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## **HKR INTERNATIONAL LIMITED** **香港興業國際集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00480)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012**

#### **RESULTS**

The directors (the "Board" or the "Directors") of HKR International Limited (the "Company") announce the audited final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012.

The Group's overall turnover during the year amounted to HK\$1,664.1 million representing a decrease of 7.6% as compared to HK\$1,800.7 million of last year. Profit attributable to shareholders amounting to HK\$747.2 million showed a decrease of 54.7% as compared to HK\$1,647.9 million of last year. The basic earnings per share were HK55 cents for the year representing a decrease of 54.9% as compared to HK122 cents of last year.

#### **DIVIDEND**

The Directors declared the payment of an interim dividend of HK8 cents per share for the year ended 31 March 2012 (2011: HK7 cents) to shareholders whose names appear on the registers of members of the Company on 2 August 2012 and payable on 8 August 2012. There is no final dividend proposed by the Directors for the year ended 31 March 2012.

The interim dividend represents the total dividend of HK8 cents per share (2011: HK18 cents) payable by the Company for the year ended 31 March 2012.

#### **CLOSURE OF REGISTERS**

The main and branch registers of members of the Company will be closed on 1 and 2 August 2012 for the interim dividend. During the period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 31 July 2012.

# AUDITED CONSOLIDATED INCOME STATEMENT

	NOTES	For the year ended 31 March	
		2012 HK\$'M	2011 HK\$'M
Turnover	3	1,664.1	1,800.7
Cost of sales		<u>(1,195.0)</u>	<u>(1,287.7)</u>
Gross profit		469.1	513.0
Other income		120.9	94.1
Administrative expenses		(440.0)	(431.8)
Other gains and losses	4	41.2	94.3
Change in fair value of investment properties			
Realised gains on disposals		252.8	640.2
Unrealised gains		375.4	750.8
Finance costs	5	(63.2)	(42.2)
Share of results of associates		90.8	150.1
Share of results of jointly controlled entities		<u>69.9</u>	<u>79.3</u>
Profit before taxation	6	916.9	1,847.8
Taxation	7	<u>(61.2)</u>	<u>(63.9)</u>
Profit for the year		<u><u>855.7</u></u>	<u><u>1,783.9</u></u>
Attributable to:			
Owners of the Company		747.2	1,647.9
Non-controlling interests		<u>108.5</u>	<u>136.0</u>
		<u><u>855.7</u></u>	<u><u>1,783.9</u></u>
Earnings per share	9		
– Basic (HK cents)		<u><u>55</u></u>	<u><u>122</u></u>
– Diluted (HK cents)		<u><u>N/A</u></u>	<u><u>122</u></u>

## AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b><i>HK\$'M</i></b>	<b><i>HK\$'M</i></b>
Profit for the year	<u>855.7</u>	<u>1,783.9</u>
Other comprehensive income (expense):		
Exchange differences arising from translation of foreign operations	40.5	228.3
Share of exchange reserve of associates	1.4	0.8
Share of exchange reserve of jointly controlled entities	215.6	207.2
Available-for-sale financial assets:		
Fair value changes during the year	(7.3)	(19.1)
Reclassified to profit or loss upon disposal	–	(9.2)
Deferred tax arising from fair value changes	<u>(0.2)</u>	<u>(0.4)</u>
Other comprehensive income for the year (net of tax)	<u>250.0</u>	<u>407.6</u>
Total comprehensive income for the year	<u><b>1,105.7</b></u>	<u><b>2,191.5</b></u>
Total comprehensive income attributable to:		
Owners of the Company	996.6	2,043.9
Non-controlling interests	<u>109.1</u>	<u>147.6</u>
	<u><b>1,105.7</b></u>	<u><b>2,191.5</b></u>

# AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
		2012	2011
	NOTES	HK\$'M	HK\$'M
Non-current assets			
Investment properties		6,135.2	6,133.1
Property, plant and equipment		2,642.3	2,460.1
Prepaid lease payments		29.7	35.8
Interests in associates		535.7	514.1
Interests in jointly controlled entities		6,845.9	6,011.2
Amount due from an associate		122.5	104.2
Held-to-maturity investments		83.9	84.2
Available-for-sale financial assets		53.1	60.6
Other assets		125.6	129.4
Deferred tax assets		5.5	7.6
		<b>16,579.4</b>	<b>15,540.3</b>
Current assets			
Inventories		145.8	160.7
Properties held for sale		717.8	17.5
Trade receivables	10	82.1	110.8
Deposits, prepayments and other financial assets		186.9	180.4
Properties held for/under development for sale		2,546.0	2,727.4
Amounts due from associates		59.0	91.1
Amounts due from jointly controlled entities		58.0	36.3
Taxation recoverable		14.8	23.8
Held-to-maturity investments		158.8	62.6
Financial assets at fair value through profit or loss		–	0.2
Pledged bank deposits		3.1	2.9
Bank balances and cash		2,628.8	2,379.9
		<b>6,601.1</b>	<b>5,793.6</b>
Current liabilities			
Trade payables, provision and accrued charges	11	777.4	919.8
Deposits received and other financial liabilities		609.2	621.2
Amount due to an associate		23.0	5.5
Taxation payable		54.6	58.6
Bank and other loans due within one year		3,704.9	1,521.1
Other liabilities due within one year		14.9	6.3
		<b>5,184.0</b>	<b>3,132.5</b>
Net current assets		<b>1,417.1</b>	<b>2,661.1</b>
Total assets less current liabilities		<b>17,996.5</b>	<b>18,201.4</b>

		<b>At 31 March</b>	
		<b>2012</b>	2011
	<i>NOTE</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
<b>Non-current liabilities</b>			
Bank and other loans due after one year		<b>707.9</b>	2,002.0
Other liabilities due after one year		<b>1,315.7</b>	1,177.9
Deferred tax liabilities		<b>156.5</b>	144.7
		<u><b>2,180.1</b></u>	<u>3,324.6</u>
		<u><b>15,816.4</b></u>	<u>14,876.8</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>337.5</b>	337.5
Reserves		<b>14,158.3</b>	13,234.2
		<u><b>14,495.8</b></u>	<u>13,571.7</u>
Equity attributable to owners of the Company		<b>1,320.6</b>	1,305.1
Non-controlling interests		<u><b>15,816.4</b></u>	<u>14,876.8</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”s) 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 and by the Hong Kong Companies Ordinance.

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

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards (“HKAS”s), HKFRSs, amendments and interpretations (“INT”s) (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC*) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

\* IFRIC represents the IFRS Interpretations Committee

The application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in the 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. The Group has not early adopted any of these standards, with the exception of the amendments to HKAS 12 titled “Deferred tax: Recovery of underlying assets”. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group had adopted the amendments for the annual period beginning 1 April 2010. The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

### 3. TURNOVER AND SEGMENT INFORMATION

The Group is currently organised into seven operating divisions: property development, property investment, services provided (clubs operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, dental clinics, diabetic and cardiovascular centres, imaging centre and multi-specialty outpatient centres), manufacturing (manufacturing and sales of bathroom products) and securities investment. 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 <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operation <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Manufacturing <i>HK\$'M</i>	Securities investment <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>For the year ended 31 March 2012</b>								
<b>TURNOVER</b>								
Segment revenue – sales to external customers derived by the Group and associates	1,253.9	352.5	428.6	368.7	328.9	232.7	5.3	2,970.6
Excluding turnover of associates	(1,253.3)	(37.8)	-	-	-	-	-	(1,291.1)
Excluding sale proceeds of certain investment properties ( <i>note 1</i> )	-	(10.1)	-	-	-	-	-	(10.1)
Excluding sale proceeds of securities investment	-	-	-	-	-	-	(5.3)	(5.3)
Consolidated turnover, as reported	<u>0.6</u>	<u>304.6</u>	<u>428.6</u>	<u>368.7</u>	<u>328.9</u>	<u>232.7</u>	<u>-</u>	<u>1,664.1</u>
<b>RESULTS</b>								
Segment results – total realised results of the Group, associates and jointly controlled entities ( <i>note 2</i> )	24.9	445.1	61.8	8.9	(55.5)	6.3	10.4	501.9
Excluding realised results of associates and jointly controlled entities not shared by the Group	(30.6)	(8.4)	-	-	-	-	-	(39.0)
Results attributable to the Group	<u>(5.7)</u>	<u>436.7</u>	<u>61.8</u>	<u>8.9</u>	<u>(55.5)</u>	<u>6.3</u>	<u>10.4</u>	<u>462.9</u>
Unallocated corporate expenses								(82.4)
Finance costs and corporate level exchange difference								(27.9)
Net unrealised gains on fair value change of investment properties ( <i>note 3</i> )								374.4
Net unrealised gains on fair value change of investment properties attributable to the Group's interests in a jointly controlled entity and associates, net of deferred tax								<u>128.7</u>
Profit for the year								855.7
Non-controlling shareholders' share of profit for the year								<u>(108.5)</u>
Profit for the year attributable to the owners of the Company								<u><u>747.2</u></u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operation <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Manufacturing <i>HK\$'M</i>	Securities investment <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2011								
<b>TURNOVER</b>								
Segment revenue – sales to external customers derived by the Group and associates								
	810.2	465.5	397.5	344.1	409.4	227.1	9.2	2,663.0
Excluding turnover of associates	(752.9)	(85.5)	–	–	–	–	–	(838.4)
Excluding sale proceeds of certain investment properties ( <i>note 1</i> )	–	(14.7)	–	–	–	–	–	(14.7)
Excluding sale proceeds of securities investment	–	–	–	–	–	–	(9.2)	(9.2)
Consolidated turnover, as reported	<u>57.3</u>	<u>365.3</u>	<u>397.5</u>	<u>344.1</u>	<u>409.4</u>	<u>227.1</u>	<u>–</u>	<u>1,800.7</u>
<b>RESULTS</b>								
Segment results – total realised results of the Group, associates and jointly controlled entities ( <i>note 4</i> )								
	116.3	923.5	49.1	15.5	(42.8)	(15.9)	14.9	1,060.6
Excluding realised results of associates and jointly controlled entities not shared by the Group	(66.4)	14.2	–	–	–	–	–	(52.2)
Results attributable to the Group	<u>49.9</u>	<u>937.7</u>	<u>49.1</u>	<u>15.5</u>	<u>(42.8)</u>	<u>(15.9)</u>	<u>14.9</u>	1,008.4
Unallocated corporate expenses								(99.7)
Finance costs and corporate level exchange difference								(32.1)
Net unrealised gains on fair value change of investment properties ( <i>note 5</i> )								750.5
Net unrealised gains on fair value change of investment properties attributable to the Group's interests in a jointly controlled entity and associates, net of deferred tax								156.8
Profit for the year								1,783.9
Non-controlling shareholders' share of profit for the year								(136.0)
Profit for the year attributable to the owners of the Company								<u>1,647.9</u>



*Notes:*

- (1) For property investment segment, revenue included rental income generated from investment properties and the sale proceeds arising from disposal of particular investment property in Shanghai, the People's Republic of China ("PRC"). Such disposal proceeds were excluded from consolidated turnover for reporting purpose.
- (2) The segment results of the Group represent the total realised results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the year ended 31 March 2012 included realised gains on fair value change of investment properties of HK\$252.8 million, deferred tax credit on disposal of investment properties of HK\$2.9 million, and recognition of current tax upon disposal of investment properties of HK\$2.4 million.
- (3) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2012 of HK\$374.4 million represented the unrealised gain on fair value change of investment properties of HK\$375.4 million net of the deferred tax arising from change in fair value of HK\$1.0 million.
- (4) The segment results of the Group represent the total realised results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the year ended 31 March 2011 included realised gains on fair value change of investment properties of HK\$640.2 million, deferred tax credit on disposal of investment properties of HK\$5.1 million, and recognition of current tax upon disposal of investment properties of HK\$4.3 million.
- (5) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2011 of HK\$750.5 million represented the unrealised gain on fair value change of investment properties of HK\$750.8 million net of the deferred tax arising from change in fair value of HK\$0.3 million.

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

### For the year ended 31 March 2012

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operation <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Manufacturing <i>HK\$'M</i>	Securities investment <i>HK\$'M</i>	Unallocated amounts <i>HK\$'M</i>	Total <i>HK\$'M</i>
Amounts included in the measure of segment profit or loss:									
Revenue from inter-segment sales *	-	(3.4)	(6.0)	-	-	-	-	-	(9.4)
Depreciation	10.8	7.6	45.8	54.1	21.5	11.3	-	2.7	153.8
Impairment losses on property, plant and equipment recognised	-	-	-	-	8.7	-	-	-	8.7
Allowance for doubtful debts	-	-	0.1	-	3.2	0.4	-	-	3.7
Net gains from financial assets/liabilities	-	-	-	-	-	-	(5.1)	-	(5.1)
(Gain) loss on disposal of property, plant and equipment	-	(0.6)	0.1	0.2	1.1	(72.9)	-	-	(72.1)
Realised gains on disposals of investment properties	-	(252.8)	-	-	-	-	-	-	(252.8)
Interest income	(1.4)	(18.2)	-	(2.3)	(0.1)	-	(0.5)	(25.0)	(47.5)
Interest expenses	0.1	13.0	-	-	-	1.3	-	48.8	63.2
Income tax expenses	14.6	22.6	6.1	6.6	1.6	6.7	-	3.0	61.2
Share of results of associates	(29.2)	(10.2)	-	-	-	-	-	(51.4)	(90.8)
Share of results of jointly controlled entities	(0.3)	10.1	-	-	-	-	-	(79.7)	(69.9)
Write down of inventories	-	-	-	-	2.3	9.2	-	-	11.5

### For the year ended 31 March 2011

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

\* 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:

	<b>2012</b>	2011
	<b><i>HK\$'M</i></b>	<i>HK\$'M</i>
Sales of properties	–	57.3
Sales of goods	<b>232.7</b>	227.1
Rental income	<b>315.0</b>	371.1
Hotel revenue	<b>344.2</b>	324.4
Provision of healthcare services	<b>328.9</b>	409.4
Other services rendered	<b>443.3</b>	411.4
	<b><u>1,664.1</u></b>	<b><u>1,800.7</u></b>

## Geographical information

For each of the years ended 31 March 2012 and 2011, the Group's operations are located in Hong Kong, the PRC, South East Asia and Japan, Australia and the United Kingdom.

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:

	<b>Revenue from</b>		<b>Non-current assets</b>	
	<b>external customers</b>			
	<b>2012</b>	2011	<b>2012</b>	2011
	<b><i>HK\$'M</i></b>	<i>HK\$'M</i>	<b><i>HK\$'M</i></b>	<i>HK\$'M</i>
Hong Kong	<b>899.3</b>	1,076.9	<b>7,017.3</b>	6,807.6
PRC	<b>41.4</b>	34.9	<b>6,530.6</b>	5,871.8
South East Asia and Japan	<b>531.4</b>	486.2	<b>2,567.4</b>	2,471.1
Australia	<b>160.8</b>	173.3	<b>3.7</b>	3.6
United Kingdom	<b>31.2</b>	29.4	<b>69.8</b>	0.2
	<b><u>1,664.1</u></b>	<b><u>1,800.7</u></b>	<b><u>16,188.8</u></b>	<b><u>15,154.3</u></b>

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

## Information about major customers

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

#### 4. OTHER GAINS AND LOSSES

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
Other (losses) gains include the following:		
Net foreign exchange (loss) gain	<u>(12.1)</u>	<u>11.2</u>
Reversal of provision for loans to an investee	<u>–</u>	<u>85.3</u>
Gain on disposal of property, plant and equipment	<u>72.1</u>	<u>–</u>
Impairment loss recognised		
Property, plant and equipment	(8.7)	(10.0)
Inventories	(11.5)	–
Trade receivables	<u>(3.7)</u>	<u>–</u>
	<u>(23.9)</u>	<u>(10.0)</u>
Net gains from financial assets/liabilities		
Net realised gains on financial assets at fair value through profit or loss	5.1	–
Net realised gains on available-for-sale financial assets	<u>–</u>	<u>9.2</u>
	5.1	9.2
Net losses on derivative financial instruments	<u>–</u>	<u>(1.4)</u>
	<u>5.1</u>	<u>7.8</u>
	<u>41.2</u>	<u>94.3</u>

#### 5. FINANCE COSTS

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
Interest on		
Bank and other loans wholly repayable within five years	52.5	25.4
Other borrowings wholly repayable within five years	12.9	4.9
Convertible bonds – liability component wholly repayable within five years	<u>–</u>	<u>3.8</u>
	65.4	34.1
Less: Amounts included in the cost of properties held for/under development for sale/construction in progress	<u>(12.8)</u>	<u>(4.8)</u>
	52.6	29.3
Bank loans arrangement fees	<u>10.6</u>	<u>12.9</u>
	<u>63.2</u>	<u>42.2</u>

## 6. PROFIT BEFORE TAXATION

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	<b>7.9</b>	7.6
Cost of inventories and developed properties recognised as an expense	<b>106.1</b>	153.0
Operating lease rentals in respect of land and buildings	<b>55.1</b>	46.5
Staff costs (including directors' remuneration)	<b>527.6</b>	509.2
Release of prepaid lease payments	<b>1.0</b>	1.2
Depreciation		
Owned assets	<b>152.0</b>	152.4
Assets under finance leases	<b>1.8</b>	0.4
	<b>153.8</b>	152.8
Net rental income under operating leases on		
Investment properties	<b>(310.6)</b>	(367.6)
Other properties	<b>(4.4)</b>	(3.5)
Less: Outgoings	<b>35.0</b>	22.9
	<b>(280.0)</b>	(348.2)

## 7. TAXATION

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the year	<b>26.3</b>	35.9
Overseas tax calculated at rates prevailing in respective jurisdictions ( <i>note a</i> )	<b>22.6</b>	35.4
	<b>48.9</b>	71.3
Deferred taxation for current year ( <i>note b</i> )	<b>12.3</b>	(7.4)
	<b>61.2</b>	63.9

Notes:

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

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
Land Appreciation Tax and Enterprise Income Tax arising from disposal of investment properties in the PRC (“PRC Tax on disposal of investment properties”)	2.4	4.3
Other overseas tax	<u>20.2</u>	<u>31.1</u>
	<b><u>22.6</u></b>	<b><u>35.4</u></b>

Net accumulated taxation charge (credit) to profit or loss arising from disposal of investment properties during the year is as follows:

PRC Tax on disposal of investment properties	2.4	4.3
Less: Deferred tax recognised in prior years	<u>(2.9)</u>	<u>(5.1)</u>
	<b><u>(0.5)</u></b>	<b><u>(0.8)</u></b>

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

	<b>2012</b> <b>HK\$'M</b>	2011 <i>HK\$'M</i>
Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties	1.0	0.3
Deferred tax credit on disposal of investment properties	(2.9)	(5.1)
Others	<u>14.2</u>	<u>(2.6)</u>
	<b><u>12.3</u></b>	<b><u>(7.4)</u></b>

Hong Kong Profits Tax is calculated at 16.5% on 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. DIVIDENDS

	<b>2012</b> <i>HK\$'M</i>	2011 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2011 of HK11 cents (2011: for the financial year ended 31 March 2010 of HK12 cents) per share	<b>148.5</b>	162.0
No interim dividend declared, before the end of the year, for the financial year ended 31 March 2012 (2011: for the financial year ended 31 March 2011 interim dividend of HK7 cent per share)	<u>—</u>	<u>94.5</u>
	<b><u>148.5</u></b>	<b><u>256.5</u></b>
Interim dividend declared, after the end of the year, for the financial year ended 31 March 2012 of HK8 cents (2011: nil) per share	<b><u>108.0</u></b>	<u>—</u>
No final dividend for the financial year ended 31 March 2012 (2011: for the financial year ended 31 March 2011 of HK11 cents) per share	<u>—</u>	<b><u>148.5</u></b>

## 9. EARNINGS PER SHARE

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

	<b>2012</b> <i>HK\$'M</i>	2011 <i>HK\$'M</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<b><u>747.2</u></b>	1,647.9
Effect of dilutive potential ordinary shares: Interest on convertible bonds	N/A	<u>3.8</u>
Earnings for the purpose of calculating diluted earnings per share	N/A	<b><u>1,651.7</u></b>
	<b>2012</b>	2011
<b>Number of shares</b>		
Number of ordinary shares in issue during the year for the purpose of calculating the basic earnings per share	<b><u>1,350,274,367</u></b>	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds	N/A	<u>7,563,245</u>
Number of ordinary shares for the purpose of calculating diluted earnings per share	N/A	<b><u>1,357,837,612</u></b>

No diluted earnings per share has been presented for the year ended 31 March 2012 because there were no potential ordinary shares outstanding during the year.

## 10. TRADE RECEIVABLES

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

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

	<b>2012</b> <i>HK\$'M</i>	2011 <i>HK\$'M</i>
Not yet due	<b>17.8</b>	39.5
Overdue:		
0 – 60 days	<b>55.9</b>	59.3
61 – 90 days	<b>4.4</b>	5.2
Over 90 days	<b>4.0</b>	6.8
	<b>82.1</b>	110.8

## 11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$191.1 million (2011: HK\$226.7 million), an aged analysis of which is as follows:

	<b>2012</b> <i>HK\$'M</i>	2011 <i>HK\$'M</i>
Not yet due	<b>132.8</b>	174.6
Overdue:		
0 – 60 days	<b>34.0</b>	39.7
61 – 90 days	<b>5.8</b>	5.2
Over 90 days	<b>18.5</b>	7.2
	<b>191.1</b>	226.7

## 12. SHARE CAPITAL

	<b>2012 &amp; 2011</b>	
	<i>Number of shares</i>	<i>HK\$'M</i>
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2010, 31 March 2011 and 31 March 2012	<b>2,000,000,000</b>	<b>500.0</b>
Issued and fully paid:		
At 1 April 2010, 31 March 2011 and 31 March 2012	<b>1,350,274,367</b>	<b>337.5</b>



## **BUSINESS REVIEW**

### **A. Property Development and Investment**

#### ***Phase 14, Amalfi & Phase 15 Development, Discovery Bay, Hong Kong***

Construction works of Amalfi, Phase 14 of Discovery Bay comprising three mid-rise blocks of luxury units were basically completed. It will offer about 160 units of 169,300 square feet GFA, and will be put on the market for sale in the third quarter of 2012. Boasting uncompromising design and building quality, Amalfi is set to become the most modern and stylish residence in Discovery Bay.

Phase 15 of Discovery Bay with about 187,700 square feet GFA is progressing well and will be completed towards the end of 2012 with its sales launch planned in 2013.

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

#### ***Dazhongli Project in Jingan District, Shanghai***

The Dazhongli project in the Jingan district of Shanghai when completed in 2015/16 will be our showcase and flagship project in Mainland China. With a planned GFA of approximately 323,000 square metres, the large scale mixed development located in the heart of Shanghai, it comprises two super Grade-A office towers, three luxury hotels and a prime retail mall.

The Dazhongli project enjoys superb accessibility to the whole country and the world. It is bounded on the north by Nanjing West Road, on the west by Shimenyi Road (across the Four Seasons Hotel), on the south by Weihai Road, and on the east by Qinghai Road (across the Shanghai TV Building). The Yan An Expressway and North-South Expressway are nearby. The Dazhongli project is constructed seamlessly with the Nanjing Xi Lu Station of Metro Line 13 and its affiliated facilities. Other Metro Lines 2 and 12 will also converge at an interchange to be built close to the site, which will link the Dazhongli project to all major transportation hubs and nodal points in Shanghai, including the two international airports at Pudong and Hongqiao, the high-speed railway and the freeway network.

The foundation work has commenced in November 2011. The working permits for piling and basement works of Phase 1 have also been secured and the piling works and basement excavation works for the office tower zone have commenced. Restoration plan of a historical building (the old Minli School) which will become the gateway building to the project had been submitted for approval and its restoration works will commence in early 2013.

With its unparalleled scale, diversity and class, the Dazhongli project is expected to become the most distinctive social and commercial hub in Shanghai and one of the most iconic landmarks in Mainland China. Upon completion, the Dazhongli project would become home to flagship stores of international brands, acclaimed restaurants, and headquarters of multinational corporations. We are confident that it will generate a strong and steady income stream for the Group and allow us to benefit from the growth of Shanghai and Mainland economy.

The Dazhongli project is jointly owned and developed by the Group and Swire Properties Limited on a 50:50 basis.

### ***The Sukhothai Residences, Bangkok***

As at 31 March 2012, over 70% of the 196 units in The Sukhothai Residences, the Group's high-end freehold residential development in the Bangkok CBD, were sold at an average price of THB226,600 per square metre (approximately HK\$5,305 per square foot). The first batch of the units has been delivered to the buyers, and the remaining units may be considered for sale soon.

### ***Sathorn Road and Wireless Road, Bangkok***

In July 2011, the Group, together with a Thai partner, acquired a piece of freehold land with a site area of about 5,200 square metres on Sathorn Road at a consideration of approximately THB1.35 billion (approximately HK\$356 million). It is planned to develop the site into a high-end condominium offering some 250 units. Product design and planning are underway and pre-sale is planned in 2013.

The Group plans to develop another site in Bangkok which is a jointly owned project with its Thai partner, after the Sathorn Road project is released for pre-sale. The site with an area of 12,600 square metres situated at Wireless Road was acquired in September 2010.

### ***Chelsea Garden, Horizon Place Akasaka, Homat Sun in Tokyo and DIA Palace Sapporo Higashi Actio in Sapporo***

In March 2011, the Group completed the acquisition of Chelsea Garden, an en-bloc 17-unit residential building in Hiroo of Tokyo, through an associated real estate fund, in which the Group has a 20% interest, at a consideration of about JPY3 billion (approximately HK\$283 million). During the year, Chelsea Garden, together with our other three wholly-owned investment properties in Japan, namely DIA Palace Sapporo Higashi Actio (a 39-unit residential building in Sapporo), Horizon Place Akasaka (a 94-unit apartment building in Akasaka, Tokyo) and Homat Sun (a low-rise development with 18 units in Roppongi, Tokyo), achieved satisfactory occupancy rates and provided the Group with a stable rental income.

Although the property rental market in Japan is yet to recover from March 2011 earthquake and tsunami, we are cautiously optimistic about the reconstruction efforts in Japan and its economy.

### ***Fui Yiu Kok Street, Tsuen Wan, Hong Kong***

The Group has maintained a balanced portfolio of investment properties for stable rental income. It is also our strategy to maximise gain through strategic acquisition and disposal of properties with good investment potential.

An industrial building bought by the Group in October 2010 at Fui Yiu Kok Street in Tsuen Wan has been demolished. It will be rebuilt into a new industrial building with an approximately 93,000 square feet or 180 units and is scheduled for completion in 2014.

### ***Sai Kung, Hong Kong***

The Group continues to replenish its land reserves in Hong Kong, and in October 2011 acquired a piece of government land in Kap Pin Long of Sai Kung for development of a high-end residential project. The project is under active planning and site formation works will commence in 2013.

### ***Other Investment Properties in Hong Kong***

The Group's other long-term commercial and industrial investment properties continue to record high occupancy rates and bring in stable rental income. As at 31 March 2012, the Group's wholly-owned West Gate Tower in Cheung Sha Wan and CDW Building in Tsuen Wan achieved occupancy rates of 98% and 92% respectively.

Prior to the year end, the Group disposed of Joyce Building in Wong Chuk Hang in March 2012 and realised an attractive capital gain.

### ***DB North Plaza & DB Plaza, Hong Kong***

DB North Plaza, a new social hub of about 186,000 square feet GFA within the community of Discovery Bay. Most of the shops and office spaces were leased at the year end.

DB Plaza, privileged with D Deck, the largest seafront alfresco dining hotspot in Hong Kong with 20 thematic restaurants along the waterfront promenade connecting Tai Pak Beach, achieved nearly 100% occupancy rate at the year end. DB Plaza continues to generate a stable rental income for the Group.

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

### ***The Bounty***

The Bounty, a 42-metre European tall ship replica residing in Discovery Bay, continues to be one of the most distinctive icons of Hong Kong waters. It attracts event planners, multinational corporations, local enterprises and individuals for corporate events, private functions looking for unique and exotic experience.

### ***Awards & Accolades***

Over the last three decades, Discovery Bay won many acclaims and made no exception last year.

In August 2011, Hong Kong Resort Company Limited, the developer of Discovery Bay, clinched the "Best Developer – Urban Design & Master Planning Award" and "Best Developer – Green Development Award" in the "CAPITAL The Best Developer Awards 2011" for its innovative and comprehensive design and master planning, as well as the adoption of pioneering green concept, in the development of Discovery Bay.

In December 2011, the Group also won the "CAPITAL Outstanding Green Enterprise Award" in the "CAPITAL Outstanding Green Excellence Awards 2011" for its achievements in introducing sustainable designs and pioneering green elements into its development projects such as Discovery Bay.

### ***The Exchange, Tianjin***

The Exchange, the Group's 15%-owned investment property in Tianjin with a total GFA of over 152,000 square metres, comprises a retail mall, two office towers and a hotel. The Exchange continued to generate a stable rental income during the year, achieving average occupancy rates of 99%, 98% and 59% respectively for the retail mall, office towers and the hotel.

## **B. Hospitality**

### ***Thailand***

We pride ourselves on the legendary services provided by our luxury hotels in Asia.

In Bangkok, financial performance of The Sukhothai hotel improved significantly although the floods in the fourth quarter of 2011 had an adverse effect on its business. During the year under review, The Sukhothai hotel's gross operating profit increased to around THB121.8 million (about HK\$30.7 million), up 74% from the previous year. Its performance is expected to improve as political situation stabilises. In June 2012, the Group disposed of the Siri Sathorn serviced apartment in Bangkok at a consideration of THB700 million (about HK\$177 million).

The Sukhothai hotel continued to win international recognition despite the difficult operating environment. It was ranked the sixth in "The World's Best Hotels – Asia's Best Hotels" and 36th of the 100 hotels in "The World's Best Hotels" chosen by the Institutional Investor US in November 2011. It was also named one of the "Top 20 Overseas Business Hotels" in the "Readers' Travel Awards" organised by Conde Nast Traveller UK in October 2011 and one of the "Top 125 Hotels in Asia" in the "Readers' Choice Awards" held by Conde Nast Traveler US in November 2011.

### ***Singapore***

Tourist arrivals in Singapore have reached a new high following the opening of two new integrated resorts. The Sentosa Resort & Spa, the Group's luxury spa resort hotel in the country, attained a more than satisfactory occupancy rate for the year. It was named "The Best of Singapore 2011 – The Best Hotels-Resorts" by Singapore Tatler magazine in December 2011 and "Singapore's Leading Spa Resort 2011" by World Travel Awards in October 2011.

### ***Auberge, Discovery Bay Hong Kong***

Auberge, Discovery Bay Hong Kong ("Auberge, Discovery Bay"), the brand new deluxe resort hotel on the waterfront of Yi Pak Bay, will be completed soon and open for business towards the end of this year.

Auberge, Discovery Bay is located midway between the Hong Kong International Airport and Central district. It will feature over 300 rooms with full-sea-view, complemented by first-class meeting and banquet facilities and a resort-style environment, and the award-winning Spa Botanica, one of the leading spa brands in Asia. Spa Botanica will boast a spectacular sea view and 10 private spa rooms for the ultimate pampering experience of customers.

With a 16-metre tall white chapel by the seaside, Auberge, Discovery Bay will offer the first of its kind a picture-perfect waterfront setting to couples and wedding planners.

The Group has a 50% interest in Auberge, Discovery Bay.

## **C. Healthcare**

GenRx Holdings Limited (“GenRx”), the Group’s wholly-owned subsidiary providing premium healthcare services, continued to strengthen and grow its business during the year. Its comprehensive service network now comprises cancer centres, dental clinics, diabetic and cardiovascular centres, an imaging centre and multi-specialty outpatient centres in Hong Kong, Macau and Manila. The performance of the cancer treatment business was adversely affected during the year mainly due to the completion of the operation agreement with a local hospital. Meanwhile, the clinic operations in China were closed. On the bright side, the turnover of GenRx in Hong Kong and Manila has been picking up and with reorganisation and consolidation of the healthcare businesses, it is projected that the bottom line will be further improved.

Except dental clinics and diabetic and cardiovascular centres that involve third parties’ interest, other businesses under GenRx are 100% owned by the Group.

## **D. Sanitaryware Manufacturing**

As the production costs of Imperial Bathroom Products Limited (“Imperial”) in China, in particular, the costs of labour, energy and transportation, have been increasing, the contribution was affected to a certain extent. To further develop Imperial’s markets in Western Europe and the United States, where the sanitaryware business is recovering, the Group has decided to acquire a piece of freehold land together with plant and machinery in Middlewich, Cheshire, United Kingdom in November 2011 for the manufacturing of sanitaryware products in Europe, and its operation has commenced in the first quarter of 2012.

## **E. Services Provided**

During the year, patronage of bus service in Discovery Bay rose. The demand for external bus service is expected to increase while the application for a strictly controlled taxi service is underway. Meanwhile, the Group’s property management company and the four premium clubs continue to provide professional and quality services to the residents of Discovery Bay, their guests and clubs members.

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

## **F. Securities Investment**

During the year, the Group recorded a net profit of HK\$5.1 million for its investment in securities, comprising interest and dividend incomes, as well as gain on disposal of certain listed equity securities.

As at 31 March 2012, the Group had 10,265,500 shares in Sino-Ocean Land Holdings Limited which are classified as available-for-sale financial assets.

## **HUMAN RESOURCES**

Any corporation is only as good as its people. We value all our staff and have been working hard to attract, develop and retain talents.

As at 31 March 2012, the Group had a total of 3,267 employees in Hong Kong, Mainland China and overseas. During the year, the Group continued to build and enhance its employer brand, with a revamp of the career webpage on our corporate website to attract prospective candidates to join the Group. Internally, we organised corporate culture promotional initiatives such as a logo design competition to increase staff's appreciation of the Group's Vision, Mission and Values.

Various initiatives have been rolled out to develop and retain talents. The ongoing talent review process has been expanded to identify and develop high potential employees at junior level. A pilot run of 360° feedback tool has been launched to enhance the talent development planning of senior executives, which is supported by competency-based training workshops. A new electronic communication platform called "eHR" was launched on the Intranet to provide staff with easy access to important human resources information. A Senior Staff Workshop was also organised to encourage dialogue between senior management and staff members. To help developing a healthy and happy workforce, a Recreation Committee was formed to organise activities for staff's enjoyment.

## **INFORMATION TECHNOLOGY**

The Group always seeks to enhance its competitiveness and operational efficiency through advanced information technology infrastructure and application systems.

During the year, the Group worked on server consolidation and virtualisation to improve systems availability, boost resources efficiency and lower operating costs. New cloud computing solutions to improve business and IT agility are under review. File exchange service was introduced to allow employees in headquarters and overseas to collaborate on the same project irrespective of office location. The Content Management System has also been upgraded to facilitate revamp of corporate websites.

## **CORPORATE SOCIAL RESPONSIBILITY**

During the year, the Group continued to reach out to the needy and extend our love and care to the community through its corporate volunteer team HKR Care & Share.

In April 2011, HKR Care & Share hosted an Easter party entitled Yummy Easter Carnival for children of the T.W.G.Hs Residential Child Care Services, whose families are unable to take care of them due to family problems or crisis resulting from illness or death.

In October 2011, HKR Care & Share took a group of underprivileged children from Caritas Integrated Family Service Centre – Tung Tau on a Discovery Bay tour entitled Joyful Autumn @ Discovery Bay, allowing the children to discover and appreciate the natural beauty and multicultural lifestyle of Discovery Bay in the great outdoors.

In February 2012, HKR Care & Share, joined by teenage volunteers from the T.W.G.Hs Residential Child Care Services, threw a lunch party for elderly people who have shown early symptoms of dementia, treating them with some good food and great performances.

Besides bringing joy and love to the children and elderly, these activities also provided our volunteers with invaluable opportunities to get in touch with the needy and better understand the society we live in. It is a heartwarming and engaging experience that will also enhance staff's team spirit and sense of belonging.

In March 2012, the Group sponsored the Programme Opening Performance of Bavarian Radio Symphony Orchestra at the 40th Hong Kong Arts Festival in order to bring world-class performance to Hong Kong and to help raise the public's interest in arts and culture. We also sponsored The Bounty cruise as a prize to help raise fund for the Hong Kong Society for the Protection of Children and the Hong Kong Cancer Fund during the year.

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

## **PROSPECTS**

We are well aware of the challenges ahead but we also see opportunities. We have implemented strategies to get ourselves prepared at a time of international financial instability and in an increasingly interconnected global market place – both to manage the risks identified and to pave the way for further growth and development.

We will continue to intensify our diversification strategy in Asia and expand our reach to markets that offer good opportunities and return. We will also continue to enhance our asset portfolio and focus on quality projects.

Having pursued a tradition of prudent management for decades, we will leverage on our very unique and combined expertise in property development and investment, hospitality management and healthcare services to enable the Group to establish a strong foothold in new markets, collaborate with new partners, and capture new development and investment opportunities across Asia. Our goal is to deliver the projects, products and services of the highest quality to the market at premium pricing, and also deliver on our promise of creating an innovative living space for our customers.

We shall continue to work relentlessly with all stakeholders to grow the Group's business and create values for our shareholders and the communities we serve.

## **FINANCIAL REVIEW**

### **Shareholders' Funds**

As at 31 March 2012, the shareholders' funds of the Group increased by HK\$924.1 million to HK\$14,495.8 million (2011: HK\$13,571.7 million). The increase was mainly due to an upward fair value revaluation of investment properties, disposal of certain investment properties and profit contribution from operating units. The overall gross profit margin for the Group was 28.2% (2011: 28.5%).

### **Major Cash Flows to/from Investing Activities**

During the financial year, the Group continued to capitalise one of its major development projects located in Jingan, Shanghai, PRC, in which the Group holds 50% equity interest, for HK\$345.0 million.

The Group invested HK\$177.0 million in a property development project in Thailand, in which the Group has a 49% interest. In Hong Kong, the Group acquired a piece of land in Sai Kung at a total consideration of HK\$55.0 million. In the United Kingdom, the Group acquired a piece of land together with manufacturing plant and machinery at HK\$67.0 million.

In addition, project companies under the Tung Chung project, in which the Group has 31% interest, repaid HK\$39.7 million shareholders' loan to the Group during the year.

### **Major Cash Flows from Operating Activities**

During the year, receipt of deposits in connection with the sales of residential units located in The Sukhothai Residences in Bangkok, Thailand contributed approximately HK\$15.0 million cash to the Group.

During the year, a piece of land in the PRC and an investment property in Hong Kong was sold. The respective sales brought HK\$93.1 million and HK\$615.0 million cash to the Group.

The Group also disposed of certain residential investment properties located in Hong Kong and Shanghai, PRC that contributed a total of HK\$37.6 million cash to the Group.

All the investment properties of the Group generated approximately HK\$214.0 million operating cash during the year.

### **Financial Liquidity**

As at 31 March 2012, the Group had total cash and securities investment of HK\$2,927.7 million (2011: HK\$2,590.4 million) whilst total bank borrowings and other loans were HK\$4,412.8 million (2011: HK\$3,523.1 million). The major changes in bank borrowings and other loans were reflected in the capitalisation of certain development projects and acquisitions located in the PRC, Hong Kong, Thailand and the United Kingdom.

### **Gearing**

The Group's gearing ratio maintained at a low level of 12.3% (2011: 8.4%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2012.

### **Banking Facilities**

As at 31 March 2012, the Group had adequate internal cash and banking facilities, both secured and unsecured, to finance its development projects and operations. As at 31 March 2012, the unutilised credit facilities stood at approximately HK\$2,207.5 million (2011: HK\$3,420.3 million).

The maturity profile of bank borrowings and other loans were 84.0% (2011: 43.2%) falling within one year, 4.9% (2011: 47.7%) falling between one to two years, and 11.1% (2011: 9.1%) falling between two and five years as at 31 March 2012.



## **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 investments overseas, the Group has maintained naturally hedged positions and made currency swap 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 2012, certain subsidiaries of the Group had pledged property, plant and equipment with a carrying value of HK\$3.7 million (2011: HK\$9.2 million), and bank deposits of HK\$3.1 million (2011: HK\$2.9 million) respectively to secure banking facilities granted to that certain subsidiaries.

In addition, a fixed and floating charge was created over the assets and undertaking of one of the Group's subsidiaries (total assets value as at 31 March 2012 is HK\$72.9 million (2011: HK\$82.3 million)) to secure banking facility granted to that particular subsidiary.

Certain subsidiaries of the Group had subordinated the inter-company debts due from two subsidiaries in the total amount of HK\$666.8 million as at 31 March 2012 (2011: 506.7 million) to secure banking facilities granted to that particular two subsidiaries.

## **Contingent Liabilities**

The Group's contingent liabilities relating to a corporate guarantee given, to the extent of the Group's proportionate share, in respect of a banking facility granted to an investee company, increased by HK\$6.1 million to HK\$166.5 million as at 31 March 2012 (2011: HK\$160.4 million).

Saved as the aforesaid disclosure, the Group did not have other contingent liabilities as at 31 March 2012.

## **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**

In the opinion of the Board, the Company has complied with the code provisions of the Code of Corporate Governance Practice (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2012, except for certain deviations from the code provisions A.4.1 (non-executive directors be appointed for a specific term) and E.1.2 (chairman of the board to attend annual general meeting). Since the publication of the Company's interim report for the six months ended 30 September 2011, there has been no other deviation from the CG Code.

The Company has also looked into the enhanced code provisions effective from 1 January 2012 and onwards. The considered reasons for deviations and details of the Company's compliance with the CG Code and the enhanced code provisions are set out in the corporate governance report contained in the annual report 2011/12 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 2012 have been reviewed by the audit committee of the Company. In addition, the figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2012 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 2012.

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

Hong Kong, 20 June 2012

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

***Chairman***

*Mr CHA Mou Sing Payson*

***Deputy Chairman & Managing Director***

*Mr CHA Mou Zing Victor*

***Executive Directors***

*Mr CHA Yiu Chung Benjamin*

*Mr CHUNG Sam Tin Abraham*

*Mr TANG Moon Wah*

***Non-executive Directors***

*The Honourable Ronald Joseph ARCULLI*

*Mr CHA Mou Daid Johnson*

*Mr CHEUNG Tseung Ming*

*Ms WONG CHA May Lung Madeline*

***Independent Non-executive Directors***

*Dr CHENG Kar Shun Henry*

*Dr The Honourable CHEUNG Kin Tung Marvin*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Dr QIN Xiao*

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