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 2019

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 2019.

The Group's turnover for the year amounted to HK$3,844.0 million, representing an increase of 73.0% compared to HK$2,222.3 million last year. Profit attributable to shareholders amounting to HK$2,206.9 million showed a decrease of 4.3% as compared to HK$2,305.1 million last year. The basic earnings per share were HK148.6 cents for the year as compared to HK155.2 cents last year.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK6 cents per share for the year ended 31 March 2019 (2018: HK7 cents) to the shareholders whose names appear on the registers of members of the Company on 30 August 2019. The proposed final dividend will be paid on 16 September 2019 following approval at 2019 annual general meeting of the Company to be held on 21 August 2019 ("2019 AGM"). The proposed final dividend together with the interim dividend of HK4 cents per share for the six months ended 30 September 2018 makes up a total dividend of HK10 cents per share for the year ended 31 March 2019 (2018: HK10 cents).

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed from 16 to 21 August 2019 (both days inclusive) and from 28 to 30 August 2019 (both days inclusive) for the 2019 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 2019 AGM, and entitled for the final dividend for the year ended 31 March 2019, 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 15 August and 27 August 2019 respectively. The notice of the 2019 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 2019

	NOTES	2019 HK$'M	2018 HK$'M
Turnover	3	**3,844.0**	2,222.3
Cost of sales		**(2,646.6)**	(1,495.6)
Gross profit		**1,197.4**	726.7
Other income		**197.4**	135.8
Other gains and losses	4	**(8.1)**	593.3
Administrative expenses		**(473.9)**	(547.6)
Change in fair value of investment properties			
Realised gains on disposals		**–**	14.5
Unrealised gains		**1,117.4**	1,874.8
Finance costs	5	**(245.7)**	(208.3)
Share of results of associates		**(0.2)**	(0.2)
Share of results of joint ventures		**946.7**	48.4
Profit before taxation	6	**2,731.0**	2,637.4
Taxation	7	**(325.8)**	(200.5)
Profit for the year		**2,405.2**	2,436.9
Profit for the year attributable to:			
Owners of the Company		**2,206.9**	2,305.1
Non-controlling interests		**198.3**	131.8
		2,405.2	2,436.9
		HK cents	HK cents (restated)
Earnings per share	9		
Basic		**148.6**	155.2
Diluted		**148.5**	155.0

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	HK$'M	*HK$'M*
Profit for the year	**2,405.2**	2,436.9
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss		
Revaluation gain on property, plant and equipment upon transfer to investment properties	**24.6**	4.6
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the year	**(15.7)**	–
Deferred tax arising from fair value changes	**0.2**	–
	9.1	4.6
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from foreign joint ventures	**(449.8)**	615.2
Exchange differences arising from translation of other foreign operations	**(245.6)**	501.5
Release of exchange reserve upon deregistration of a foreign subsidiary	**–**	0.2
Available-for-sale financial assets:		
Fair value changes during the year	**–**	24.4
Reclassified to profit or loss upon disposal	**–**	(13.2)
Deferred tax arising from fair value changes	**–**	0.3
	(695.4)	1,128.4
Other comprehensive (expense) income for the year (net of tax)	**(686.3)**	1,133.0
Total comprehensive income for the year	**1,718.9**	3,569.9
Total comprehensive income attributable to:		
Owners of the Company	**1,516.9**	3,435.8
Non-controlling interests	**202.0**	134.1
	1,718.9	3,569.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	**2019** **HK$'M**	2018 HK$'M
Non-current assets			
Investment properties		**12,434.6**	11,255.2
Property, plant and equipment		**2,362.1**	2,313.2
Interests in associates		**–**	–
Interests in joint ventures		**8,763.7**	9,072.2
Equity instruments measured at fair value through other comprehensive income		**33.7**	–
Financial assets at fair value through profit or loss		**396.4**	–
Investments in debt instruments measured at amortised cost		**60.7**	–
Held-to-maturity investments		**–**	96.9
Available-for-sale financial assets		**–**	110.6
Other assets		**172.9**	150.6
Deferred tax assets		**15.5**	42.0
		24,239.6	23,040.7
Current assets			
Inventories		**44.2**	44.6
Properties held for sale		**2,591.4**	2,308.5
Properties held for/under development for sale		**4,576.5**	5,546.4
Trade receivables	*10*	**43.1**	29.8
Deposits, prepayments and other receivables		**811.0**	514.0
Loan to a joint venture		**307.4**	–
Amounts due from associates		**8.1**	8.1
Amounts due from joint ventures		**183.9**	191.2
Taxation recoverable		**13.4**	11.7
Investments in debt instruments measured at amortised cost		**27.9**	–
Held-to-maturity investments		**–**	33.3
Bank balances and cash		**2,610.9**	2,908.4
		11,217.8	11,596.0
Current liabilities			
Trade payables, provision and accrued charges	*11*	**1,200.9**	1,040.0
Deposits received and other financial liabilities		**150.8**	2,219.4
Contract liabilities		**1,599.3**	–
Taxation payable		**144.3**	97.8
Bank and other loans due within one year		**906.2**	1,058.0
Other liabilities due within one year		**–**	41.6
		4,001.5	4,456.8
Net current assets		**7,216.3**	7,139.2
Total assets less current liabilities		**31,455.9**	30,179.9

	NOTE	2019 HK$'M	2018 HK$'M
Non-current liabilities			
Bank and other loans due after one year		**5,780.4**	6,527.7
Other liabilities due after one year		**1,371.1**	1,126.6
Deferred tax liabilities		**382.0**	368.2
		7,533.5	8,022.5
		23,922.4	22,157.4
Capital and reserves			
Share capital	*12*	**371.3**	337.5
Reserves		**20,929.1**	19,380.3
Equity attributable to owners of the Company		**21,300.4**	19,717.8
Non-controlling interests		**2,622.0**	2,439.6
		23,922.4	22,157.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18, HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of properties
- Rental income (not within the scope of HKFRS 15)
- Provision of other services (clubs operation, transportation and professional property management services)
- Hotel revenue
- Provision of healthcare services

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on accumulated profits at 1 April 2018.

	Note	Impact of adopting HKFRS 15 at 1 April 2018 *HK$'M* (increase) decrease
Accumulated profits		
Impact of significant financing component on finance costs	*(a)*	10.7
Tax effects	*(a)*	(1.7)
Non-controlling interests	*(a)*	(2.2)
Impact at 1 April 2018		6.8

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

Impact on assets, (liabilities) and (reserve) as at 1 April 2018

	Notes	Carrying amount previously reported at 31 March 2018 *HK$'M* (audited)	Impacts of adopting HKFRS 15 *HK$'M*	Carrying amount under HKFRS 15 at 1 April 2018* *HK$'M*
Deferred tax assets	*(a)*	42.0	1.7	43.7
Properties held for sale	*(a)*	2,308.5	13.7	2,322.2
Properties held for/under development for sale	*(a)*	5,546.4	17.5	5,563.9
Deposits received and other financial liabilities	*(b)*	(2,219.4)	2,068.9	(150.5)
Contract liabilities	*(a), (b)*	–	(2,110.8)	(2,110.8)
Non-controlling interests	*(a)*	(2,439.6)	2.2	(2,437.4)
Accumulated profits		(9,722.3)	6.8	(9,715.5)

* The amounts in this column are before the adjustments from the application of HKFRS 9.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position as at 31 March 2019

	Notes	**As reported** *HK$'M*	**Adjustments** *HK$'M*	**Amount without application of HKFRS 15** *HK$'M*
Properties held for sale	*(d)*	**2,591.4**	**(58.7)**	**2,532.7**
Deposits received and other financial liabilities	*(b)*	**(150.8)**	**(1,556.3)**	**(1,707.1)**
Contract liabilities	*(b), (c), (d), (e)*	**(1,599.3)**	**1,599.3**	**–**
Deferred tax liabilities		**(382.0)**	**4.0**	**(378.0)**
Accumulated profits		**(10,540.7)**	**11.7**	**(10,529.0)**

Impacts on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

	Notes	**As reported** *HK$'M*	**Adjustments** *HK$'M*	**Amount without application of HKFRS 15** *HK$'M*
Turnover	*(c), (e)*	**3,844.0**	**(60.5)**	**3,783.5**
Cost of sales	*(e)*	**(2,646.6)**	**21.7**	**(2,624.9)**
Finance costs	*(e)*	**(245.7)**	**12.4**	**(233.3)**
Taxation	*(e)*	**(325.8)**	**5.7**	**(320.1)**
Profit for the year		**2,405.2**	**(20.7)**	**2,384.5**
Total comprehensive income for the year		**1,718.9**	**(20.7)**	**1,698.2**

Notes:

(a) Certain property sales contracts of the Group contain significant financing component after taking into account the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group recognised the interest expense only to the extent that a contract liability (a property sales deposit) is recognised in accounting for the contract with the customers and adjusted the promised amount of consideration by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. At the date of initial application, finance costs eligible for capitalisation amounting to HK$13.7 million have been adjusted to properties held for sale and HK$17.5 million have been adjusted to properties held for/under development for sale. Finance costs not eligible for capitalisation of HK$10.7 million, net of deferred tax of HK$1.7 million have been debited to the accumulated profits and non-controlling interests amounting to HK$6.8 million and HK$2.2 million respectively. The corresponding adjustment of the significant financing component of HK$41.9 million is credited to contract liabilities. The corresponding tax effect of HK$1.7 million has been recognised as deferred tax assets.

(b) At the date of initial application of HKFRS 15, property sales deposits and advance payments from customers of HK$2,034.7 million and HK$34.2 million, respectively, included in deposits received and other financial liabilities were reclassified to contract liabilities.

Due to the application of HKFRS 15, property sales deposits of HK$1,530.7 million and advance payments from customers of HK$25.6 million are classified as contract liabilities as at 31 March 2019.

(c) For the provision of dental services that have multiple deliverables which represent separate performance obligation, revenue is recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customers. In accordance with HKFRS 15, the transaction price is allocated to the different performance obligation on a relative stand-alone selling price basis. The revenue relating to the undelivered elements of the arrangements is deferred until delivery of these elements. In relation to this change, a decrease of HK$0.1 million in revenue is noted for current year and the corresponding advance payment is credited to contract liabilities.

(d) Due to the application of HKFRS 15, finance costs from significant financing component eligible for capitalisation of HK$58.7 million have been adjusted to properties held for sale. The corresponding adjustment of the significant financing component is credited to contract liabilities.

(e) The impact of adopting HKFRS 15 to revenue in relation to the property sales contracts with significant financing component that are completed during the current year amounted to HK$60.5 million, with the corresponding finance costs of HK$21.7 million capitalised in properties held for sale which are included in cost of sales upon sales of the relevant properties. The finance costs from a significant financing component not eligible for capitalisation of HK$12.4 million are recognised in finance costs in the current year and credited to contract liabilities. The corresponding tax effect of the above adjustments amounting to HK$5.7 million was debited to profit or loss.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. the Group has applied the classification and measurement requirements (including impairment under the ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating the comparative information.

Accordingly, certain comparative information may not be comparable as those comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, i.e. 1 April 2018.

	Notes	Available-for-sale financial assets HK$'M	Held-to-maturity investments HK$'M	Financial assets at fair value through profit or loss ("FVTPL") required by HKFRS 9 HK$'M	Equity instruments measured at fair value through other comprehensive income ("FVTOCI") HK$'M	Investments in debt instruments measured at amortised cost HK$'M	Amortised cost (previously classified as loans and receivables) HK$'M	Investment revaluation reserve HK$'M	Accumulated profits HK$'M
At 31 March 2018 (audited) – HKAS 39		110.6	130.2	–	–	–	6,859.9	39.2	9,722.3
Reclassification									
From available-for-sale financial assets	*(a)*	(110.6)	–	61.0	49.6	–	–	(10.3)	10.3
From held-to-maturity investments	*(b)*	–	(130.2)	45.6	–	84.6	–	–	–
Re-measurement									
From cost less impairment to fair value	*(a), (b)*	–	–	247.5	–	–	–	–	247.5
From amortised cost to fair value	*(b)*	–	–	0.4	–	–	–	–	0.4
Impairment under ECL model	*(c)*	–	–	–	–	–	(21.5)	–	(21.5)
At 1 April 2018 (restated)		–	–	354.5	49.6	84.6	6,838.4	28.9	9,959.0

Notes:

(a) Available-for-sale financial assets

From available-for-sale financial assets to equity instruments measured at FVTOCI

The Group elected to present in other comprehensive income for the fair value changes of certain equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$49.6 million were reclassified from available-for-sale financial assets to equity instruments measured at FVTOCI. The fair value gains of HK$28.9 million relating to those equity investments continued to accumulate in investment revaluation reserve.

From available-for-sale financial assets to financial assets at FVTPL

At the date of initial application of HKFRS 9, the Group's investments in private equity funds of HK$61.0 million previously accounted for as available-for-sale financial assets measured at fair value are reclassified as financial assets at FVTPL. The cumulative fair value gains of HK$10.3 million relating to those investments previously carried at fair value were transferred from investment revaluation reserve to accumulated profits.

From equity investment measured at cost less impairment to financial assets at FVTPL

At the date of initial application of HKFRS 9, the unquoted equity investment previously measured at cost less impairment under HKAS 39 is reclassified from other assets to financial assets at FVTPL. The net fair value gain of HK$247.5 million relating to that investment previously carried at cost less impairment were adjusted to financial assets at FVTPL and accumulated profits as at 1 April 2018.

(b) Held-to-maturity investments

Debt instruments amounting to HK$84.6 million previously classified as held-to-maturity investments are reclassified and measured at amortised cost upon application of HKFRS 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

At the date of initial application of HKFRS 9, the Group's held-to-maturity investments of HK$45.6 million were reclassified from held-to-maturity investments to financial assets at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK$0.4 million was adjusted to financial assets at FVTPL and accumulated profits as at 1 April 2018.

(c) Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for ECL and changes in those ECL 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. As at 1 April 2018, additional credit loss allowances of HK$21.5 million has been recognised against accumulated profits. The additional loss allowances were charged against the respective assets.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost (previously classified as loans and receivables) mainly comprise those arising from investments in debt instruments measured at amortised cost, loans to joint ventures, loan to an investee, amounts due from associates, amounts due from joint ventures and bank balances. Such loss allowances are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance of HK$21.5 million has been recognised against accumulated profits. The additional loss allowance is charged against the respective assets.

All loss allowances for financial assets classified as loans and receivables including loans to joint ventures and loan to an investee as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Loans to joint ventures included in interests in joint ventures *HK$'M*	Loan to an investee included in other assets *HK$'M*	Total *HK$'M*
At 31 March 2018 (audited) – HKAS 39	6,753.3	106.6	6,859.9
Impairments under ECL model	(21.1)	(0.4)	(21.5)
At 1 April 2018	6,732.2	106.2	6,838.4

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 March 2018 *HK$'M* (audited)	HKFRS 15 *HK$'M*	HKFRS 9 *HK$'M*	1 April 2018 *HK$'M* (restated)
Financial assets at FVTPL	–	–	354.5	354.5
Equity instruments measured at FVTOCI	–	–	49.6	49.6
Investments in debt instruments measured at amortised cost	–	–	84.6	84.6
Held-to-maturity investments	130.2	–	(130.2)	–
Available-for-sale financial assets	110.6	–	(110.6)	–
Loan to an investee included in other assets	106.6	–	(0.4)	106.2
Loans to joint ventures included in interests in joint ventures	6,753.3	–	(21.1)	6,732.2
Deferred tax assets	42.0	1.7	–	43.7
Properties held for sale	2,308.5	13.7	–	2,322.2
Properties held for/under development for sale	5,546.4	17.5	–	5,563.9
Deposits received and other financial liabilities	(2,219.4)	2,068.9	–	(150.5)
Contract liabilities	–	(2,110.8)	–	(2,110.8)
Investment revaluation reserve	(39.2)	–	10.3	(28.9)
Non-controlling interests	(2,439.6)	2.2	–	(2,437.4)
Accumulated profits	(9,722.3)	6.8	(236.7)	(9,952.2)

New and amendments to HKFRSs in issue but not yet effective

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 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and the interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

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 used and those classified as investment properties while other operating lease payments are presented as operating cash flow. 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 by the Group.

Under HKAS 17, the Group has already recognised an asset for land use rights 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 were owned.

Other than certain requirements which are also applicable to lessor, 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 2019, the Group has non-cancellable operating lease commitments of HK$37.2 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK$16.5 million and refundable rental deposits received of HK$113.2 million as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarify that an entity applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31 March 2019, loan to a joint venture of HK$4,701.6 million are considered as long-term interests that, in substance form part of the Group's net investments in the joint venture. However, the application is not expected to have impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

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 chronic disease management and integrated medical centres, Chinese medicine centres, dental clinics, a centre for the diagnosis and treatment of cancer and multi-specialty outpatient centres). Each of the operating divisions represents an operating and reportable segment.

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

	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 2019						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	**3,974.5**	**1,978.3**	**476.0**	**329.2**	**281.5**	**7,039.5**
Excluding turnover of an associate and joint ventures	**(1,677.4)**	**(1,518.1)**	**–**	**–**	**–**	**(3,195.5)**
Consolidated turnover, as reported	**2,297.1**	**460.2**	**476.0**	**329.2**	**281.5**	**3,844.0**
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures *(note a)*	**758.6**	**761.6**	**44.9**	**15.7**	**7.5**	**1,588.3**
Excluding realised results of associates and joint ventures not shared by the Group	**(184.9)**	**(254.4)**	**–**	**–**	**–**	**(439.3)**
Results attributable to the Group	**573.7**	**507.2**	**44.9**	**15.7**	**7.5**	**1,149.0**
Unallocated other income						**3.0**
Unallocated corporate expenses						**(148.9)**
Finance costs and corporate level exchange difference						**(189.5)**
Net unrealised gains on fair value change of investment properties *(note b)*						**1,111.4**
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						**480.2**
Profit for the year						**2,405.2**
Non-controlling shareholders' share of profit for the year						**(198.3)**
Profit for the year attributable to owners of the Company						**2,206.9**

	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 2018						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	1,318.7	1,435.4	471.1	313.2	276.3	3,814.7
Excluding turnover of an associate and joint ventures	(568.9)	(1,023.5)	–	–	–	(1,592.4)
Consolidated turnover, as reported	749.8	411.9	471.1	313.2	276.3	2,222.3
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures *(note a)*	128.3	236.6	66.0	(15.1)	0.7	416.5
Excluding realised results of associates and joint ventures not shared by the Group	(30.8)	3.0	–	–	–	(27.8)
Results attributable to the Group	97.5	239.6	66.0	(15.1)	0.7	388.7
Unallocated other income						32.3
Unallocated corporate expenses						(210.9)
Finance costs and corporate level exchange difference						(156.7)
Gain on disposal of a self-used property						559.9
Net unrealised gains on fair value change of investment properties *(note b)*						1,813.0
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						10.6
Profit for the year						2,436.9
Non-controlling shareholders' share of profit for the year						(131.8)
Profit for the year attributable to owners of the Company						2,305.1

Notes:

(a) The segment results of the Group include the entire results of associates and joint ventures, excluding the net 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 2019 of HK$1,111.4 million (2018: HK$1,813.0 million) represented the unrealised gains on fair value change of investment properties of HK$1,117.4 million (2018: HK$1,874.8 million) net of deferred tax charge arising from change in fair value of HK$6.0 million (2018: HK$61.8 million).

Other than including the entire revenue and entire result 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, gain on disposal of a self-used property, 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 interest 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 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

	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 2019							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales *	–	(1.0)	(10.3)	(0.1)	–	–	(11.4)
Depreciation	19.9	19.1	46.5	61.3	7.9	10.5	165.2
Reversal of impairment loss on loans to joint ventures	(0.4)	(0.3)	–	–	–	–	(0.7)
Impairment loss on investments in debt instruments measured at amortised cost	–	–	–	–	–	0.5	0.5
Impairment loss on other assets	–	–	–	–	–	1.4	1.4
Impairment loss on trade receivables	–	–	–	–	2.1	–	2.1
Net loss on financial assets at FVTPL	–	–	–	–	–	11.8	11.8
Gain on disposal of a subsidiary	(22.4)	–	–	–	–	–	(22.4)
Loss (gain) on disposal of property, plant and equipment	7.8	–	(0.1)	(0.2)	–	–	7.5
Interest income	(33.4)	(8.6)	–	(1.5)	–	(31.1)	(74.6)
Finance costs	15.4	9.1	–	–	1.1	220.1	245.7
Income tax charge	100.4	196.6	8.6	7.4	3.0	9.8	325.8
Share of results of associates	0.2	–	–	–	–	–	0.2
Share of results of joint ventures	(212.0)	(254.5)	–	–	–	(480.2)	(946.7)

	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 2018							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales *	–	(1.8)	(11.0)	(0.1)	–	–	(12.9)
Depreciation	19.2	16.5	50.6	58.9	7.6	8.2	161.0
Reversal of impairment loss on held-to-maturity investments and other receivables	–	–	–	–	–	(7.2)	(7.2)
Net allowance for doubtful debts	–	–	–	–	0.7	–	0.7
Net gain from financial assets	–	–	–	–	–	(13.2)	(13.2)
(Gain) loss on disposal of property, plant and equipment	(0.4)	(2.6)	(6.1)	22.5	(0.1)	(560.0)	(546.7)
Realised gain on disposal of investment properties	(2.3)	(12.2)	–	–	–	–	(14.5)
Interest income	(29.1)	(7.6)	–	(4.4)	–	(15.0)	(56.1)
Finance costs	–	21.1	–	–	1.2	186.0	208.3
Income tax charge	115.0	61.8	10.8	7.0	2.5	3.4	200.5
Share of results of associates	0.2	–	–	–	–	–	0.2
Share of results of joint ventures	(40.8)	3.0	–	–	–	(10.6)	(48.4)

* 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 its major products and services:

	2019 *HK$'M*	2018 *HK$'M*
Sales of properties	**2,286.9**	744.0
Rental income	**436.9**	386.4
Hotel revenue	**329.2**	313.2
Provision of healthcare services	**281.5**	276.3
Other services rendered	**509.5**	502.4
	3,844.0	2,222.3

Geographical information

For each of the years ended 31 March 2019 and 2018, the Group's operations are located in Hong Kong, mainland China, Japan and South East Asia.

The Group's revenue from external customers 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)*	
	2019	2018	**2019**	2018
	HK$'M	*HK$'M*	***HK$'M***	*HK$'M*
Hong Kong	**2,445.5**	1,190.1	**12,912.7**	11,509.0
Mainland China	**1,005.3**	230.1	**2,759.1**	2,488.6
Japan	**101.1**	467.4	**1,106.6**	1,113.3
South East Asia *(note b)*	**292.1**	334.7	**794.8**	788.8
	3,844.0	2,222.3	**17,573.2**	15,899.7

Notes:

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

(b) Revenue from countries in this categories 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

	2019	2018
	HK$'M	*HK$'M*
Other gains (losses) include the following:		
Gain on disposal of a subsidiary	**22.4**	–
Net foreign exchange (loss) gain	**(7.9)**	27.9
(Loss) gain on disposal of property, plant and equipment	**(7.5)**	546.7
Impairment loss on other assets	**(1.4)**	–
Loss on deregistration of subsidiaries	**–**	(1.0)
Others	**(11.8)**	13.1
	(6.2)	586.7
Impairment losses on financial assets, net of reversal, include the following:		
Reversal of impairment loss on held-to-maturity investments	**–**	7.3
Reversal of impairment loss on loans to joint ventures	**0.7**	–
Impairment loss on trade receivables	**(2.1)**	(0.7)
Impairment loss on investments in debt instruments measured at amortised cost	**(0.5)**	–
	(8.1)	593.3

5. FINANCE COSTS

	2019	2018
	HK$'M	*HK$'M*
Interest on		
Bank and other loans	**190.9**	169.9
Advances from non-controlling shareholders	**22.5**	11.9
Finance costs from a significant financing component of contract liabilities	**73.7**	–
	287.1	181.8
Less: Amounts included in the qualifying assets *(note)*	**(80.6)**	(11.9)
	206.5	169.9
Bank and other loans arrangement fees	**39.2**	38.4
	245.7	208.3

Note: Borrowing costs capitalised arose on specific borrowings to finance the expenditures of qualifying assets for both years.

6. PROFIT BEFORE TAXATION

	2019	2018
	HK$'M	*HK$'M*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**9.3**	8.9
Cost of developed properties recognised as an expense	**1,630.5**	417.0
Operating lease rentals in respect of land and buildings	**39.9**	38.3
Salaries, wages, bonus and other benefits	**659.3**	718.1
Retirement benefit scheme contribution	**16.1**	15.6
Staff costs incurred (including directors' remuneration)	**675.4**	733.7
Depreciation	**165.2**	161.0
Gross rental income under operating leases on:		
Investment properties	**(426.5)**	(378.0)
Other properties	**(10.4)**	(8.4)
Less: Outgoings	**53.5**	45.4
	(383.4)	(341.0)

7. TAXATION

	2019	2018
	HK$'M	*HK$'M*
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year	**40.4**	30.5
Overseas tax calculated at rates prevailing in respective jurisdictions	**88.7**	73.0
Land appreciation tax ("LAT")	**143.2**	54.1
	272.3	157.6
Deferred taxation for current year *(note)*	**53.5**	42.9
	325.8	200.5

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

	2019	2018
	HK$'M	*HK$'M*
Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties	**6.0**	61.8
Deferred tax credit on disposal of investment properties	**–**	(4.1)
Others	**47.5**	(14.8)
	53.5	42.9

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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 the PRC subsidiaries is 25% for both years.

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

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

8. DIVIDENDS

	2019 *HK$'M*	2018 *HK$'M*
Final dividend paid for the financial year ended 31 March 2018 of HK7 cents (2018: final dividend paid for the financial year ended 31 March 2017 of HK7 cents) per share	**94.5**	94.5
Interim dividend paid for the financial year ended 31 March 2019 of HK4 cents (2018: interim dividend paid for the financial year ended 31 March 2018 of HK3 cents) per share	**59.4**	40.5
	153.9	135.0

The directors of the Company proposed a final dividend for the financial year ended 31 March 2019 of HK6 cents (2018: for the financial year ended 31 March 2018 of HK7 cents) per share totalling not less than HK$89.1 million (2018: HK$94.5 million).

9. EARNINGS PER SHARE

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

	2019 *HK$'M*	2018 *HK$'M*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**2,206.9**	2,305.1

	2019	2018 (restated)
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	**1,485,301,803**	1,485,301,803
Effect of dilutive potential ordinary share: Adjustment in relation to share options issued by the Company	**1,090,672**	1,620,862
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,486,392,475**	1,486,922,665

On 22 August 2018, an ordinary resolution was duly passed by the shareholders of the Company to approve the bonus issue on the basis of one bonus share for every ten existing ordinary shares held by the shareholders as of 31 August 2018. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 has been retrospectively adjusted to reflect the bonus issue that was completed on 17 September 2018.

10. 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:

	2019	2018
	HK$'M	*HK$'M*
Not yet due	**10.4**	1.7
Overdue:		
0–60 days	**22.5**	23.9
61–90 days	**2.9**	2.7
Over 90 days	**7.3**	1.5
	43.1	29.8

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK$160.3 million (2018: HK$176.2 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	2019	2018
	HK$'M	*HK$'M*
Not yet due	**107.3**	123.0
Overdue:		
0–60 days	**20.1**	41.3
61–90 days	**19.9**	1.0
Over 90 days	**13.0**	10.9
	160.3	176.2

12. SHARE CAPITAL

	Number of shares	*HK$'M*
Ordinary shares of HK$0.25 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 1 April 2018	**2,000,000,000**	**500.0**
Increase on 22 August 2018 *(note a)*	**2,000,000,000**	**500.0**
At 31 March 2019	**4,000,000,000**	**1,000.0**
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 1 April 2018	**1,350,274,367**	**337.5**
Bonus issue *(note b)*	**135,027,436**	**33.8**
At 31 March 2019	**1,485,301,803**	**371.3**

Notes:

(a) Pursuant to a resolution passed at the annual general meeting held on 22 August 2018, the authorised share capital of the Company was increased from HK$500.0 million divided into 2,000,000,000 ordinary shares of HK$0.25 each to HK$1,000.0 million divided into 4,000,000,000 ordinary shares of HK$0.25 each by the creation of an additional 2,000,000,000 ordinary shares of HK$0.25 each.

(b) On 17 September 2018, the Group issued a total of 135,027,436 bonus shares on the basis of one bonus share for every ten existing ordinary shares.

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's turnover from property development and investment for the year (including the proportionate share of joint ventures and associates of HK$1,598 million (2018:HK$796 million)) was HK$4,355 million (2018:HK$1,958 million). The Group's contribution from property development and investment for the year (including the proportionate share of joint ventures and associates of HK$466 million (2018:HK$38 million)) was HK$1,081 million (2018:HK$337 million).

Contribution from the property investment segment saw a significant increase of 112% for the year under review. HKRI Taikoo Hui, the Group's investment property in mainland China, in which the Group owns 50% interest, is a major profit driver of the Group's property investment segment, bringing a substantial contribution (excluding fair value change of investment properties, net of deferred tax) of HK$255 million to the Group as the project entered into full operations during the year.

The Group's property development and investment projects remain primarily in Hong Kong and mainland China. Discovery Bay, the Group's first and largest flagship project has been undergoing continuous development for the past 40 years, and will continue to be a source of land bank for future development, subject to approval from the HKSAR Government. At the same time, as part of the Group's strategy of diversifying our property portfolio geographically, the Group has been acquiring more land lots outside Hong Kong, eventually we target to achieve an equal proportion of our portfolio in Hong Kong, mainland China and overseas respectively. In each of the markets we are operating, we are also on the lookout for sound investment opportunities.

Part of the Group's remit is to meet and exceed customer satisfaction. Whenever and wherever appropriate, we upgrade facilities to meet this vision and to achieve sustained development. For instance, we engage in continuous efforts to enhance the facilities, safety and environment within the community of Discovery Bay through our subsidiary, Hong Kong Resort Company Limited. During the year, we upgraded the bus terminus and undertook works to extend DB Plaza shopping arcade.

Hong Kong – Property Development

Poggibonsi, the latest development in Discovery Bay, offers 196 units in three mid-rise blocks with a total gross floor area ("GFA") of approximately 186,000 square feet. A sale in the form of tender was launched in March 2019. As of 31 March 2019, 21 units were sold. A number of other residential projects are also in the pipeline in Discovery Bay, which the Group holds a 50% interest.

Elsewhere in Hong Kong, we have two ongoing luxurious residential developments. La Cresta, a 50:50 joint venture project with Nan Fung Development Limited, offers 61 units with a total GFA of approximately 135,000 square feet. As of 31 March 2019, 46 units were sold and the revenue from 27 units was recognised upon transfer of ownerships during the year.

For the premium low-density development at Tai Po Town Lots Nos. 223 and 229, a 40:60 joint-venture project with Hysan Development Company Limited, site formation work is well in progress.

Hong Kong – Property Investment

DB Plaza and DB North Plaza in Discovery Bay, where the Group holds 50% interest, continue to bring in stable rental revenues. In an effort to improve retail choices and overall shopping experience, construction of the new DB Plaza extension is now underway and is scheduled for completion in 2019. The new extension will be equipped with an international-standard ice skating rink and will offer more choices for sports and leisure activities in Discovery Bay. As of 31 March 2019, DB Plaza and DB North Plaza had achieved occupancy rates of 88% and 97% respectively.

The revamped CDW Building, an office-cum-retail tower, has become home to many multinational corporations and government departments, and its retail podium, 8½, is now the latest must-visit destination for families and a new hotspot of shopping activities in the district. As of 31 March 2019, 8½ was fully occupied and the commitment rate for the entire building stands at 95%. In support of youth development initiatives, the Group has become one of the biggest contributors to the government's Space Sharing Scheme for Youth programme. A 20,000-square-foot space in CDW Building has been assigned to Cyberport at one-third of the market rental to operate a co-working space, named Smart-Space 8.

During the year, West Gate Tower in Cheung Sha Wan and the Tuen Mun Central Square public car park continued to generate stable rental income for the Group.

Mainland China – Property Development

The Group believes the Yangtze River Delta, being an important international gateway and one of the major engines of mainland China's economy, is endowed with vast growth and development potential. The economic growth and development will drive property demand and as such, the Group has gradually built up a portfolio of premium residential projects in Zhejiang Province, in particular Jiaxing City, which has got positive word of mouth among customers, media and industry professionals alike.

In Jiaxing, the Group's first project City One, comprising about 580 apartment units and 20 villas, has sold 98% of units as of 31 March 2019. The revenue of five sold units was recognised upon transfer of ownerships during the year. Adjacent to City One is the Group's second project in the city – Riviera One – which offers about 700 low- and high-rise apartments with a total GFA of approximately 1.1 million square feet. Pre-sales began in January 2018 and the project was completed with its occupation permit granted on 30 January 2019. As of 31 March 2019, 93% of 482 released units had been sold, and sales revenue will be realised upon completion and transfer of ownerships.

To further build on our success, the Group acquired two land plots at the Jiaxing Economic and Technological Development Zone (Nos. 2017-28 and 2017-34) in December 2017 and February 2018 respectively. Land plot no. 2017-28 has a total GFA of approximately 355,000 square feet and will become a premium residential project with low-rise apartments. Land plot no. 2017-34 has a total GFA of 214,000 square feet and will be developed into a luxury project comprising low-rise apartments and villas. Foundation works for both projects commenced in October 2018, and both are expected to be completed by 2022.

In January 2019, the Group acquired another land plot in Nanhu New District (No. 2018-42), which has a total GFA of approximately 786,000 square feet. It will be developed into a deluxe residential project with high-rise apartments and villas. Construction work is targeted to begin by the fourth quarter of 2019, with anticipated completion in 2023.

In Hangzhou, Zhejiang Province, the Group's development Oasis One, with about 350 low-rise apartments and 50 villas, was completed with occupation permit granted on 2 February 2019. Approximately 79% of 396 released units were sold as of 31 March 2019. Of these, revenue of 98 units was realised upon completion and transfer of ownerships during the year.

In Shanghai, the Group has a 30-storey residential building named Elite House located in Changning district. The property comprises 120 units and has a total GFA of approximately 234,000 square feet. As of 31 March 2019, 60 units were sold and the revenue of 35 sold units was realised upon transfer of ownerships during the year.

Mainland China – Property Investment

HKRI Taikoo Hui, the Group's flagship investment project in mainland China with a total GFA of approximately 3.5 million square feet, has become one of Shanghai's most prestigious and sought-after mixed-used properties. Profit contribution to the Group has significantly enhanced in the year under review after the project began full operations. The two office towers, HKRI Centres One and Two, house many global conglomerates and large local companies, and the office towers had achieved a total commitment rate of 98% as of 31 March 2019.

The shopping mall at HKRI Taikoo Hui celebrated its first anniversary in November 2018 and, by the end of March 2019, had achieved a commitment rate of 96%. As a result of the mall's prime location, unique offerings, exclusive brands, frequent events and mall-tenant joint promotions, it has become a popular attraction for people working and residing nearby, as well as for visitors from the wider city. Both traffic and sales have improved steadily since the mall opened for business, with retail turnover recording a rise of 57% in the first quarter of 2019 over the same period in 2018. The two boutique hotels and the serviced apartment building within the complex, The Sukhothai Shanghai (operated by Beaufort Hotels Limited, a subsidiary of the Company), and The Middle House and The Middle House Residence (operated by Swire Hotels), had their soft openings in April and May 2018 respectively. Very quickly, they became talk of the town. The Group has a 50% interest in HKRI Taikoo Hui.

The Exchange, the Group's 15%-owned investment property in Tianjin, has a total GFA of over 1.6 million square feet. During the year, the retail mall Heping Joy City and the two office towers maintained an average occupancy rate of 87% and continued to generate stable rental income. Hotel Nikko Tianjin closed its business in October 2018 and is now being converted into residential rental apartments.

Thailand – Property Development

The Group's reputation as a top tier property developer in Thailand is built upon its iconic luxury projects, one of the best examples is The Sukhothai Residences, Bangkok – a stately, luxury condominium tower located on Sathorn Road. 97% of the units have been sold and one sold unit was duly transferred during the year.

The Group is now actively working on another sizable project providing around 1,500 residential units and a hotel on Rama 3 Road by the Chaophraya River in the Bang Phongphang sub-district, which is part of Bangkok's Yannawa district. Construction will continue into 2020. In the meantime, master planning is also underway for the three plots of land located on Bangkok's Ramintra Road in the Khannayao district which cover an area of approximately 610,000 square feet.

Japan – Property Investment and Development

The Group owns five investment properties in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally located office building; Souei Park Harajuku, an en bloc residential apartment building in Shibuya-ku; Veneo Minami-Azabu, an en bloc residential apartment building in Minato-ku; and Haluwa Shibakoen, a 15-storey residential building in Minato-ku. As of 31 March 2019, all the investment properties had achieved good leasing performance, with occupancy ranging from 94% to 100%.

The Group also holds residential plots located at Niseko, Hokkaido, close to the Niseko Annupuri International Ski Area, with a total site area of approximately 650,000 square feet.

The Group will continue to identify property development and investment opportunities in key cities in Japan in the year ahead.

SERVICES PROVIDED

The Group's subsidiaries operate various transport services in Discovery Bay, including operations that encompass ferries, land transport and tunnel operations. During the year, footfall on ferries continued to drop but the use of bus services increased. Operations continued to face strong challenges posed by escalating fuel and maintenance costs, a shortage of manpower, as well as an acute lack of skilled labour. As part of our ongoing efforts to be environmentally sustainable, we deployed more new buses to our fleet that comply with Euro V and VI emission standards.

In March 2019, the Phase Occupation Permit for construction work at the new Discovery Bay bus terminus was granted and the new bus terminus, with more bus bays and road crossing facilities, opened in April 2019, enhancing safety and user experience.

The Group's property management services in Discovery Bay, and elsewhere in Hong Kong, continued to operate well during the year. The Group holds a 50% interest in the Discovery Bay service providers.

HOSPITALITY

Hong Kong

Thanks to the city's buoyant tourism industry and strong visitor-arrival numbers, business remained steady at Auberge Discovery Bay Hong Kong ("Auberge") during the year under review, with an average occupancy rate of 79% despite strong competition. Auberge is a popular wedding venue, and it was honoured with the "Best Wedding Ceremony Venue" award at the ESDlife Bridal Award 2018. This was just one among a number of other accolades received from the travel and leisure industry. The Group holds a 50% interest in Auberge.

Throughout 2018/2019, Discovery Bay Golf Club ("DBGC"), Discovery Bay Recreation Club ("DBRC") and Club Siena performed satisfactorily. Various upgrade programmes are underway to provide members and guests with enhanced facilities and services. During the year, we implemented a new Club Management System to strengthen our operating efficiency and service delivery to members of DBRC and Club Siena.

Since 1 January 2019, the marina at Discovery Bay Marina Club has been closed for renovation. It is expected to reopen in the second half of 2020 as a world-class marina, with facilities catering to super yachts, attracting the prestigious boating community in the region and helping to establish Hong Kong's reputation as a prime yachting destination.

The Ruby course renovation at DBGC was completed and reopened in May 2018. Upgrade work on the Diamond course commenced in May 2019, and it will reopen in the second half of 2019.

Thailand

The Group has cultivated the "Sukhothai" brand over the course of two decades and today, the name represents a sense of the modern, the niche, of style and quality. Renovation work on the luxurious Club Wing at The Sukhothai Bangkok was completed, and it went into service in December 2018. The Club Wing includes 33 brand-new rooms and suites, a club lounge, a new high-tech fitness centre, and a renovated swimming pool complete with cabanas. The award-winning La Scala Italian restaurant also received an extensive makeover. The hotel will enter the next phase of renovation work in 2020, which will encompass the lobby, Zuk Bar and some of the guest rooms.

La Scala, as one of the world's top Italian restaurants in 2019, was awarded the highest rating of "Three Forks" by Gambero Rosso, the Italian restaurant bible. Colonnade retained its top position on TripAdvisor, while Celadon and La Scala were listed in The Michelin Guide Thailand 2019. The hotel was also certified with the ISO 22000 standard and achieved an average occupancy rate of 65% for the year.

Mainland China

The Sukhothai Shanghai opened its doors in April 2018 and gained fame thanks to its outstanding service and facilities. The hotel also received 25 awards and recognitions in 2018, including "City Hotel of the Year 2018" by Small Luxury Hotels of the World, which saw it fend off competition from 520 hotels around the world. The Sukhothai Shanghai has achieved an occupancy rate of 55% as of 31 March 2019.

HEALTHCARE

GenRx Holdings Limited ("GenRx"), a wholly-owned subsidiary, operates a comprehensive healthcare service network, including chronic disease management and integrated medical centres (Qualigenics Medical), Chinese medicine centres (the Discovery TCM Centre), dental clinics (Health & Care Dental Clinic – 57%-owned), a centre for the diagnosis and treatment of cancer (AmMed Cancer Center), and multi-specialty outpatient centres (Healthway), across Hong Kong, Macau and Manila in the Philippines.

In Hong Kong, the Group has identified opportunities arising from a growing demand for quality private healthcare services, as the public healthcare system is overburdened by the overdependence by the general public and a shortage of staff. In 2018, GenRx acquired Humphrey & Partners Medical Services Limited ("HPMS"), which operates a medical network of over 250 affiliated clinics, providing general practitioners and specialists' services. The acquisition will strengthen the presence and penetration of GenRx in the private healthcare services sector.

For more than 20 years, Healthway Medical in the Philippines has been renowned for its excellent service. Indeed, it was the first ambulatory clinic in the country to be consistently recognised by Readers' Digest as the "Most Trusted Brand" in its category for seven consecutive years.

Healthway Medical's full circle of care, its integrated IT system and its comprehensive network of more than a thousand doctors from various areas of expertise, have forged strong alliances and meaningful partnerships with over a thousand corporations, more than 60 Healthway-managed corporate clinics, and close to 50 local and international health maintenance organisations and insurance companies.

As Healthway Medical expands into holistic healthcare and integrative medicine, it continues to grow its already huge database of more than two million patients. As a result, Healthway Medical will spearhead wellness promotions in communities, corporations and key institutions across the nation.

OUTLOOK

Hong Kong's economic outlook for 2019 should largely hinge on the outcome of the US-China trade negotiations and it will likely be a challenging year. A number of the city's key trading partners are experiencing a moderation in growth. As a result, Hong Kong's exports of goods could be affected. Hong Kong recorded a 0.5% GDP growth in the first quarter of 2019, which is the weakest in a decade. A further slowdown of mainland China's economy in 2019, with a government target annual growth rate of 6.0%-6.5%, will likely add pressure on the city's growth prospects.

The HKSAR Government is poised to introduce extra control measures if the price of homes continues to rise, and may even introduce new regulatory measures on first-hand sales. Together with the proposed vacancy tax, there will be significant pressure on property prices. In mainland China, the central government's strict regulatory controls on home purchases are expected to translate into a reduction in sales by late 2019. The slowdown in economic growth has weakened sentiment among potential home buyers. In Thailand, the authorities have implemented higher loan-to-value requirements to curb speculative buying.

Notwithstanding these challenges, we are cautiously optimistic about the property sector outlook in our key markets. The demand for quality residential projects remains unchanged, whether it is in Hong Kong, mainland China or Thailand. Our commercial properties at prime locations, complemented with adequate marketing promotions, will have stronger resilience to the slowing economy. To minimise risk, we will continue to build up a diversified portfolio and acquire land bank across the region, to ensure that the Group will maintain a balanced income flow from different business operations. We will be extra watchful in undertaking new investments in the midst of this unpredictable environment, but our experienced and resourceful management team will lead us through these challenges and sustain a good performance.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 31 March 2019, the shareholders' funds of the Group increased by HK$1,582.6 million to HK$21,300.4 million (2018: HK$19,717.8 million). The gross profit margin for the Group for the year was 31.1% (2018: 32.7%).

MAJOR INVESTING ACTIVITIES

During the year, shareholders' loans of HK$146.9 million were extended to joint ventures by the Group. Further, the Group received a shareholders' loan repayment of HK$645.0 million from another joint venture. The Group received net consideration of HK$206.2 million for disposal of a subsidiary which holds a development property in Sai Kung, Hong Kong.

In January 2019, the Group successfully bid the land use right of a plot of land in Jiaxing City, Zhejiang Province, PRC at a consideration of HK$854.4 million. The Group has paid deposit of HK$561.3 million in the first quarter of 2019 and the remaining balance will be made in July 2019.

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$361.3 million, HK$19.8 million, HK$1,493.2 million and HK$93.1 million respectively.

FINANCIAL LIQUIDITY

As at 31 March 2019, the Group had total cash and securities investment of HK$3,129.6 million (2018: HK$3,149.2 million) whilst total bank borrowings, bonds and other loans were HK$6,686.6 million (2018: HK$7,585.7 million).

GEARING

The Group's gearing ratio was 19.1% (2018: 23.7%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2019.

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 2019, the unutilised credit facilities were approximately HK$7,396.3 million (2018: HK$6,813.2 million).

The maturity profile of bank borrowings, bonds and other loans were 13.6% (2018: 13.9%) falling within one year, 78.0% (2018: 13.2%) falling between one and two years and 8.4% (2018: 72.9%) falling between two and five years as at 31 March 2019.

TREASURY POLICY

The Group has centralised treasury functions and adopted a conservative approach for its treasury management. The Group closely reviews and monitors its foreign currency exposure. To manage foreign currency exposure in certain overseas investments, the Group maintains certain naturally hedged positions and will make any swap or 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 2019, certain bank loans of the Group were secured by certain investment properties, properties held for sale and properties held for/under development for sale at a total carrying value of HK$553.9 million (2018: HK$1,669.5 million).

In addition, the loans to a joint venture by the Group amounting to approximately HK$771.9 million (2018: HK$747.1 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK$125.9 million (2018: HK$135.9 million) as at 31 March 2019 given to a bank in respect of a banking facility granted to an investee company.

Two subsidiaries of the Company provided guarantees amounting to HK$406.5 million (2018: HK$211.7 million) as at 31 March 2019 in respect of mortgage facilities granted to purchasers of the Group's properties.

The Company provided a corporate guarantee of proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. The bank loan balance of proportionate share of 40% is HK$682.1 million (2018: HK$666.1 million) as at 31 March 2019.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 31 March 2019.

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 2019 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 2018/2019 of the Company which will be published shortly. Since the publication of the Company's interim report for the six months ended 30 September 2018, 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 2019 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 2019 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, 19 June 2019

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
Mr CHEUNG Wing Lam Linus
Mr FAN Hung Ling Henry
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*