HKRI

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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00480)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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 (the "Group") for the year ended 31 March 2015.

The Group's turnover of continuing operations for the year amounted to HK$5,421.9 million, representing an increase of 31.4% as compared to HK$4,125.1 million of last year. Profit attributable to shareholders amounting to HK$910.0 million showed an increase of 9.0% as compared to HK$834.6 million of last year. The basic earnings per share were HK67.4 cents for the year as compared to HK61.8 cents of last year.

DIVIDEND

The Directors have recommended the declaration of a final dividend of HK7 cents per share for the year ended 31 March 2015 (2014: HK12 cents) to the shareholders whose names appear on the registers of members of the Company on 2 September 2015. The proposed final dividend together with the interim dividend of HK6 cents per share for the six months ended 30 September 2014 makes up a total dividend of HK13 cents per share for the year ended 31 March 2015 (2014: HK12 cents). The proposed final dividend will be paid on 17 September 2015 following approval at the 2015 annual general meeting of the Company to be held on 26 August 2015 ("2015 AGM"). The notice of 2015 AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTERS

The main and branch registers of members of the Company will be closed from 24 to 26 August 2015 (both days inclusive) and on 1 and 2 September 2015 for the 2015 AGM and the proposed final dividend respectively. During the periods, no transfer of shares will be registered. In order to qualify for attending the 2015 AGM and for the proposed final dividend for the year ended 31 March 2015, all transfer forms accompanied by the relevant share certificates must be lodged 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 for registration not later than 4:30 p.m. on 21 August 2015 and 31 August 2015 respectively.

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
		2015	2014
	NOTES	***HK$'M***	*HK$'M*
Continuing operations			
Turnover	*3*	**5,421.9**	4,125.1
Cost of sales		**(3,847.7)**	(3,205.0)
Gross profit		**1,574.2**	920.1
Other income		**161.5**	171.2
Administrative expenses		**(581.7)**	(543.0)
Other gains and losses	*4*	**19.9**	596.2
Change in fair value of investment properties			
Realised gains on disposals		**55.0**	4.0
Unrealised gains		**730.2**	444.0
Finance costs	*5*	**(202.4)**	(172.6)
Share of results of associates		**9.2**	0.3
Share of results of joint ventures		**15.9**	(103.7)
Profit before taxation	*6*	**1,781.8**	1,316.5
Taxation	*7*	**(198.7)**	(130.9)
Profit for the year from continuing operations		**1,583.1**	1,185.6
Discontinued operations			
Loss for the year from discontinued operations	*8*	**–**	(129.6)
Profit for the year		**1,583.1**	1,056.0
Profit (loss) for the year attributable to the owners of the Company			
For continuing operations	*3*	**910.0**	964.2
For discontinued operations		**–**	(129.6)
Profit for the year attributable to the owners of the Company		**910.0**	834.6
Profit for the year attributable to non-controlling interests		**673.1**	221.4
For continuing and discontinued operations			
Earnings per share	*10*		
Basic (HK cents)		**67.4**	61.8
Diluted (HK cents)		**67.4**	N/A
For continuing operations			
Earnings per share	*10*		
Basic (HK cents)		**67.4**	71.4
Diluted (HK cents)		**67.4**	N/A

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	
	2015	2014
	HK$'M	*HK$'M*
Profit for the year	**1,583.1**	1,056.0
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(146.2)**	(134.9)
Share of exchange reserve of an associate	**1.1**	0.7
Share of exchange reserve of joint ventures	**8.8**	111.9
Release of exchange reserve upon deregistration of foreign subsidiaries	**0.5**	(40.2)
Available-for-sale financial assets:		
Fair value changes during the year	**1.4**	0.7
Reclassified to profit or loss upon disposal	**(1.0)**	(1.9)
Deferred tax arising from fair value changes	**(0.3)**	0.4
Other comprehensive expense for the year (net of tax)	**(135.7)**	(63.3)
Total comprehensive income for the year	**1,447.4**	992.7
Total comprehensive income attributable to:		
Owners of the Company	**774.8**	771.4
Non-controlling interests	**672.6**	221.3
	1,447.4	992.7

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
		2015	2014
	NOTES	***HK$'M***	*HK$'M*
Non-current assets			
Investment properties		**7,703.5**	7,437.8
Property, plant and equipment		**2,233.3**	2,350.8
Prepaid lease payments		**7.0**	7.6
Interests in associates		**45.4**	35.1
Interests in joint ventures		**7,561.8**	7,456.4
Held-to-maturity investments		**196.4**	197.7
Available-for-sale financial assets		**90.8**	83.8
Other assets		**143.5**	140.7
Pledged bank deposits		**83.7**	49.8
Deferred tax assets		**3.6**	4.1
		18,069.0	17,763.8
Current assets			
Inventories		**68.9**	69.0
Properties held for sale		**1,930.6**	1,762.9
Properties held for/under development for sale		**2,247.2**	2,478.5
Trade receivables	*11*	**407.1**	211.2
Amounts receivable on contract work		**134.8**	78.8
Progress payments receivable	*12*	**96.7**	63.2
Retention money receivable		**187.8**	97.5
Deposits, prepayments and other financial assets		**368.3**	315.4
Amounts due from associates		**40.4**	45.5
Amounts due from joint ventures		**122.1**	140.6
Taxation recoverable		**9.9**	11.1
Held-to-maturity investments		**40.9**	63.8
Pledged bank deposits		**–**	2.0
Bank balances and cash		**5,520.0**	5,311.8
		11,174.7	10,651.3
Current liabilities			
Trade payables, provision and accrued charges	*13*	**1,490.6**	1,545.1
Amounts payable on contract work		**243.4**	208.7
Deposits received and other financial liabilities		**325.9**	303.0
Taxation payable		**221.7**	82.1
Bank and other loans due within one year		**2,433.6**	2,321.0
Other liabilities due within one year		**76.9**	14.0
		4,792.1	4,473.9
Net current assets		**6,382.6**	6,177.4
Total assets less current liabilities		**24,451.6**	23,941.2

		At 31 March	
		2015	2014
	NOTE	***HK$'M***	*HK$'M*
Non-current liabilities			
Bank and other loans due after one year		**3,396.4**	3,707.7
Other liabilities due after one year		**1,031.3**	1,406.4
Deferred tax liabilities		**241.3**	240.1
		4,669.0	5,354.2
		19,782.6	18,587.0
Capital and reserves			
Share capital	*14*	**337.5**	337.5
Reserves		**16,390.2**	15,858.4
Equity attributable to owners of the Company		**16,727.7**	16,195.9
Non-controlling interests		**3,054.9**	2,391.1
		19,782.6	18,587.0

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

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

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* *IFRIC represents the IFRS Interpretations Committee*

The application of the above amendments to HKFRSs and the new interpretation 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.

Up to the date of approval 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.

HKFRS 9 "Financial instruments" issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

In addition, 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 date 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. The directors of the Company are currently assessing whether the adoption of HKFRS 9 in the future will or will not have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's held-to-maturity investments and available-for-sale financial assets, the application of HKFRS 9 may affect the Group's classification and measurement, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In July 2014, HKFRS 15 "Revenue from contracts with customers" 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. 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. The directors of the Company are in process of assessing the impact of the application of HKFRS 15 in the future on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The 'Annual improvements to HKFRSs 2011-2013 cycle' includes the amendments to HKAS 40 "Investment property" which clarifies that HKAS 40 and HKFRS 3 "Business combinations" are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether: the property meets the definition of investment property in terms of HKAS 40; and whether the transaction meets the definition of a business combination under HKFRS 3. The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group is organised into six operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations, healthcare (provision of medical and dental care services, comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres), and Hanison Construction Holdings Limited ("Hanison") together with its subsidiaries (the "Hanison Group" which are 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). Each of the operating divisions represents an operating and reportable segment.

The operating segment specialising in the manufacturing and sale of sanitary products was ceased during the year ended 31 March 2014. The segment information reported as follows 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$'M*	Hanison Group *HK$'M*	Total *HK$'M*
For the year ended 31 March 2015							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	**1,980.4**	**343.9**	**478.3**	**327.3**	**281.0**	**2,013.7**	**5,424.6**
Excluding turnover of associates	**(0.2)**	**(2.5)**	**–**	**–**	**–**	**–**	**(2.7)**
Consolidated turnover, as reported	**1,980.2**	**341.4**	**478.3**	**327.3**	**281.0**	**2,013.7**	**5,421.9**
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures *(note a)*	**615.5**	**147.6**	**55.2**	**25.0**	**(18.0)**	**178.1**	**1,003.4**
Excluding realised results of associates and joint ventures not shared by the Group	**0.4**	**16.1**	**–**	**–**	**–**	**–**	**16.5**
Results attributable to the Group	**615.9**	**163.7**	**55.2**	**25.0**	**(18.0)**	**178.1**	**1,019.9**
Other income							**13.4**
Unallocated corporate expenses							**(107.2)**
Finance costs and corporate level exchange difference							**(111.5)**
Net unrealised gains on fair value change of investment properties *(note b)*							**723.2**
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax							**45.3**
Profit for the year							**1,583.1**
Non-controlling shareholders' share of profit for the year							**(673.1)**
Profit for the year attributable to the owners of the Company							**910.0**

	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operations HK$'M	Healthcare HK$'M	Hanison Group HK$'M	Total HK$'M
For the year ended 31 March 2014							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	1,093.6	332.0	471.6	455.5	285.8	1,498.3	4,136.8
Excluding turnover of associates	(0.4)	(11.3)	–	–	–	–	(11.7)
Consolidated turnover, as reported	1,093.2	320.7	471.6	455.5	285.8	1,498.3	4,125.1
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures *(note a)*	185.4	149.2	85.1	615.5	(34.3)	108.3	1,109.2
Excluding realised results of associates and joint ventures not shared by the Group	(28.0)	20.4	–	–	–	–	(7.6)
Results attributable to the Group	157.4	169.6	85.1	615.5	(34.3)	108.3	1,101.6
Other income							23.9
Unallocated corporate expenses							(117.9)
Finance costs and corporate level exchange difference							(123.2)
Net unrealised gains on fair value change of investment properties *(note b)*							412.1
Net unrealised losses on fair value change of investment properties attributable to the Group's interests in a joint venture and an associate, net of deferred tax							(110.9)
Profit for the year							1,185.6
Non-controlling shareholders' share of profit for the year							(221.4)
Profit for the year attributable to the owners of the Company							964.2

Notes:

(a) The segment results of the Group represent the total results of the Group, 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 2015 of HK$723.2 million (2014: HK$412.1 million) represented the unrealised gains on fair value change of investment properties of HK$730.2 million (2014: HK$444.0 million) net of deferred tax charge arising from change in fair value of HK$7.0 million (2014: HK$31.9 million).

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 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 (losses) on fair value change of investment properties attributable to the Group's interests in a joint venture and an associate, 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$'M*	Hanison Group *HK$'M*	Unallocated amounts *HK$'M*	Total *HK$'M*
For the year ended 31 March 2015								
Amounts included in the measure of segment profit or loss:								
Revenue from inter-segment sales*	–	(2.1)	(10.1)	(0.6)	–	(81.5)	–	(94.3)
Depreciation	12.9	13.8	51.9	70.6	8.5	5.5	3.8	167.0
Impairment loss recognised on property, plant and equipment	26.6	–	–	–	0.3	–	–	26.9
Impairment loss recognised on held-to-maturity investments	–	–	–	–	–	–	7.3	7.3
Reversal of impairment loss recognised on other receivables	–	–	–	–	–	–	(4.0)	(4.0)
Net allowance (reversal of allowance) for doubtful debts	–	–	–	–	0.9	(7.0)	–	(6.1)
Net gains from financial assets	–	–	–	–	–	(0.1)	(8.8)	(8.9)
Loss (gain) on disposal of property, plant and equipment	0.2	–	0.2	(0.1)	–	(0.4)	(9.8)	(9.9)
Gain on disposal of property interest	(40.1)	–	–	–	–	–	–	(40.1)
Realised (gains) losses on disposal of investment properties	(8.7)	0.2	–	–	–	(46.5)	–	(55.0)
Interest income	(13.6)	(9.0)	–	(13.0)	–	(1.6)	(42.4)	(79.6)
Finance costs	12.2	27.3	–	–	0.3	7.9	154.7	202.4
Income tax charge	132.1	20.2	7.6	8.2	0.5	24.0	6.1	198.7
Share of results of associates	0.2	(4.2)	–	–	–	(5.2)	–	(9.2)
Share of results of joint ventures	0.1	31.7	–	–	–	(2.4)	(45.3)	(15.9)
Write back of inventories	–	–	–	–	(0.8)	–	–	(0.8)

	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operations HK$'M	Healthcare HK$'M	Hanison Group HK$'M	Unallocated amounts HK$'M	Total HK$'M
For the year ended 31 March 2014								
Amounts included in the measure of segment profit or loss:								
Revenue from inter-segment sales*	–	(2.7)	(9.4)	–	–	(128.2)	–	(140.3)
Depreciation	12.5	11.7	49.5	79.0	12.5	6.5	3.7	175.4
Impairment loss recognised on property, plant and equipment	–	–	–	–	11.2	–	–	11.2
(Reversal of allowance) net allowance for doubtful debts	–	–	(0.3)	–	0.3	4.9	–	4.9
Net gains from financial assets	–	–	–	–	–	(0.1)	(12.6)	(12.7)
Loss (gain) on disposal of property, plant and equipment and prepaid lease payments	–	–	0.5	(584.4)	0.8	(29.6)	–	(612.7)
Realised gains on disposals of investment properties	–	–	–	–	–	(4.0)	–	(4.0)
Interest income	(9.6)	(19.2)	–	(4.3)	–	(1.4)	(40.6)	(75.1)
Finance costs	–	4.8	–	–	–	7.7	160.1	172.6
Income tax charge (credit)	56.8	28.7	9.7	19.8	1.6	15.3	(1.0)	130.9
Share of results of associates	(2.6)	2.1	–	–	–	0.3	(0.1)	(0.3)
Share of results of joint ventures	(21.2)	20.5	–	–	–	(3.5)	107.9	103.7
Write down of inventories	–	–	–	–	1.7	–	–	1.7

* 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:

	2015	2014
	HK$'M	*HK$'M*
Sales of properties	**2,398.0**	1,322.2
Revenue from construction contract work	**958.8**	880.0
Revenue from interior and renovation contracts	**286.1**	50.8
Sales of goods	**69.6**	81.0
Rental income	**346.8**	327.7
Hotel revenue	**327.3**	455.5
Provision of healthcare services	**281.0**	285.8
Revenue from contracts for installation of building materials	**240.1**	213.9
Other services rendered	**514.2**	508.2
	5,421.9	4,125.1

Geographical information

For each of the years ended 31 March 2015 and 2014, the Group's continuing operations are located in Hong Kong, the People's Republic of China ("PRC") 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**	
	2015	2014	**2015**	2014
	HK$'M	*HK$'M*	***HK$'M***	*HK$'M*
Hong Kong	**4,846.0**	3,005.4	**9,538.2**	9,235.3
PRC	**24.4**	59.7	**6,689.3**	6,629.6
South East Asia and Japan	**551.5**	1,060.0	**1,323.5**	1,399.8
	5,421.9	4,125.1	**17,551.0**	17,264.7

Note: Non-current assets excluded those related to discontinued operations, 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

	2015	2014
	HK$'M	*HK$'M*
Continuing operations		
Other (losses) gains include the following:		
Net foreign exchange loss	**(15.8)**	(51.6)
Gain on deregistration of foreign subsidiaries	**0.1**	40.2
Gain on disposal of property interest *(note a)*	**40.1**	–
Gain on disposal of property, plant and equipment and prepaid lease payments *(note b)*	**9.9**	612.7
(Impairment loss) reversal of impairment loss recognised		
Property, plant and equipment	**(26.9)**	(11.2)
Inventories	**0.8**	(1.7)
Other receivables	**4.0**	–
Held-to-maturity investments	**(7.3)**	–
	(29.4)	(12.9)
Reversal of allowance (net allowance) for doubtful debts	**6.1**	(4.9)
Net gains from financial assets	**8.9**	12.7
	19.9	596.2

Notes:

(a) In April 2014, the Group disposed of 49% of its property interest in the ownership of a property located in Tokyo, Japan. The Group has retained 51% of property interest in that property and formed a joint operation with a Japanese project partner to develop that property project.

(b) Gain on disposal for the year ended 31 March 2014 mainly arose from disposal of hotel property and leasehold land of which the hotel property was situated in Singapore in January 2014.

5. FINANCE COSTS

	2015	2014
	HK$'M	*HK$'M*
Continuing operations		
Interest on		
Bank and other loans wholly repayable within five years	**122.4**	110.7
Advances from non-controlling shareholders wholly repayable within five years	**17.5**	19.1
Other loans not wholly repayable within five years	**35.5**	34.0
	175.4	163.8
Less: Amounts included in the cost of properties held for/under development for sale	**(11.5)**	(26.8)
	163.9	137.0
Bank and other loans arrangement fees	**38.5**	35.6
	202.4	172.6

6. PROFIT BEFORE TAXATION

	2015	2014
	HK$'M	*HK$'M*
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**10.8**	10.3
Cost of inventories and developed properties recognised as an expense	**1,239.4**	824.0
Contract costs recognised as expense in cost of sales	**1,340.5**	1,071.7
Operating lease rentals in respect of land and buildings	**36.0**	42.6
Staff costs (including directors' remuneration) *(note)*	**895.8**	889.1
Release of prepaid lease payments	**0.3**	0.6
Depreciation	**167.0**	175.4
Net rental income under operating leases on		
Investment properties	**(340.4)**	(323.5)
Other properties	**(6.7)**	(4.5)
Less: Outgoings	**45.1**	40.3
	(302.0)	(287.7)
Expenses included in cost of contract work		
Depreciation	**3.5**	3.3
Release of prepaid lease payments	**0.2**	0.2
Rentals under operating leases in respect of		
Plant and machinery	**12.7**	7.2
Others	**1.9**	1.3

Note: The staff costs for the year ended 31 March 2015 included the share option expenses of a subsidiary amounting to HK$5.7 million (2014: nil).

7. TAXATION

	2015	2014
	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	**182.6**	50.3
Overseas tax calculated at rates prevailing in respective jurisdictions	**14.7**	35.4
	197.3	85.7
Deferred taxation for current year *(note)*	**1.4**	45.2
	198.7	130.9

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

	2015	2014
	HK$'M	*HK$'M*
Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties	**7.0**	31.9
Deferred tax credit on disposal of investment properties	**(27.4)**	–
Others	**21.8**	13.3
	1.4	45.2

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.

8. DISCONTINUED OPERATIONS

The Group had operated sanitaryware manufacturing business principally in Australia and the United Kingdom. During the year ended 31 March 2014, the management had decided to cease the sanitaryware manufacturing operations due to unfavorable business performance and loss for the year from discontinued manufacturing operations was set out below.

	2014
	HK$'M
Turnover	82.4
Cost of sales	(124.6)
Gross loss	(42.2)
Other income	0.3
Administrative expenses	(82.7)
Other gains and losses	(4.6)
Finance costs	(0.4)
Loss for the year	(129.6)

Loss for the year from discontinued operations had been arrived at after charging (crediting):

	2014
	HK$'M
Cost of inventories recognised as an expense	89.0
Operating lease rentals in respect of land and buildings	4.3
Staff costs	62.9
Depreciation	1.1
Gain on disposal of property, plant and equipment	(6.1)
Impairment loss recognised	
Property, plant and equipment	1.4
Other receivables	9.9
	11.3

During the year ended 31 March 2014, the sanitaryware manufacturing operations paid HK$70.2 million in respect of the Group's net operating cash flows, contributed HK$5.4 million to investing activities and paid HK$9.3 million in respect of financing activities.

9. DIVIDENDS

	2015	2014
	HK$'M	*HK$'M*
Final dividend paid for the financial year ended 31 March 2014 of HK12 cents (2014: for the financial year ended 31 March 2013 of HK5 cents) per share	**162.0**	67.5
Interim dividend paid for the financial year ended 31 March 2015 of HK6 cents per share (2014: nil)	**81.0**	–
	243.0	67.5
Proposed final dividend for the financial year ended 31 March 2015 of HK7 cents (2014: for the financial year ended 31 March 2014 of HK12 cents) per share	**94.5**	162.0

10. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2015	2014
	HK$'M	*HK$'M*
Earnings		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	**910.0**	834.6
Adjustment to earnings in relation to Hanison's share options *(note)*	**(0.2)**	
Earnings for the purpose of calculating diluted earnings per share	**909.8**	

	2015	2014
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic and diluted (2014: basic) earnings per share *(note)*	**1,350,274,367**	1,350,274,367

For continuing operations

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

	2015	2014
	HK$'M	*HK$'M*
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	**910.0**	834.6
Loss for the year from discontinued operations	**–**	129.6
Earnings for the purpose of calculating basic earnings per share from continuing operations (Profit for the year from continuing operations attributable to the owners of the Company)	**910.0**	964.2
Adjustment to earnings in relation to Hanison's share options *(note)*	**(0.2)**	
Earnings for the purpose of calculating diluted earnings per share from continuing operations	**909.8**	

Note: Hanison's share options are granted during the year ended 31 March 2015. No diluted earnings per share is presented for the year ended 31 March 2014 as there were no potential ordinary shares outstanding during the year.

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

For discontinued operations

Basic loss per share for discontinued operations for the year ended 31 March 2014 was HK9.6 cents, based on the loss for the year from discontinued operations of HK$129.6 million and the denominators detailed above for the basic earnings per share from continuing and discontinued operations.

11. 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. 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:

	2015	2014
	HK$'M	*HK$'M*
Not yet due	**365.2**	170.0
Overdue:		
0 – 60 days	**37.6**	32.9
61 – 90 days	**2.0**	1.9
Over 90 days	**2.3**	6.4
	407.1	211.2

12. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction contract work, interior and renovation contracts and contracts for installation of building materials which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	2015	2014
	HK$'M	*HK$'M*
Within 30 days	**96.7**	52.2
31 – 60 days	**–**	11.0
	96.7	63.2

13. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK$243.1 million (2014: HK$217.0 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	2015	2014
	HK$'M	*HK$'M*
Not yet due	**185.7**	172.6
Overdue:		
0 – 60 days	**34.2**	20.1
61 – 90 days	**1.7**	0.7
Over 90 days	**21.5**	23.6
	243.1	217.0

14. SHARE CAPITAL

	2015 & 2014	
	Number of shares	***HK$'M***
Ordinary shares of HK$0.25 each		
Authorised:		
At 1 April 2013, 31 March 2014 and 31 March 2015	**2,000,000,000**	**500.0**
Issued and fully paid:		
At 1 April 2013, 31 March 2014 and 31 March 2015	**1,350,274,367**	**337.5**

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

The Group derives revenue from its main business of property development and investment by adhering to the highest standards of quality in the projects it builds. The Group also enjoys a stable source of rental income from the diversified portfolio of investment properties it manages in Hong Kong and beyond.

Hong Kong, Residential Properties, Discovery Bay

The Group's flagship development in Hong Kong has been widely acknowledged as the region's pioneering resort-style residential project. The Group has been constantly upgrading the community facilities, infrastructure and transportation network in the area to make it a highly desirable residential and leisure destination. Effective from late October 2014, taxis and public coaches have been allowed access to designated areas in Discovery Bay North, further improving the connectivity of the Discovery Bay community.

Hong Kong Resort Company Limited, the developer of Discovery Bay, received The Outstanding Developer Awards 2014 – Urban Design & Master Planning Award and the Green Development Award from *Capital* and *Capital Weekly* magazines.

Amalfi and Positano (50%)

All units of Amalfi of Discovery Bay have been sold following the sale of the last four units during the year. This brought to the close to a phase of the development in Discovery Bay.

Positano, the latest luxury residential project in Discovery Bay, was launched in June 2014 and received a positive response in the market. Positano received The Outstanding Developer Awards 2014 – Low Density Landmark Building Award by *Capital* and *Capital Weekly* magazines, while the show flats of Positano have received multiple awards for their extraordinary design.

New Phases (50%)

New phases comprising the development of detached homes near the Discovery Bay Golf Club and mid-rise blocks in Discovery Bay North which are expected to be completed from 2017 onwards.

Other Residential Properties

Kau To, Sha Tin (50%)

The Kau To, Sha Tin project is a joint venture development of the Group and Nan Fung Development Limited. It is planned to be developed into luxurious apartments with a total gross floor area ("GFA") of approximately 134,000 square feet. Construction works commenced in the third quarter of 2014, and completion of the project is expected in mid-2017.

Wu On Street, Tuen Mun (75%)

The Wu On Street, Tuen Mun project, with a 25% interest owned by Sumitomo Forestry Co., Ltd., will be developed into a residential block of premium apartment units and a retail podium with a total GFA of approximately 134,000 square feet. Foundation works commenced in September 2014, and the project is expected to be completed in 2017.

Kap Pin Long, Sai Kung

The Kap Pin Long, Sai Kung project, covering a GFA of approximately 3,700 square feet, will be built as an idyllic garden house. Construction works are in progress, and the project is expected to be completed in early 2016.

Industrial and/or Commercial Properties

DAN6, Tsuen Wan

DAN6, a 20-storey industrial building in Tsuen Wan launched in June 2013, has been substantially sold out. All sold units were handed over in the third quarter of 2014.

DB Plaza, D'Deck and DB North Plaza, Discovery Bay (50%)

DB Plaza and DB North Plaza generate stable rental income for the Group. DB Plaza boasts a wide selection of shops and the renowned alfresco dining hotspot D'Deck, while DB North Plaza offers an attractive variety of shopping and dining outlets as well as office space and an open piazza.

Discovery Bay has become a popular leisure destination with its resort-like ambience and family activities. D'Deck and DB North Plaza were named the Smart Parents' Choice – Shopping Mall by *Smart Parent* magazine in 2015. Its signature event, the Easter Egg Hunt on the Beach, has attracted an increasing number of participants and was presented with the Marketing Excellence Award 2014 – Gold Award of Excellence in Targeted Event category by *Marketing* magazine and the Family Outdoor Event Award by *Smart Parent* magazine in 2015.

CDW Building, Tsuen Wan

CDW Building in Tsuen Wan has been consistently considered a good quality industrial building. In order to realise the full potential of the building, the Group decided to refurbish and convert the building from industrial to commercial use. An application has been made to convert the usage under the revitalisation policies of the Government of the Hong Kong Special Administrative Region (the "Government"). Refurbishment works commenced in April 2015, and the project is expected to be completed in phases by 2016/2017. It is anticipated that the rental income during the refurbishment will be affected. However, the Group believes that upon completion of the refurbishment, CDW Building will be able to maximise its rental income and that its asset value will appreciate in the medium term.

West Gate Tower, Cheung Sha Wan

West Gate Tower in Cheung Sha Wan achieved a high average occupancy rate of 94% during the year and generated stable rental income for the Group. The Group is also considering various options to unleash the full potential of West Gate Tower in light of the Government's special waiver for wholesale conversion of industrial buildings.

Tuen Mun Central Square Public Carpark, Tuen Mun

The Group acquired the public carpark consisting of 325 parking spaces at Tuen Mun Central Square, Tuen Mun in January 2015 and has retained it as an investment property.

Mainland China, HKRI Taikoo Hui, Shanghai (50%)

HKRI Taikoo Hui is strategically located at Nanjing West Road, Jingan District of Puixi, Shanghai's most prestigious retail and business hub. It enjoys excellent connectivity due to its proximity to key metro lines (including the one connecting to the two international airports in Shanghai and other two new lines) and close to Yan'an Expressway and South-North Elevated Highways.

The project, with a planned GFA of approximately 323,000 square metres, is a retail-led-mixed-use development comprising two super Grade-A office towers (formally named HKRI Centre One and HKRI Centre Two respectively), three luxury hotels/serviced apartments and a high-end retail mall.

Superstructure work for HKRI Centre One has been completed and construction of HKRI Centre Two, the retail mall and hotels is in progress. The project is expected to be completed in phases from 2016.

City One, Jiaxing, Zhejiang Province

City One differentiates itself as the first project to be developed by a Hong Kong based developer in Jiaxing. The development is distinguished by a state-of-the-art design and lavish clubhouse facilities unique in the area. It comprises around 600 units with a GFA of approximately 83,000 square metres.

The project occupies a premium location at the centre of the international business district and is close to a 53-hectare wetland park. Pre-sales launch commenced in July 2014, and the project is planned for completion in early 2016.

Future Sci-Tech City Project, Hangzhou, Zhejiang Province

Subsequent to the year-end in June 2015, the Group ventured into the property market in Hangzhou through a successful bid at an open auction for a low density residential site of approximately 51,000 square metres in the Hangzhou Future Sci-Tech City near Xixi Wetland.

Elite House, Shanghai

The Group acquired this 30-floor en-bloc residential building in Changning District, Shanghai in April 2014, and it has been generating stable rental income for the Group since then. The property comprises 120 units with a total GFA of approximately 21,700 square metres. Upgrade works are underway.

The Exchange, Tianjin (15%)

The Exchange, with a total GFA of over 152,000 square metres, continued to generate stable rental income to the Group.

Thailand, The Sukhothai Residences, Bangkok

As at 31 March 2015, this ultra-luxury condominium tower on Sathorn Road in Bangkok was mostly sold out. Around 99% of the sold units have completed the ownership transfer. This development continues to lead the high end residential market in Bangkok both in terms of its unit price and design excellence.

Wireless Road, Bangkok (49%)

The Group's freehold land at Wireless Road, Bangkok has a site area of approximately 12,600 square metres. The master planning for the development project is progressing on schedule.

Japan, Residential and Commercial Properties, Tokyo

The Group and Nomura Real Estate Development Co., Ltd., which has acquired 49% interest in the site at Roppongi 4 Chome (formerly Homat Sun) in Tokyo, are in joint arrangement to develop the site into premium residential premises. Construction of the main building will commence by the end of 2015 and the project is scheduled for completion in 2017.

In June 2014, Chelsea Garden, a 17-unit low-rise apartment block in Hiroo, which the Group had a 20% interest was sold as part of an asset rebalancing exercise of the Group.

The Group holds two investment properties, namely, Horizon Place Akasaka, a high-rise residential block in Akasaka, and Graphio Nishi-Shinjuku, an office building in the central Shinjuku area of Tokyo. As at 31 March 2015, these properties achieved occupancy rates of 91% and 100% respectively.

Niseko, Hokkaido

The Group holds residential plots at Niseko, Hokkaido near the Niseko Annupuri ski village with a total site area of approximately 60,000 square metres as land bank. Master planning is underway.

SERVICES PROVIDED

The Group's subsidiaries operate transport services in Discovery Bay, including ferry, land transport and tunnel services. Patronage of the bus and ferry services in Discovery Bay remained stable during the year. Apart from the addition of two electric buses to the fleet that have been providing service within Discovery Bay since December 2014, the bus company will soon introduce double deck bus services for outbound routes to further enhance operational efficiency. Manpower remains the major challenge in the Group's transport operations, and it's subsidiaries are taking the necessary steps to retain quality staff and attract new candidates.

The Group's property management service companies in Discovery Bay as well as other locations continued to operate satisfactorily during the year.

The four clubs in Discovery Bay, namely, Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena, recorded a moderate increase in turnover during the year. The clubs are undergoing various upgrades with the aim of providing members and guests the best possible facilities and services.

The Group has a 50% interest in these service providers and clubs in Discovery Bay.

HOSPITALITY

Hong Kong, Auberge Discovery Bay Hong Kong (50%)

Since its opening in March 2013, the luxury Auberge Discovery Bay Hong Kong ("Auberge DB") resort hotel has been continuously enhancing its service offerings. With increasing patronage from local and international customers, Auberge DB saw great improvements in its average occupancy and room rates during the year. It remains a popular venue for corporate meetings, incentive outings, gala events, residential seminars and particularly wedding ceremonies and banquets with its unique seaside pavilion and European horse-drawn carriage. Auberge DB received the Wedding Venue (Hotel) – The Most Romantic Wedding Venue Award at the All About Wedding Awards 2014 by *All About Wedding* magazine.

Thailand, The Sukhothai

The trading environment and hotel occupancy rate in Bangkok have generally improved since the Thai government adopted a more delicate approach with regard to martial law towards the second half of 2014. In line with market trends, The Sukhothai recorded improvements in its average occupancy rate and overall financial performance during the year. The hotel has received numerous awards from travel and leisure partners, including a Certificate of Excellence 2014 from *TripAdvisor* and the 2014 Award of Excellence from *Booking.com*, as well as numerous accolades for its food and beverage operations from local and international media.

HEALTHCARE

During the year, the Manila operations of GenRx Holdings Limited ("GenRx") under the brand name Healthway Medical recorded improvements in both revenue and net contribution to the Group. In acknowledgment of its outstanding services, Healthway Medical won the Platinum Award – Trusted Brand in the Ambulatory/Multi-specialty Clinic Category from *Reader's Digest* magazine in June 2014. The management will continue to leverage on its experience, expertise and established network to diversify the scope of the Group's premium services by looking into secondary and tertiary healthcare development opportunities in the region. In the Hong Kong and Macau markets, operational costs have been significantly reduced and business performance enhanced thanks to the management's sustained efforts to improve operational efficiency.

GenRx operates a comprehensive healthcare service network, comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres in Hong Kong, Macau and Manila. The dental clinics and diabetic and cardiovascular centres involve third party interests of 43% and 20% respectively.

HANISON GROUP

Hanison Group is the Group's 49%-owned subsidiary group as at 31 March 2015. It is engaged primarily in the construction, interior and renovation works, supply and installment of building materials, property investment and development, provision of property agency and management services and sales of health products. Hanison Group's consolidated turnover during the year was HK$2,095.2 million, 28.8% higher than the HK$1,626.5 million of last year. Net profit was HK$487.5 million, as compared with HK$164.0 million last year. The gain on change in fair value of investment properties and the revenue generated from the sales of property development projects increased as compared with last year. Hanison Group will continue to strengthen its core businesses and is well positioned to seize opportunities in the years to come.

HUMAN RESOURCES

As of 31 March 2015, the Group had a total of 3,293 employees. The Group believes effective communication improves efficiency. Therefore, the Group has made ongoing efforts to improve its organisational structure and build platforms to facilitate communication among local and overseas offices through channels such as newsletters and staff communication meetings.

The Group continued to adopt best practices in talent development. During the year, a more flexible learning approach was introduced by offering bite-sized learning and shortened training sessions, such as "lunch n' learn" and out-of-classroom experiential learning. Colleagues at different levels are provided with training workshops to cater to various business needs, including language, communication and supervisory skills. During the year, over 20 senior executives attended a customised development programme to strengthen their leadership capabilities, create closer bonds and develop better teamwork within the management team.

The Group's annual PRI^{2}DE Outstanding Employee Awards is an effective way to promote its values of PRI^{2}DE (Pioneer, Respect, Innovation, Integrity, Devotion and Excellence) among colleagues and to recognise those who are able to demonstrate these values. This year, the Group received an encouraging increase in nominations from our local and overseas offices.

In Hong Kong, a cross-departmental Occupational Health and Safety Committee was formally set up in Discovery Bay with the aim of improving the workplace environment and achieving higher safety standards in all of the Group's operating units. The committee also provides a knowledge sharing platform for safety-related issues. To foster a harmonious work culture and further engage employees, festive gatherings and regular staff outings are also organised.

INFORMATION TECHNOLOGY

During the year, a new HR Information System was rolled out in phases to provide broader functionalities and a streamlined workflow. All colleagues are now able to use the system's self-service functions to manage their leaves and personal information. The finance system was also upgraded to provide a more user-friendly interface, tighter integration with other IT systems, quicker response times and better reliability.

The Group's new "Positano App" for the Positano property development in Discovery Bay was launched in March 2015. The Group also introduced a new Disaster Recovery Data Centre, which commenced service in April 2015 to provide resilient high-availability protection for its IT investment and minimise disruption to its business operations in case of natural or human-induced disaster.

CORPORATE SOCIAL RESPONSIBILITY

Through the sustainability programmes the Group has initiated, the Group is committed to contributing to the society and helping to create a better life for those in need. In March 2015, the Company received the "10 Years Plus Caring Company" logo by the Hong Kong Council of Social Service, acknowledging the Group's continuous contributions as a responsible corporate citizen of Hong Kong.

During the year, the Group's corporate volunteer team, HKRI Care & Share, organised various volunteer activities in partnership with NGOs, including the Hong Kong Youth Arts Foundation, St. James' Settlement and the Neighbourhood Advice-Action Council. Activities included a Christmas party for underprivileged children and an African drum jamming and handicraft workshop, as well as a volunteer visit to elderly singletons before the Mid-Autumn Festival. Colleagues were encouraged to include their family members in these activities.

To help promote arts and cultural development, the Group continued to support the 43rd Hong Kong Arts Festival and sponsored the performance of *The Flames of Paris* by the Bolshoi Ballet in March 2015. With the aim of promoting a more caring and harmonious community in Discovery Bay, the Group funds various community events under the Love.Together@DB community programme.

OUTLOOK

Recent economic data in the US has been sending mixed signals and causing uncertainty about the US recovery as well as speculation about the timing of an interest rate hike. In Asia, the economic outlook remains generally favourable, although Mainland China experienced the slowest growth in recent years, which is expected to cloud the region's economic outlook. As Hong Kong's economic performance hinges on global economic and financial conditions, these uncertain factors may affect property market sentiment in the months ahead. However, the Group expects the market to remain buoyant with more new projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

In Mainland China, supportive measures and loosening credit policies are likely to revive demand in the property market. In addition to being an iconic development in Shanghai, HKRI Taikoo Hui will become another signature project for the Group in Mainland China, which the Group expects will generate an attractive return for the Group in the coming years. The Group has confidence in the long-term development of Mainland China and is continuously exploring viable business opportunities with the aim of strengthening its presence there.

The Group has consolidated and strengthened its asset portfolio in Hong Kong, its core market, and new projects including new phases of Discovery Bay and a few projects in other parts of Hong Kong are in the pipeline. While the Group is cautiously optimistic about the Hong Kong economic and property market outlook, the Group continues to actively seek opportunities to build up land bank for its long term development.

The Group's hotels, namely The Sukhothai and Auberge DB, have become respected names in the industry and gained popularity among both event organisers and travellers alike. The Group will continue to make a strong effort to further increase both its service standards and customer satisfaction. The Group, with its unparalleled experience in the development and operation of premium hotels, is now preparing for its new luxury hotel in HKRI Taikoo Hui, Shanghai, which is targeted to commence service in 2017.

The Group also maintains a positive outlook for its healthcare business, which has been recording continuous improvement in terms of enhanced operational efficiency and service levels. Through GenRx, the Group will continue to explore opportunities to venture into new markets or new businesses in the healthcare industry.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 31 March 2015, the shareholders' funds of the Group increased by HK$531.8 million to HK$16,727.7 million (2014: HK$16,195.9 million). The increase was mainly due to an upward fair value revaluation of investment properties, gain from the disposal of certain investment properties and profit contribution from operating activities. The gross profit margin of continuing operations for the Group was 29.0% (2014: 22.3%).

MAJOR INVESTING ACTIVITIES

Up to March 2015, the Group received proceeds of HK$514.1 million from the disposal of certain industrial investment properties in Hong Kong.

In January 2015, the Group acquired the public carpark consisting of 325 parking spaces at Tuen Mun Central Square, Tuen Mun for HK$128.0 million.

MAJOR OPERATING ACTIVITIES

During the year, sale proceeds from disposal of certain development properties in Hong Kong, Thailand and the PRC amounted to HK$2,022.7 million, HK$243.9 million and HK$84.8 million respectively.

In April 2014, the Group acquired a 30-floor en-bloc residential building in Changning District, Shanghai at a consideration of HK$729.7 million. In the same month, the Group disposed of 49% interests in a residential project in Japan for HK$163.9 million and also completed the disposal of 25% interests in the development site at Tuen Mun for HK$137.8 million.

FINANCIAL LIQUIDITY

As at 31 March 2015, the Group had total cash and securities investment of HK$5,931.8 million (2014: HK$5,708.9 million) whilst total bank borrowings, bonds and other loans were HK$5,830.0 million (2014: HK$6,028.7 million).

GEARING

The Group's gearing ratio maintained at a low level of 1.4% (2014: 4.1%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2015.

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 2015, the unutilised credit facilities were approximately HK$5,043.7 million (2014: HK$4,697.9 million) which increased by HK$345.8 million.

The maturity profile of bank borrowings, bonds and other loans were 41.7% (2014: 38.5%) falling within one year, 2.6% (2014: 43.3%) falling between one and two years, 42.1% (2014: 5.0%) falling between two and five years and 13.6% (2014: 13.2%) falling more than five years as at 31 March 2015.

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 shall 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 2015, certain subsidiaries of the Group had pledged bank deposits of HK$83.7 million (2014: HK$51.8 million) to secure banking facilities being granted.

In addition, as at 31 March 2015, certain bank loans of the Group were secured by certain investment properties, leasehold land and building and properties held for sale, at the carrying value of HK$2,007.7 million (2014: HK$1,153.6 million).

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK$164.9 million as at 31 March 2015 (2014: HK$158.2 million) given to banks in respect of the banking facilities granted to an investee company and a joint venture. The Group's interest in such investee company is classified under other non-current assets.

In addition, a subsidiary of the Group provided guarantees amounting to HK$19.6 million (2014: nil) as at 31 March 2015 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 2015.

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

Resulted from the resignation of the late Dr Marvin CHEUNG as an independent non-executive director ("INED") and certain committee members of the Company in August 2014 subsequent to Dr QIN Xiao's cessation as an INED and the committee members earlier in July 2014, the Company was unable to comply with the requirement of the number of INEDs and the minimum number of members of audit committee under rules 3.10A and 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the code provision A.5.1 of the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and provisions set out in the respective terms of references of certain committees in relation to the composition of the committees. The situation was remedied upon the appointment of Mr TANG Kwai Chang as an INED and chairman of the audit committee and member of the nomination committee of the Company in late September 2014.

Save as disclosed above and except for certain deviations from the code provisions A.4.1 (non-executive director ("NED") should be appointed for a specific term), A.6.7 (NEDs including INEDs should regularly attend and actively participate in board meetings (including committee meetings) and attend general meetings), C.1.2 (management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail) and E.1.2 (chairman of the board should attend annual general meeting), in the opinion of the Directors, the Company has complied with the code provisions of the CG Code since the publication of the Company's interim report for the six months ended 30 September 2014. The considered reasons for deviations and details of the Company's compliance with the CG Code are to be set out in the corporate governance report contained in the annual report 2014/2015 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 2015 have been reviewed by the audit committee of the Company. In addition, the figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2015 as set out in this announcement have been agreed by the Group's auditor to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2015.

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

Hong Kong, 24 June 2015

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 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

* *Registered under the predecessor ordinance of the Companies Ordinance, Chapter 622 of the laws of Hong Kong*