIVIDENDS

| | **2017** ***HK$'M*** | 2016 *HK$'M* |
|---|---|---|
| No final dividend paid for the financial year ended 31 March 2016 (2016: for the financial year ended 31 March 2015 of HK7 cents per share) | – | 94.5 |
| Interim dividend by way of distribution in specie of subsidiaries *(note)* | – | 914.1 |
| | – | 1,008.6 |
| Proposed final dividend for the financial year ended 31 March 2017 of HK7 cents per share (2016: no final dividend was proposed for the financial year ended 31 March 2016) | **94.5** | – |

*Note*: On 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of its subsidiary, Hanison to the Company's shareholders. The distribution was made by way of allocating 1.21639 Hanison shares for every 5 shares held by the Company's shareholders. The distribution in specie by the Company was recognised at the carrying amount of the net assets of Hanison group attributable to owners of the Company as the directors of the Company considered that Hanison was ultimately under the control of the same parties before and after the distribution.

## 10. EARNINGS PER SHARE

**For continuing operations**

The calculation of basic and diluted earnings per share for continuing operations attributable to owners of the Company is based on the earnings figures calculated as follows:

| | **2017** *HK$'M* | 2016 *HK$'M* |
|---|---|---|
| **Earnings** | | |
| Earnings for the purposes of calculating basic and diluted (2016: basic) earnings per share (Profit for the year attributable to owners of the Company) | **823.9** | 783.9 |
| Less: Profit for the year attributable to owners of the Company for discontinued operations | **–** | (85.9) |
| Earnings for the purposes of calculating basic and diluted (2016: basic) earnings per share for continuing operations (Profit for the year attributable to owners of the Company for continuing operations) | **823.9** | 698.0 |

| | **2017** | 2016 |
|---|---|---|
| **Number of shares** | | |
| Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share | **1,350,274,367** | 1,350,274,367 |
| Effect of dilutive potential ordinary share: Adjustment in relation to share options issued by the Company | **12,813** | |
| Number of ordinary shares in issue during the year for the purpose of calculating diluted earnings per share | **1,350,287,180** | |

No diluted earnings per share for continuing operations had been presented for the year ended 31 March 2016 because there were no potential ordinary shares outstanding from continuing operations during the year.

**For continuing and discontinued operations**

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

| | **2017** *HK$'M* | 2016 *HK$'M* |
|---|---|---|
| Earnings for the purposes of calculating basic and diluted (2016: basic) earnings per share (Profit for the year attributable to owners of the Company) | **823.9** | 783.9 |

The denominators used are the same as those detailed above for basic and diluted earnings per share for continuing operations.

**For discontinued operations**

For the year ended 31 March 2016, basic earnings per share for discontinued operations was HK6.4 cents, based on the profit for the year attributable to owners of the Company for discontinued operations of HK$85.9 million and the denominator used was the same as that detailed above for basic earnings per share for continuing operations.

## 11. TRADE RECEIVABLES

The credit periods allowed by the Group to its customers are dependent on the general practices in the industries concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Property rentals are receivable in advance. Payments for healthcare, clubs and hotel services are receivable on demand.

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Not yet due | **9.5** | 8.7 |
| Overdue: | | |
| 0–60 days | **18.9** | 28.4 |
| 61–90 days | **2.0** | 1.4 |
| Over 90 days | **2.3** | 1.5 |
| | **32.7** | 40.0 |

## 12. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK$251.5 million (2016: HK$114.1 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Not yet due | **129.3** | 79.1 |
| Overdue: | | |
| 0–60 days | **92.0** | 19.7 |
| 61–90 days | **0.8** | 1.4 |
| Over 90 days | **29.4** | 13.9 |
| | **251.5** | 114.1 |

## 13. SHARE CAPITAL

| | **2017 & 2016** | |
|---|---|---|
| | **Number of shares** | ***HK$'M*** |
| Ordinary shares of HK$0.25 each | | |
| Authorised: | | |
| At 1 April 2015, 31 March 2016 and 31 March 2017 | **2,000,000,000** | **500.0** |
| Issued and fully paid: | | |
| At 1 April 2015, 31 March 2016 and 31 March 2017 | **1,350,274,367** | **337.5** |

## BUSINESS REVIEW

Save as otherwise stated below, all projects and operations are 100% owned by the Group.

## PROPERTY DEVELOPMENT AND INVESTMENT

Property investment and development continue to be the Group's core business sectors. At every turn, we adhere to high standards of professionalism and quality, allowing us to create both value and revenue. A carefully-managed and diverse portfolio of investment properties in Hong Kong, mainland China and other parts of Asia provides steady sales and rental income.

### Hong Kong, Discovery Bay

The six remaining units at Positano were sold during the year. This generated proceeds of HK$176 million and total sales proceeds for the entire phase exceeded HK$2,600 million.

To further enhance facilities for residents, our subsidiary, Hong Kong Resort Company Limited, is upgrading the Discovery Bay bus terminus and the DB Plaza retail podium. Construction has commenced and is scheduled for completion in 2019. Meanwhile, the government is processing our application for permission to build new residential developments in Discovery Bay.

The Group holds a 50% interest in the Discovery Bay development.

### La Cresta, Sha Tin

La Cresta, a 50:50 joint venture development between the Group and Nan Fung Development Limited, consists of three high-end residential towers and a number of villas with a total gross floor area ("GFA") of approximately 12,500 square metres. The project obtained pre-sale consent approval in December 2016 and is expected to be completed by the end of 2017.

### 2GETHER, Tuen Mun

The residential development project 2GETHER comprises a tower of premium apartments and a retail podium with a total GFA of approximately 12,300 square metres. The project was launched in October 2016, and over 78% of the units were sold as at 31 March 2017. It is scheduled for completion at the end of 2017.

The Group owns a 75% interest in the development.

### Kap Pin Long Project, Sai Kung

The Kap Pin Long project, which comprises a luxurious house and garden with a total GFA of approximately 350 square metres, was completed in the second half of 2016.

**Tai Po Town Lots Nos. 223 and 229**

In November 2016, the Group was awarded tenders for two government sites in Tai Po for a consideration of close to HK$3,400 million. The land will be developed into a luxurious low-density residential development. It is scheduled to complete in 2021.

The project is a joint venture development between the Group and Hysan Development Company Limited. The Group owns a 40% interest in the development.

**DB Plaza and DB North Plaza, Discovery Bay**

As at 31 March 2017, DB Plaza and DB North Plaza continued to generate steady rental income and achieved respective occupancy rates of 95% and 93%.

The Group holds a 50% interest in both DB Plaza and DB North Plaza.

**CDW Building, Tsuen Wan**

Phase 1 of refurbishment works for CDW Building, which comprises 8½, a seven-storey retail podium, and office space on floors 10 to 17, was completed during the year. The response has been encouraging and nearly 90% of the enhanced floor area is under lease. The refurbishment and handover of the Phase 2 premises are expected to be completed in the first half of 2017.

**West Gate Tower, Cheung Sha Wan**

During the year, West Gate Tower achieved an average occupancy rate of 95%, generating stable rental income for the Group.

**Tuen Mun Central Square Public Carpark, Tuen Mun**

The 325 parking spaces in Tuen Mun Central Square continued to generate satisfactory rental income.

**Mainland China, HKRI Taikoo Hui, Shanghai**

HKRI Taikoo Hui is one of Shanghai's most prestigious and sought-after commercial properties. The complex has a total GFA of approximately 322,000 square metres, including two premium Grade A office towers (HKRI Centres One and Two), two boutique hotels and a serviced apartment building, and a high-end shopping mall with extensive parking facilities. The project met a key milestone when it received occupation permits for Phase 1, which includes the shopping mall and HKRI Centre One, in late August 2016. On 1 March 2017, the occupation permit for Phase 2, which covers HKRI Centre Two, was granted.

Multinational and key domestic tenants started to move into HKRI Centre One since late 2016. By the end of March 2017, the occupancy rate reached 66%, and the commitment rate reached 75%. At the same time, tenants began taking possession of their respective spaces in HKRI Centre Two from April 2017, which recorded a pre-commitment rate of more than 50%.

The shopping mall, which has a commitment rate exceeding 90%, held a soft opening celebration in early May 2017.

The Group holds a 50% interest in HKRI Taikoo Hui.

**City One, Jiaxing City, Zhejiang Province**

City One comprises 577 apartment units and 20 villas with a total GFA of approximately 83,000 square metres. As at 31 March 2017, 98% of units were sold.

**Riviera One, Jiaxing City, Zhejiang Province**

With a total GFA of approximately 102,000 square metres, Riviera One is a prime residential project adjacent to City One in Jiaxing City. Site construction works commenced in July 2016, after the statutory submission stage of the approval process was completed. This luxurious project will provide approximately 700 low-rise and high-rise apartment units. A pre-sale of first-batch units is scheduled to take place in the third quarter of 2017.

**Oasis One, Hangzhou, Zhejiang Province**

Situated in Zhejiang Hangzhou Future Sci-Tech City, Oasis One is a low-density residential project with a total GFA of approximately 61,600 square metres. Around 400 units, including low-rise apartments and villas, are planned for the site. Construction works began in May 2016, following the completion of the statutory submission stage of the approval process. A pre-sale of first-batch units kick-started in March 2017, and over 70% of the units were sold by the end of the month.

**The Exchange, Tianjin**

The Group owns 15% of The Exchange, an investment property in Tianjin with a total GFA of over 152,000 square metres. During the year, the complex's two office towers and Hotel Nikko Tianjin maintained occupancy rates of 93% and 66% respectively, and continued to generate stable rental income. The Exchange's mall reopened in December 2016 under the name of Heping Joy City – Tianjin, with an occupancy rate exceeding 85%. At present, it is a popular destination for young shoppers.

**Elite House, Shanghai**

This 30-storey residential building is located in Shanghai's Changning District, close to Zhongshan Park. It comprises 120 units and has a total GFA of approximately 21,700 square metres. The property achieved an occupancy rate of nearly 90% during the year, and the rental income remained stable. In the second half of 2017, it will be further upgraded and prepared for a strata title sale.

**Thailand, The Sukhothai Residences, Bangkok**

This luxury condominium tower, located on Sathorn Road, is a leader in Bangkok's high-end residential market. Over 95% of its 196 units have been sold and handed over.

**Wireless Road Project, Bangkok**

The Group's freehold land on Bangkok's Wireless Road covers a site area of approximately 12,600 square metres. Master planning is currently underway, and the Group holds a 49% interest in this project.

**Rama 3 Road Project, Yannawa District, Bangkok**

The project is located at Rama 3 Road by the Chaophraya River in the Bang Phongphang Subdistrict, which is part of Bangkok's Yannawa District, and will provide around 1,500 residential units. The design of the development is currently in progress and construction will start in 2018.

**Japan, Proud Roppongi, Tokyo**

The Group is working with the Nomura Real Estate Development Co., Ltd. to develop Proud Roppongi, a premium residential project at Roppongi 4-chome in Tokyo. Construction of the main building is underway and completion is expected by the end of 2017. A sale of the project was launched in May 2016 and 91% of the units were sold as at 31 March 2017.

The Group holds a 51% interest in the project.

**Niseko Project, Hokkaido**

The Group holds residential plots at Niseko, close to the Niseko Annupuri ski area in Hokkaido. The plots have a total site area of approximately 60,000 square metres and serve as a land bank.

**Investment properties, Tokyo**

In February 2017, the Group acquired a new investment property, Veneo Minami-Azabu, an en-bloc residential apartment building in Minato with four units. The property achieved an occupancy rate of 100% as at 31 March 2017. Also, three other properties owned by the Group in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally-located office building; and Souei Park Harajuku, an en-bloc residential apartment building in Shibuya, achieved respective occupancy rates of 92%, 100% and 92%.

## SERVICES PROVIDED

Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena are currently undergoing various upgrades to provide members and guests with enhanced facilities and services. Nonetheless, they showed satisfactory results during the year.

The Group's subsidiaries operate various transportation services in Discovery Bay, including ferry, land transport and tunnel services. Patronage of ferry services decreased during the year, especially after the temporary closure of the Discovery Bay bus terminus in late February 2017. However, use of the external bus service rose steadily, and tunnel throughput remained stable. Still, shortage in staff and rising labour costs pose considerable challenges to these services.

The Group's property management service companies in Discovery Bay, and elsewhere in Hong Kong, continued smooth operation during the year.

The Group holds a 50% interest in these Discovery Bay service providers.

## HOSPITALITY

### Hong Kong, Auberge Discovery Bay Hong Kong

Visitor arrivals had been sluggish in 2016, yet the figures started to pick up in 2017. Auberge Discovery Bay Hong Kong maintained an average occupancy rate of 78% throughout the year. The hotel also received several honours from the travel and leisure industry, including the "Most Liked Romantic Venue 2016" award from *Wedding Message* magazine.

The Group holds a 50% interest in Auberge Discovery Bay Hong Kong.

### Thailand, The Sukhothai Bangkok

The average occupancy rate of The Sukhothai Bangkok for the year was 62%, and the hotel was named one of the "Asia's Top Design Hotels" by *NOW Travel Asia* magazine in 2016. In addition, its popular Italian eatery, La Scala, was named one of the "Top Tables in Bangkok" by *BK Magazine* in March 2017.

## HEALTHCARE

GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary, operates a comprehensive healthcare service network. It comprises a cancer centre, diabetic and cardiovascular centres, an imaging facility, dental clinics, Chinese medicine outlets and multi-specialty outpatient centres in Hong Kong, Macau and Manila.

During the year, business performance in the Hong Kong and Macau markets continued to show improvement as a result of enhanced operational efficiency. In the Philippines, Healthway Medical, the brand name that GenRx operates under, won the 2017 "Gold Award – Trusted Brand in the Ambulatory/Multi-Specialty Clinic Category" from *Reader's Digest* magazine. This marked the fifth consecutive year it has received this honour. Healthway Medical also acquired an inpatient healthcare facility in September 2016, marking an important step in its quest to fully develop its quality ambulatory and multi-specialty healthcare service delivery.

With the exception of dental clinics as well as diabetic and cardiovascular centres, which involve third-party interests of 43% and 20% respectively, businesses under the GenRx umbrella are wholly owned by the Group.

### OUTLOOK

As we celebrate the Group's 40th anniversary in the property field, we are optimistic about the future, but yet there are still many uncertainties and challenges. These include global economic and political developments, as well as trends and changes in different markets where the Group operates. Nevertheless, demand is expected to rise and we will move ahead with our projects.

The Group will continue to maintain balanced income across different business operations, particularly property sales and rental revenue. Over the years, we have strategically diversified our portfolio and land banks across Asia to mitigate risk. We will continue in this vein, focusing on countries with fewer relevant restrictions, allowing for more flexibility.

Our property interests are subject to various risks, including evolving demand, increased competition and the impact brought by changes in the Chinese and global economies. Changes in the Hong Kong government, cooling measures and additional new housing units will also have an effect, as will shifts in land supply and an influx of new developers from mainland China and Hong Kong. The PRC Government's cautious attitude towards outbound investments is also likely to have a significant impact. However, policies are in place to help counteract these issues and steady economic development is predicted over the long term.

In 2017, the Group will debut various new projects in Hong Kong and mainland China, including residential and commercial developments. We will also build on our skills and abilities, leverage our past experiences to achieve future success and search for new ways to enhance efficiency and increase the value of our properties. By unleashing our creativity and thinking out of the box, we hope to achieve more.

## FINANCIAL REVIEW

### SHAREHOLDERS' FUNDS

As at 31 March 2017, the shareholders' funds of the Group increased by HK$329.5 million to HK$16,385.8 million (2016: HK$16,056.3 million). The gross profit margin of continuing operations for the Group for the year was 30.8% (2016: 32.5%).

## MAJOR INVESTING ACTIVITIES

Two plots of government site in Tai Po for the total sum of land premium of HK$3,393.0 million was awarded in November 2016. The sites are jointly developed by Hysan Development Company Limited and the Group. The Group's share of land premium is HK$1,357.2 million.

In May 2016, the Group paid the remaining balance of HK$131.3 million to complete the acquisition of the land use right of a parcel of land in Jiaxing City, Zhejiang Province.

The Group entered into a sales and purchase agreement to purchase 10 plots of land in Bangkok, Thailand in December 2015 and an initial deposit of HK$181.2 million was paid upon signing of the agreement. The acquisition was completed when the remaining balance of HK$444.7 million was paid in March 2017.

During the year, the Group acquired a residential building in Japan at a consideration of HK$88.9 million.

## MAJOR OPERATING ACTIVITIES

During the year, sales proceeds from disposal of certain development properties in Hong Kong, Thailand, mainland China and Japan amounted to HK$459.0 million, HK$182.5 million, HK$391.2 million and HK$46.1 million respectively.

## FINANCIAL LIQUIDITY

As at 31 March 2017, the Group had total cash and securities investment of HK$2,792.1 million (2016: HK$5,019.9 million) whilst total bank borrowings, bonds and other loans were HK$7,793.9 million (2016: HK$6,966.1 million).

## GEARING

The Group's gearing ratio was 32.0% (2016: 14.0%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2017.

## BANKING FACILITIES AND OTHER LOANS

The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

As at 31 March 2017, the unutilised credit facilities were approximately HK$6,417.3 million (2016: HK$7,260.5 million).

The maturity profile of bank borrowings, bonds and other loans were 20.1% (2016: 5.0%) falling within one year, 3.5% (2016: 10.8%) falling between one and two years and 76.4% (2016: 84.2%) falling between two and five years as at 31 March 2017.

## TREASURY POLICY

The Group has centralised 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 overseas investments, the Group maintains naturally hedged positions and will make any swap/future arrangements as appropriate. 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 2017, certain bank loans of the Group were secured by certain investment properties and properties held for sale at the total carrying value of HK$997.2 million (2016: HK$1,036.2 million).

## CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK$123.2 million (2016: HK$132.0 million) as at 31 March 2017 given to a bank in respect of a banking facility granted to an investee company. The Group's interest in such investee company is classified under other non-current assets.

A subsidiary of the Company provided guarantees amounting to HK$44.5 million (2016: HK$142.2 million) as at 31 March 2017 in respect of mortgage facilities granted to purchasers of the Group's properties.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 31 March 2017.

# 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.

# CORPORATE GOVERNANCE

The Company has fully complied with the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules on the Stock Exchange during the year ended 31 March 2017 save for a deviation of E.1.2 (Chairman of the Board's attendance at the annual general meeting). The reason for deviation is set out in the Corporate Governance Report contained in the Annual Report 2016/2017 of the Company which will be published shortly. Since the publication of the Company's interim report for the six months ended 30 September 2016, there has been no other deviation from the CG Code.

## REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the year ended 31 March 2017 have been reviewed by the Audit Committee of the Company.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 21 June 2017

As at the date of this announcement, the Directors of the Company are:

***Chairman***
Mr CHA Mou Sing Payson

***Deputy Chairman & Managing Director***
Mr CHA Mou Zing Victor

***Executive Directors***
Mr CHUNG Sam Tin Abraham
Mr TANG Moon Wah

***Non-executive Directors***
The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Ms WONG CHA May Lung Madeline

***Independent Non-executive Directors***
Dr CHENG Kar Shun Henry
Mr CHEUNG Wing Lam Linus
Ms HO Pak Ching Loretta
Mr TANG Kwai Chang