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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 2014**

### **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 (the “Group”) for the year ended 31 March 2014.

The Group’s turnover of continuing operations for the year amounted to HK\$4,125.1 million, representing a decrease of 19.4% as compared to HK\$5,119.4 million (restated) of last year. Profit attributable to shareholders amounting to HK\$834.6 million showed a decrease of 16.4% as compared to HK\$998.3 million of last year. The basic earnings per share were HK61.8 cents for the year as compared to HK73.9 cents of last year.

### **DIVIDEND**

The Directors have recommended the declaration of a final dividend of HK12 cents per share for the year ended 31 March 2014 (2013: HK5 cents) to shareholders whose names appear on the registers of members of the Company on 3 September 2014. The proposed final dividend will be paid on 18 September 2014 following approval at the 2014 annual general meeting of the Company and represents the total dividend payable by the Company for the year ended 31 March 2014 (2013: HK8 cents).

### **CLOSURE OF REGISTERS**

The main and branch registers of members of the Company will be closed on 2 and 3 September 2014 for the proposed final dividend. On both days, no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2014, all transfer forms 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1 September 2014.

# AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the year ended 31 March</b>	
		<b>2014</b>	<b>2013</b>
	<i>NOTES</i>	<i>HK\$'M</i>	<i>HK\$'M</i> (restated)
<b>Continuing operations</b>			
Turnover	3	4,125.1	5,119.4
Cost of sales		<u>(3,205.0)</u>	<u>(3,786.0)</u>
Gross profit		920.1	1,333.4
Other income		171.2	112.7
Administrative expenses		(543.0)	(544.3)
Other gains and losses	4	596.2	21.9
Change in fair value of investment properties			
Realised gains on disposals		4.0	55.3
Unrealised gains		444.0	459.9
Finance costs	5	(172.6)	(121.8)
Share of results of associates		0.3	92.0
Share of results of joint ventures		<u>(103.7)</u>	<u>282.3</u>
Profit before taxation	6	1,316.5	1,691.4
Taxation	7	<u>(130.9)</u>	<u>(166.5)</u>
Profit for the year from continuing operations		1,185.6	1,524.9
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	8	<u>(129.6)</u>	<u>(186.8)</u>
Profit for the year		<u>1,056.0</u>	<u>1,338.1</u>
Profit (loss) for the year attributable to the owners of the Company			
For continuing operations	3	964.2	1,185.1
For discontinued operations		<u>(129.6)</u>	<u>(186.8)</u>
Profit for the year attributable to the owners of the Company		<u>834.6</u>	<u>998.3</u>
Profit for the year attributable to non-controlling interests			
For continuing operations		221.4	339.8
For discontinued operations		<u>—</u>	<u>—</u>
Profit for the year attributable to non-controlling interests		<u>221.4</u>	<u>339.8</u>
<b>For continuing and discontinued operations</b>			
Earnings per share	10		
Basic (HK cents)		<u>61.8</u>	<u>73.9</u>
<b>For continuing operations</b>			
Earnings per share	10		
Basic (HK cents)		<u>71.4</u>	<u>87.8</u>

**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	<b>For the year ended 31 March</b>	
	<b>2014</b>	2013
	<b>HK\$'M</b>	HK\$'M
		(restated)
Profit for the year	<u>1,056.0</u>	<u>1,338.1</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from translation of foreign operations	(134.9)	116.6
Share of exchange reserve of an associate	0.7	0.8
Share of exchange reserve of joint ventures	111.9	25.4
Release of exchange reserve upon deregistration of foreign subsidiaries	(40.2)	–
Available-for-sale financial assets:		
Fair value changes during the year	0.7	11.5
Reclassified to profit or loss upon disposal	(1.9)	(0.9)
Deferred tax arising from fair value changes	0.4	(0.4)
Other comprehensive (expense) income for the year (net of tax)	<u>(63.3)</u>	<u>153.0</u>
Total comprehensive income for the year	<u><b>992.7</b></u>	<u><b>1,491.1</b></u>
Total comprehensive income attributable to:		
Owners of the Company	771.4	1,150.2
Non-controlling interests	221.3	340.9
	<u><b>992.7</b></u>	<u><b>1,491.1</b></u>

# AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	<b>At 31 March</b>		
		<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)	2012 <i>HK\$'M</i> (restated)
<b>Non-current assets</b>				
Investment properties		<b>7,437.8</b>	6,934.1	6,551.1
Property, plant and equipment		<b>2,350.8</b>	3,087.4	2,719.3
Prepaid lease payments		<b>7.6</b>	25.9	36.5
Interests in associates		<b>35.1</b>	37.0	49.9
Interests in joint ventures		<b>7,456.4</b>	7,409.0	6,984.6
Held-to-maturity investments		<b>197.7</b>	144.2	83.9
Available-for-sale financial assets		<b>83.8</b>	80.5	53.1
Other assets		<b>140.7</b>	210.6	125.6
Pledged bank deposits		<b>49.8</b>	24.4	–
Deferred tax assets		<b>4.1</b>	7.1	6.3
Amount due from an associate		<b>–</b>	–	122.5
		<b>17,763.8</b>	17,960.2	16,732.8
<b>Current assets</b>				
Inventories		<b>69.0</b>	126.2	177.3
Properties held for sale		<b>1,762.9</b>	1,155.3	882.4
Properties held for/under development for sale		<b>2,478.5</b>	2,383.7	3,172.5
Trade receivables	<i>11</i>	<b>211.2</b>	995.4	241.9
Amounts receivable on contract work		<b>78.8</b>	122.0	169.1
Progress payments receivable	<i>12</i>	<b>63.2</b>	68.3	67.2
Retention money receivable		<b>97.5</b>	81.5	85.4
Deposits, prepayments and other financial assets		<b>315.4</b>	282.9	234.1
Amounts due from associates		<b>45.5</b>	272.2	61.3
Amounts due from joint ventures		<b>140.6</b>	74.7	58.2
Taxation recoverable		<b>11.1</b>	5.5	15.2
Held-to-maturity investments		<b>63.8</b>	74.3	158.8
Pledged bank deposits		<b>2.0</b>	2.8	3.1
Bank balances and cash		<b>5,311.8</b>	3,081.6	2,813.7
		<b>10,651.3</b>	8,726.4	8,140.2

	<i>NOTES</i>	<b>At 31 March</b>		
		<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)	2012 <i>HK\$'M</i> (restated)
<b>Current liabilities</b>				
Trade payables, provision and accrued charges	<i>13</i>	<b>1,545.1</b>	1,465.0	1,109.5
Amounts payable on contract work		<b>208.7</b>	68.6	77.6
Deposits received and other financial liabilities		<b>303.0</b>	367.8	624.3
Taxation payable		<b>82.1</b>	137.9	62.0
Bank and other loans due within one year		<b>2,321.0</b>	1,801.4	4,439.2
Other liabilities due within one year		<b>14.0</b>	11.8	14.9
		<b>4,473.9</b>	3,852.5	6,327.5
<b>Net current assets</b>		<b>6,177.4</b>	4,873.9	1,812.7
<b>Total assets less current liabilities</b>		<b>23,941.2</b>	22,834.1	18,545.5
<b>Non-current liabilities</b>				
Bank and other loans due after one year		<b>3,707.7</b>	3,470.0	707.9
Other liabilities due after one year		<b>1,406.4</b>	1,490.7	1,329.9
Deferred tax liabilities		<b>240.1</b>	197.9	162.8
		<b>5,354.2</b>	5,158.6	2,200.6
		<b>18,587.0</b>	17,675.5	16,344.9
<b>Capital and reserves</b>				
Share capital	<i>14</i>	<b>337.5</b>	337.5	337.5
Reserves		<b>15,858.4</b>	15,154.5	14,152.4
<b>Equity attributable to owners of the Company</b>		<b>16,195.9</b>	15,492.0	14,489.9
<b>Non-controlling interests</b>		<b>2,391.1</b>	2,183.5	1,855.0
		<b>18,587.0</b>	17,675.5	16,344.9

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

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

The Group has applied the following new and revised HKFRSs and Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA for the first time in the current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income

Except as described below, the application of the new and revised HKFRSs and HKASs 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.

#### **New and revised standards on consolidation, joint arrangements, associates and disclosures**

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated financial statements”, HKFRS 11 “Joint arrangements”, HKFRS 12 “Disclosure of interests in other entities”, HKAS 27 (as revised in 2011) “Separate financial statements” and HKAS 28 (as revised in 2011) “Investments in associates and joint ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

## **Impact of the application of HKFRS 10**

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) Interpretation (“HK(SIC) – Int”) 12 “Consolidation – Special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when: (a) it has power over the investee; (b) it is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Company has 49% ownership interest in Hanison Construction Holdings Limited (“Hanison”), which is listed on the Main Board of the Stock Exchange. The Company’s 49% ownership interest in Hanison gives the Company the same percentage of the voting rights in Hanison. Hanison was incorporated in the Cayman Islands on 20 September 2001 and Hanison and its subsidiaries (collectively referred to as the “Hanison Group”) were formerly wholly owned subsidiaries of the Company. Pursuant to the completion of corporate reorganisation for listing of shares of Hanison on the Stock Exchange in 2002, the Company distributed certain of the shares of Hanison to the then Company’s shareholders (the “spin-off exercise”). There has been no change in the Company’s 49% ownership interest in Hanison since the spin-off exercise.

The directors of the Company have reassessed as to whether or not the Group has control over Hanison in accordance with the new definition of control and the related guidance set out in HKFRS 10 upon its initial application. The directors of the Company concluded that it has had control over Hanison notwithstanding the spin-off exercise completed in 2002 on the basis of the Group’s absolute size of shareholding with voting rights in Hanison and the relative size and dispersion of the shareholdings owned by the other shareholders. Hence, Hanison is treated as a subsidiary of the Company in accordance with the requirements of HKFRS 10. In previous consolidated financial statements of the Group, Hanison was treated as an associate of the Company and accounted for using the equity method of accounting. Comparative amounts for 31 March 2013 and the related amounts as at 1 April 2012 have been restated in accordance with the relevant transitional provisions set out in HKFRS 10 (see the tables below for details).

## **Impact of the application of HKFRS 11**

HKFRS 11 replaces HKAS 31 “Interests in joint ventures”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “Jointly controlled entities – Non-monetary contributions by venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors have determined that the Group's current investments which were previously classified as jointly controlled entities under HKAS 31 are classified as joint ventures under HKFRS 11 and continue to apply the equity method.

### **Impact of the application of HKFRS 12**

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements with respect to the Group's interests in associates, joint ventures and subsidiaries with material non-controlling interests.

### **HKFRS 13 Fair value measurement**

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

## **Amendments to HKAS 1 Presentation of items of other comprehensive income**

The Group has applied the amendments to HKAS 1. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

## Summary of the effects of the above changes in accounting policies

The effects of the changes in accounting policies described above on the results for the current and prior year by line items are as follows:

### Consolidated statement of profit or loss

#### Impact on profit or loss of the application of HKFRS 10

	<b>For the year ended 31 March</b>	
	<b>2014</b>	2013
	<i>HK\$'M</i>	<i>HK\$'M</i>
<b>Continuing operations</b>		
Increase in turnover	1,498.3	1,411.8
Increase in cost of sales	(1,281.0)	(1,190.5)
Increase in other income	3.4	2.6
Increase in administrative expenses	(120.4)	(119.0)
Increase (decrease) in other gains and losses	24.8	(0.5)
Increase in change in fair value of investment properties		
Realised gains on disposal	4.0	31.2
Unrealised gains	55.7	73.3
Increase in finance costs	(7.7)	(5.7)
Decrease in share of results of associates	(76.6)	(91.3)
Increase (decrease) in share of results of joint ventures	3.5	(0.5)
Increase in taxation	(15.3)	(16.7)
	<hr/>	<hr/>
Net increase in profit for the year from continuing operations	88.7	94.7
Net impact on loss for the year from discontinued operations	–	–
	<hr/>	<hr/>
	<b>88.7</b>	<b>94.7</b>
	<hr/> <hr/>	<hr/> <hr/>
Increase in profit for the year attributable to:		
Owners of the Company		
For continuing operations	–	–
For discontinued operations	–	–
	<hr/>	<hr/>
	–	–
	<hr/>	<hr/>
Non-controlling interests		
For continuing operations	88.7	94.7
For discontinued operations	–	–
	<hr/>	<hr/>
	<b>88.7</b>	<b>94.7</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>88.7</b>	<b>94.7</b>

## Consolidated statement of profit or loss and other comprehensive income

*Impact on profit or loss and other comprehensive income of the application of HKFRS 10*

	<b>For the year ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
(Decrease) increase in exchange differences arising		
from translation of foreign operations	<b>(0.1)</b>	1.8
Increase (decrease) in share of exchange reserve of an associate	<b>0.2</b>	(0.9)
Decrease in share of exchange reserve of joint ventures	<b>(0.2)</b>	–
	<hr/>	<hr/>
Net (decrease) increase in other comprehensive income for the year	<b>(0.1)</b>	0.9
	<hr/>	<hr/>
Net increase in total comprehensive income for the year	<b>88.6</b>	95.6
	<hr/> <hr/>	<hr/> <hr/>
Increase in total comprehensive income for the year attributable to:		
Owners of the Company	–	–
Non-controlling interests	<b>88.6</b>	95.6
	<hr/>	<hr/>
	<b>88.6</b>	95.6
	<hr/> <hr/>	<hr/> <hr/>

## Consolidated statement of financial position

Impact on assets, liabilities and equity as at 1 April 2012 of the application of HKFRS 10

	As at 1 April 2012 as previously reported <i>HK\$'M</i>	Adjustments <i>HK\$'M</i>	As at 1 April 2012 as restated <i>HK\$'M</i>
<b>Non-current assets</b>			
Investment properties	6,135.2	415.9	6,551.1
Property, plant and equipment	2,642.3	77.0	2,719.3
Prepaid lease payments	29.7	6.8	36.5
Interests in associates	535.7	(485.8)	49.9
Interests in joint ventures	6,845.9	138.7	6,984.6
Held-to-maturity investments	83.9	–	83.9
Available-for-sale financial assets	53.1	–	53.1
Other assets	125.6	–	125.6
Deferred tax assets	5.5	0.8	6.3
Amount due from an associate	122.5	–	122.5
	16,579.4	153.4	16,732.8
<b>Current assets</b>			
Inventories	145.8	31.5	177.3
Properties held for sale	717.8	164.6	882.4
Properties held for/under development for sale	2,546.0	626.5	3,172.5
Trade receivables	82.1	159.8	241.9
Amounts receivable on contract work	–	169.1	169.1
Progress payments receivable	–	67.2	67.2
Retention money receivable	–	85.4	85.4
Deposits, prepayments and other financial assets	186.9	47.2	234.1
Amounts due from associates	59.0	2.3	61.3
Amounts due from joint ventures	58.0	0.2	58.2
Taxation recoverable	14.8	0.4	15.2
Held-to-maturity investments	158.8	–	158.8
Pledged bank deposits	3.1	–	3.1
Bank balances and cash	2,628.8	184.9	2,813.7
	6,601.1	1,539.1	8,140.2

	As at 1 April 2012 as previously reported <i>HK\$'M</i>	Adjustments <i>HK\$'M</i>	As at 1 April 2012 as restated <i>HK\$'M</i>
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	777.4	332.1	1,109.5
Amounts payable on contract work	–	77.6	77.6
Deposits received and other financial liabilities	609.2	15.1	624.3
Amount due to an associate	23.0	(23.0)	–
Taxation payable	54.6	7.4	62.0
Bank and other loans due within one year	3,704.9	734.3	4,439.2
Other liabilities due within one year	14.9	–	14.9
	<u>5,184.0</u>	<u>1,143.5</u>	<u>6,327.5</u>
<b>Non-current liabilities</b>			
Bank and other loans due after one year	707.9	–	707.9
Other liabilities due after one year	1,315.7	14.2	1,329.9
Deferred tax liabilities	156.5	6.3	162.8
	<u>2,180.1</u>	<u>20.5</u>	<u>2,200.6</u>
<b>Total effects on net assets</b>	<b><u>15,816.4</u></b>	<b><u>528.5</u></b>	<b><u>16,344.9</u></b>
<b>Equity</b>			
Share capital	337.5	–	337.5
Reserves	14,158.3	(5.9)	14,152.4
Non-controlling interests	1,320.6	534.4	1,855.0
	<u>15,816.4</u>	<u>528.5</u>	<u>16,344.9</u>
<b>Total effects on equity</b>	<b><u>15,816.4</u></b>	<b><u>528.5</u></b>	<b><u>16,344.9</u></b>

Impact on assets, liabilities and equity as at 31 March 2013 of the application of HKFRS 10

	As at 31 March 2013 as previously reported <i>HK\$'M</i>	Adjustments <i>HK\$'M</i>	As at 31 March 2013 as restated <i>HK\$'M</i>
Non-current assets			
Investment properties	6,178.5	755.6	6,934.1
Property, plant and equipment	2,984.0	103.4	3,087.4
Prepaid lease payments	18.9	7.0	25.9
Interests in associates	604.4	(567.4)	37.0
Interests in joint ventures	7,279.4	129.6	7,409.0
Held-to-maturity investments	144.2	–	144.2
Available-for-sale financial assets	80.5	–	80.5
Other assets	210.6	–	210.6
Pledged bank deposits	–	24.4	24.4
Deferred tax assets	6.3	0.8	7.1
	<u>17,506.8</u>	<u>453.4</u>	<u>17,960.2</u>
Current assets			
Inventories	94.7	31.5	126.2
Properties held for sale	1,124.4	30.9	1,155.3
Properties held for/under development for sale	1,568.1	815.6	2,383.7
Trade receivables	975.8	19.6	995.4
Amounts receivable on contract work	–	122.0	122.0
Progress payments receivable	–	68.3	68.3
Retention money receivable	–	81.5	81.5
Deposits, prepayments and other financial assets	259.3	23.6	282.9
Amounts due from associates	270.3	1.9	272.2
Amounts due from joint ventures	74.3	0.4	74.7
Taxation recoverable	3.7	1.8	5.5
Held-to-maturity investments	74.3	–	74.3
Pledged bank deposits	2.8	–	2.8
Bank balances and cash	2,788.3	293.3	3,081.6
	<u>7,236.0</u>	<u>1,490.4</u>	<u>8,726.4</u>

	As at 31 March 2013 as previously reported <i>HK\$'M</i>	Adjustments <i>HK\$'M</i>	As at 31 March 2013 as restated <i>HK\$'M</i>
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	1,127.7	337.3	1,465.0
Amounts payable on contract work	–	68.6	68.6
Deposits received and other financial liabilities	350.1	17.7	367.8
Amount due to an associate	8.1	(8.1)	–
Taxation payable	117.1	20.8	137.9
Bank and other loans due within one year	990.7	810.7	1,801.4
Other liabilities due within one year	11.8	–	11.8
	<u>2,605.5</u>	<u>1,247.0</u>	<u>3,852.5</u>
<b>Non-current liabilities</b>			
Bank and other loans due after one year	3,470.0	–	3,470.0
Other liabilities due after one year	1,412.9	77.8	1,490.7
Deferred tax liabilities	191.8	6.1	197.9
	<u>5,074.7</u>	<u>83.9</u>	<u>5,158.6</u>
<b>Total effects on net assets</b>	<b><u>17,062.6</u></b>	<b><u>612.9</u></b>	<b><u>17,675.5</u></b>
<b>Equity</b>			
Share capital	337.5	–	337.5
Reserves	15,160.4	(5.9)	15,154.5
Non-controlling interests	1,564.7	618.8	2,183.5
	<u>17,062.6</u>	<u>612.9</u>	<u>17,675.5</u>
<b>Total effects on equity</b>	<b><u>17,062.6</u></b>	<b><u>612.9</u></b>	<b><u>17,675.5</u></b>

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 directors of the Company do not anticipate that the adoption of HKFRS 9 “Financial instruments” in the future may have a significant impact on the amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s held-to-maturity investments and available-for-sale financial assets, the application of HKFRS 9 will affect the Group’s classification and measurement, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

### 3. TURNOVER AND SEGMENT INFORMATION

The chief operating decision maker considers Hanison Group as a single operating and reportable segment under the application of HKFRS 10 and the Group is now reorganised into six operating divisions: property development, property investment, services provided (clubs operation and provision of professional property management and transportation services to the residents of Discovery Bay), hotel operations, healthcare (provision of medical and dental care services, comprising diabetic and cardiovascular centres, cancer centres, an imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres) and Hanison Group (building construction, interior and renovation works, supply and installation of building materials, sale of health products, property investment, property development and property agency and management). Each of the operating divisions represents an operating and reportable segment.

The operating segment specialising in the manufacturing and sale of sanitary products was ceased in the current year. The segment information reported as follows does not include any amounts for those discontinued operations which are described in more details in Note 8.

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

#### Continuing operations

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

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison Group <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the year ended 31 March 2013 (restated)							
<b>TURNOVER</b>							
Segment revenue – sales to external customers							
derived by the Group and associates	2,287.1	341.1	450.6	373.0	297.4	1,411.8	5,161.0
Excluding turnover of associates	(0.4)	(41.2)	–	–	–	–	(41.6)
Consolidated turnover, as reported	<u>2,286.7</u>	<u>299.9</u>	<u>450.6</u>	<u>373.0</u>	<u>297.4</u>	<u>1,411.8</u>	<u>5,119.4</u>
<b>RESULTS</b>							
Segment results – total realised results of the Group, associates and joint ventures ( <i>note c</i> )	555.5	309.8	33.2	(33.9)	(16.8)	111.9	959.7
Excluding realised results of associates and joint ventures not shared by the Group	(0.9)	(78.9)	–	–	–	–	(79.8)
Results attributable to the Group	<u>554.6</u>	<u>230.9</u>	<u>33.2</u>	<u>(33.9)</u>	<u>(16.8)</u>	<u>111.9</u>	879.9
Other income							7.7
Unallocated corporate expenses							(89.1)
Finance costs and corporate level exchange difference							(70.2)
Net unrealised gains on fair value change of investment properties ( <i>note d</i> )							460.2
Net unrealised gains on fair value change of investment properties attributable to the Group's interests in a joint venture and associates, net of deferred tax							336.4
Profit for the year							1,524.9
Non-controlling shareholders' share of profit for the year							(339.8)
Profit for the year attributable to the owners of the Company							<u>1,185.1</u>

*Notes:*

- (a) The segment results of the Group represent the total results of the Group, associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2014 of HK\$412.1 million represented the unrealised gains on fair value change of investment properties of HK\$444.0 million net of deferred tax charge arising from change in fair value of HK\$31.9 million.
- (c) The segment results of the Group represent the total results of the Group, associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the year ended 31 March 2013 included realised gains on fair value change of investment properties of HK\$11.3 million.
- (d) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2013 of HK\$460.2 million (restated) represented the unrealised gains on fair value change of investment properties of HK\$459.9 million (restated) and the deferred tax credit arising from change in fair value of HK\$0.3 million.

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

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

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

## Other segment information

### For the year ended 31 March 2014

#### Continuing operations

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison Group <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 #	-	(2.7)	(9.4)	-	-	(128.2)	-	(140.3)
Depreciation	12.5	11.7	49.5	79.0	12.5	6.5	3.7	175.4
Impairment loss recognised on property, plant and equipment	-	-	-	-	11.2	-	-	11.2
(Reversal of allowance) net allowance for doubtful debts	-	-	(0.3)	-	0.3	4.9	-	4.9
Net gains from financial assets	-	-	-	-	-	(0.1)	(12.6)	(12.7)
Loss (gain) on disposal of property, plant and equipment and prepaid lease payments	-	-	0.5	(584.4)	0.8	(29.6)	-	(612.7)
Realised gains on disposals of investment properties	-	-	-	-	-	(4.0)	-	(4.0)
Interest income	(9.6)	(19.2)	-	(4.3)	-	(1.4)	(40.6)	(75.1)
Finance costs	-	4.8	-	-	-	7.7	160.1	172.6
Income tax charges (credit)	56.8	28.7	9.7	19.8	1.6	15.3	(1.0)	130.9
Share of results of associates	(2.6)	2.1	-	-	-	0.3	(0.1)	(0.3)
Share of results of joint ventures	(21.2)	20.5	-	-	-	(3.5)	107.9	103.7
Write down of inventories	-	-	-	-	1.7	-	-	1.7

For the year ended 31 March 2013 (restated)

### Continuing operations

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison Group <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 #	–	(3.6)	(7.4)	–	–	(142.7)	–	(153.7)
Depreciation	12.1	8.8	46.4	53.2	12.3	6.7	3.4	142.9
Impairment loss (reversal of impairment loss) recognised on property, plant and equipment	–	–	–	–	0.1	(2.3)	–	(2.2)
Reversal of impairment loss recognised on prepaid lease payments	–	–	–	–	–	(0.4)	–	(0.4)
Net allowance (reversal of allowance) for doubtful debts	–	–	0.4	–	(1.1)	3.0	–	2.3
Net losses (gains) from financial assets	–	–	–	–	–	0.3	(0.9)	(0.6)
(Gain) loss on disposal of property, plant and equipment and prepaid lease payments	(2.1)	0.2	(2.0)	1.4	–	(0.1)	(0.4)	(3.0)
Realised gains on disposals of investment properties	–	(11.3)	–	(12.8)	–	(31.2)	–	(55.3)
Interest income	(0.8)	(18.7)	–	(2.0)	–	(0.6)	(24.4)	(46.5)
Finance costs	14.3	6.6	–	–	–	5.7	95.2	121.8
Income tax charges	117.5	17.0	8.7	2.4	1.5	16.7	2.7	166.5
Share of results of associates	0.1	(45.0)	–	–	–	(0.8)	(46.3)	(92.0)
Share of results of joint ventures	(1.2)	12.3	–	–	–	0.5	(293.9)	(282.3)

# 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 continuing operations from its major products and services:

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Sales of properties	<b>1,322.2</b>	2,612.2
Revenue from construction contract work	<b>880.0</b>	744.4
Sales of goods	<b>81.0</b>	87.1
Rental income	<b>327.7</b>	307.1
Hotel revenue	<b>455.5</b>	367.3
Provision of healthcare services	<b>285.8</b>	297.4
Revenue from contracts for installation of building materials	<b>213.9</b>	195.0
Other services rendered	<b>559.0</b>	508.9
	<hr/> <b>4,125.1</b> <hr/>	<hr/> 5,119.4 <hr/>

## Geographical information

For each of the years ended 31 March 2014 and 2013, the Group's continuing operations are located in Hong Kong, the People's Republic of China ("PRC") and South East Asia and Japan.

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

	<b>Revenue from</b>		<b>Non-current assets</b>	
	<b>external customers</b>			
	<b>2014</b>	2013	<b>2014</b>	2013
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
		(restated)		(restated)
Hong Kong	<b>3,005.4</b>	3,447.3	<b>9,235.3</b>	8,122.8
PRC	<b>59.7</b>	22.9	<b>6,629.6</b>	7,011.1
South East Asia and Japan	<b>1,060.0</b>	1,649.2	<b>1,399.8</b>	2,334.7
	<hr/> <b>4,125.1</b> <hr/>	<hr/> 5,119.4 <hr/>	<hr/> <b>17,264.7</b> <hr/>	<hr/> 17,468.6 <hr/>

*Note:* Non-current assets excluded those related to discontinued operations, financial instruments and deferred tax assets.

## Information about major customers

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

#### 4. OTHER GAINS AND LOSSES

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
<b>Continuing operations</b>		
Other (losses) gains include the following:		
Net foreign exchange (loss) gain	<u>(51.6)</u>	<u>18.0</u>
Release of exchange reserve upon deregistration of foreign subsidiaries	<u>40.2</u>	<u>–</u>
Gain on disposal of property, plant and equipment and prepaid lease payments ( <i>note</i> )	<u>612.7</u>	<u>3.0</u>
(Impairment loss) reversal of impairment loss recognised		
Property, plant and equipment	(11.2)	2.2
Prepaid lease payments	–	0.4
Inventories	<u>(1.7)</u>	<u>–</u>
	<u>(12.9)</u>	<u>2.6</u>
Net allowance for doubtful debts	<u>(4.9)</u>	<u>(2.3)</u>
Net gains from financial assets	<u>12.7</u>	<u>0.6</u>
	<u><b>596.2</b></u>	<u><b>21.9</b></u>

*Note:* The gain on disposal mainly arises from disposal of hotel property and leasehold land in Singapore which was completed in January 2014.

## 5. FINANCE COSTS

	2014 <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
<b>Continuing operations</b>		
Interest on		
Bank and other loans wholly repayable within five years	110.7	104.3
Advances from non-controlling shareholders wholly repayable within five years	19.1	15.5
Other loans not wholly repayable within five years	34.0	–
	<u>163.8</u>	<u>119.8</u>
Less: Amounts included in the cost of properties held for/ under development for sale/construction in progress	(26.8)	(24.2)
	<u>137.0</u>	<u>95.6</u>
Bank and other loans arrangement fees	35.6	26.2
	<u>172.6</u>	<u>121.8</u>

## 6. PROFIT BEFORE TAXATION

	2014 <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
<b>Continuing operations</b>		
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	10.3	9.8
Cost of inventories and developed properties recognised as an expense	824.0	1,618.4
Contract costs recognised as expense in cost of sales	1,071.7	897.5
Operating lease rentals in respect of land and buildings	42.6	45.0
Staff costs (including directors' remuneration)	889.1	795.3
Release of prepaid lease payments	0.6	0.6
Depreciation	175.4	142.9
Net rental income under operating leases on		
Investment properties	(323.5)	(303.6)
Other properties	(4.5)	(4.3)
Less: Outgoings	40.3	40.5
	<u>(287.7)</u>	<u>(267.4)</u>
Expenses included in cost of contract work		
Depreciation	3.3	5.3
Release of prepaid lease payments	0.2	0.2
Rentals under operating leases in respect of		
Plant and machinery	7.2	8.5
Others	1.3	0.5
	<u>1.3</u>	<u>0.5</u>

## 7. TAXATION

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
<b>Continuing operations</b>		
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year	<b>50.3</b>	77.2
Overseas tax calculated at rates prevailing in respective jurisdictions	<b>35.4</b>	55.6
	<hr/>	<hr/>
	<b>85.7</b>	132.8
Deferred taxation for current year ( <i>note</i> )	<b>45.2</b>	33.7
	<hr/>	<hr/>
	<b>130.9</b>	166.5
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Deferred tax charge (credit) arising during the year in respect of unrealised gain (loss) on fair value change of investment properties	<b>31.9</b>	(0.3)
Others	<b>13.3</b>	34.0
	<hr/>	<hr/>
	<b>45.2</b>	33.7
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

## 8. DISCONTINUED OPERATIONS

The Group had sanitaryware manufacturing business principally in Australia and the United Kingdom. During the year, the management had decided to cease the manufacturing operations due to unfavorable business performance and loss for the year from discontinued manufacturing operations is set out below. The comparative figures in the statement of profit or loss have been restated to re-present the manufacturing operations as discontinued operations.

### Loss from discontinued operations

Loss for the year from discontinued operations is analysed as follows:

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i>
Turnover	<b>82.4</b>	178.9
Cost of sales	<b>(124.6)</b>	(240.1)
Gross loss	<b>(42.2)</b>	(61.2)
Other income	<b>0.3</b>	1.2
Administrative expenses	<b>(82.7)</b>	(70.2)
Other gains and losses	<b>(4.6)</b>	(44.6)
Finance costs	<b>(0.4)</b>	(0.7)
Loss before tax	<b>(129.6)</b>	(175.5)
Taxation	–	(11.3)
Loss for the year	<b>(129.6)</b>	(186.8)

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

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i>
Cost of inventories recognised as an expense	<b>89.0</b>	145.2
Operating lease rentals in respect of land and buildings	<b>4.3</b>	15.0
Staff costs	<b>62.9</b>	96.0
Release of prepaid lease payments	–	0.3
Depreciation	<b>1.1</b>	13.7
Gain on disposal of property, plant and equipment and prepaid lease payments	<b>(6.1)</b>	(94.2)
Net allowance for doubtful debts	–	14.8
Impairment loss recognised		
Property, plant and equipment	<b>1.4</b>	82.2
Inventories	–	42.2
Other receivables	<b>9.9</b>	–
	<b>11.3</b>	124.4

## 9. DIVIDENDS

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2013 of HK5 cents (2013: interim dividend paid for the financial year ended 31 March 2012 of HK8 cents) per share	<b>67.5</b>	108.0
No interim dividend paid for the financial year ended 31 March 2014 (2013: interim dividend paid for the financial year ended 31 March 2013 of HK3 cents per share)	—	40.5
	<b>67.5</b>	148.5
Proposed final dividend for the financial year ended 31 March 2014 of HK12 cents (2013: for the financial year ended 31 March 2013 of HK5 cents) per share	<b>162.0</b>	67.5

## 10. EARNINGS PER SHARE

### For continuing and discontinued operations

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

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
<b>Earnings</b>		
Earnings for the purpose of calculating the basic earnings per share (profit for the year attributable to the owners of the Company)	<b>834.6</b>	998.3
	<b>2014</b>	2013
<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>1,350,274,367</b>	1,350,274,367

No diluted earnings per share has been presented for the years ended 31 March 2014 and 2013 because there were no potential ordinary shares outstanding during the years.

## For continuing operations

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

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Profit for the year attributable to the owner of the Company	<b>834.6</b>	998.3
Less: Loss for the year from discontinued operations	<b>129.6</b>	186.8
	<hr/>	<hr/>
Earnings for the purpose of calculating the basic earnings per share from continuing operations	<b>964.2</b>	1,185.1
	<hr/> <hr/>	<hr/> <hr/>

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

## For discontinued operations

Basic loss per share for discontinued operations is HK9.6 cents (2013: HK13.9 cents), based on the loss for the year from discontinued operations of HK\$129.6 million (2013: HK\$186.8 million) and the denominators detailed above for the basic earnings per share from continuing and discontinued operations.

## 11. TRADE RECEIVABLES

The credit period allowed by the Group to its customers is dependent on the general practice in the industry concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed upon the execution of legally binding, unconditional and irrevocable contracts and the payments are settled in accordance with the terms stated in contracts. 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 based on the payment due date at the end of the reporting period:

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Not yet due	<b>170.0</b>	934.6
Overdue:		
0-60 days	<b>32.9</b>	44.4
61-90 days	<b>1.9</b>	6.4
Over 90 days	<b>6.4</b>	10.0
	<hr/>	<hr/>
	<b>211.2</b>	995.4
	<hr/> <hr/>	<hr/> <hr/>

## 12. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Within 30 days	<b>52.2</b>	63.9
31-60 days	<b>11.0</b>	2.1
61-90 days	–	2.3
	<u><b>63.2</b></u>	<u>68.3</u>

## 13. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$217.0 million (2013: HK\$264.0 million (restated)), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	<b>2014</b> <i>HK\$'M</i>	2013 <i>HK\$'M</i> (restated)
Not yet due	<b>172.6</b>	197.7
Overdue:		
0-60 days	<b>20.1</b>	42.6
61-90 days	<b>0.7</b>	4.8
Over 90 days	<b>23.6</b>	18.9
	<u><b>217.0</b></u>	<u>264.0</u>

## 14. SHARE CAPITAL

	<b>2014 &amp; 2013</b>	
	<b>Number of shares</b>	<b>HK\$'M</b>
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	<u><b>2,000,000,000</b></u>	<u><b>500.0</b></u>
Issued and fully paid:		
At 1 April 2012, 31 March 2013 and 31 March 2014	<u><b>1,350,274,367</b></u>	<u><b>337.5</b></u>

## **BUSINESS REVIEW**

### **Property Development and Property Investment**

The core business of the Group is property development and investment with a focus on prestigious high-end projects. During the year, the Group added two lots to its land bank in Hong Kong through government tenders. Besides, the Group continued to maintain a balanced portfolio of investment properties, which provided the Group with a stable stream of rental income.

#### ***Hong Kong, Residential Properties in Discovery Bay***

Discovery Bay, a pioneering resort-style residential project with integrated community, leisure and commercial facilities is the Group's flagship project in Hong Kong. Over the years, the Group has been optimising the project's facilities and offerings. With the recent addition of a new resort hotel, Auberge Discovery Bay Hong Kong, Discovery Bay has become an even more popular leisure destination. The new DB North inclined lifts, with a structure measuring about 60 metres in length and rising to the height of a 10-storey building is the latest landmark in Discovery Bay. Boasting a stunning panoramic view of Yi Pak Bay, it will become an enticing addition to Discovery Bay's resort-like lifestyle.

The remaining units of Amalfi of Discovery Bay were relaunched in December 2013 according to the requirements of the Residential Properties (First-hand Sales) Ordinance and received a favourable response. As at 31 March 2014, 160 out of the total 164 units of Amalfi were sold. Subsequent to the year-end, 3 more units were sold. This luxurious development, with its cutting edge design and spectacular views has achieved an average selling price of approximately HK\$10,400 per square foot gross floor area ("GFA").

Sales of Positano of Discovery Bay, which is named after a coastal town in southern Italy commenced in June 2014. Surrounded by ample greenery, the project comprises 102 duplex units with a total GFA of approximately 187,700 square feet.

The Group has a 50% interest in Discovery Bay.

#### ***Industrial and/or Commercial Properties***

The Group's two investment properties, namely West Gate Tower in Cheung Sha Wan and CDW Building in Tsuen Wan recorded average occupancy rates of 97% and 85% respectively during the year, creating stable rental income for the Group. The Group is looking into options for unleashing the potential of these properties and maximising their revenue contribution.

DB Plaza, with its wide array of shops and the alfresco dining hotspot D'Deck remains the social and entertainment hub of Discovery Bay. As at 31 March 2014, DB Plaza had achieved an occupancy rate of 97%. With intensified promotional efforts, DB North Plaza had improved the occupancy rate to 80% as at 31 March 2014. DB Plaza and DB North Plaza continued to generate steady income for the Group. The Group has a 50% interest in DB Plaza and DB North Plaza.

The 11 remaining car parking spaces (out of a total of 480 car parking spaces) at Coastal Skyline, Tung Chung were sold in April 2013. The Group has a 31% interest in Coastal Skyline.

### ***DAN6, Tsuen Wan***

DAN6 is a 20-storey industrial building redeveloped by the Group in Tsuen Wan with a total GFA of approximately 93,600 square feet. Units of DAN6 were put on the market in June 2013 and received keen interest from both end-users and investors alike. About 90% of the units were sold at an average price of approximately HK\$5,900 per square foot GFA. The project received its Occupation Permit in April 2014 and is targeted to be handed over in the third quarter of 2014.

### ***Kap Pin Long, Sai Kung***

The Kap Pin Long site in Sai Kung will be developed into an idyllic garden house. Site formation works and foundation works commenced in the third quarter of 2013 with a targeted completion in the second half of 2016.

### ***Kau To, Sha Tin***

In August 2013, the Group acquired a lot in Kau To, Sha Tin together with Nan Fung Development Limited through a 50:50 joint venture company for a consideration of HK\$1,220.0 million. The project, which is situated in a prestigious high-end residential district will provide luxurious houses and quality low-rise apartment units.

### ***Wu On Street, Tuen Mun***

The Group won the bid for a residential lot on Wu On Street, Tuen Mun in a government tender for a consideration of HK\$551.0 million in October 2013. The site will be developed into a residential block providing premium quality apartment units with a retail shop podium. Sumitomo Forestry Co., Ltd., a leading Japanese company manufacturing wooden custom-made houses and trading in wooden building materials participated in the project in 2014 with a 25% interest. Foundation works are expected to commence in the second half of 2014.

### ***Mainland China, Dazhongli in Shanghai***

The Dazhongli project currently under construction in Shanghai will be a world-class mixed-use development comprising two super Grade-A office towers, three luxury hotels/serviced apartments, a high-end retail mall and ample car parking spaces when completed in phases from 2016. The project has a planned GFA of approximately 323,000 square metres.

Strategically located on Nanjing Xi Lu at a prime location in Shanghai's dynamic centre for business and retail activities, the Dazhongli project enjoys superb connectivity with key metro lines and major transport hubs. These include metro line 2, which is in operation connecting the two international airports and metro lines 12 and 13, which are currently under construction. The project is poised to become a landmark development in Shanghai and one of the city's most sought-after commercial and leisure properties.

Construction of the project is progressing well. The superstructure for the 250-metre-high office tower is underway and targeted for completion by the end of 2014. The superstructure of the low rise retail block abutting Nanjing Xi Lu is in progress and will top out in mid-2014.

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

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

City One is the first-ever project by a Hong Kong-based developer in Jiaxing and the Group's signature project in the Yangtze River Delta area. Located at the centre of the international business district and close to a 53-hectare wetland park, this residential project received an enthusiastic response from the public when the show flats and sales office were opened in April 2014. The pre-sales launch is expected in the third quarter of 2014. The project comprises around 600 units in seven 18-storey blocks, one 9-storey duplex-on-duplex apartment block and 20 garden houses with a maximum above-ground GFA of approximately 83,000 square metres. Foundation works were completed and work on the superstructure has been ongoing since July 2013. All buildings will be topped out by July 2014 and the entire project is planned for completion in early 2016.

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

The Exchange, the Group's 15%-owned investment property in Tianjin with a total GFA of over 152,000 square metres continued to generate stable rental income. During the year, the average occupancy rates of the retail mall, two Grade-A office towers and a 5-star hotel were 99%, 98% and 69% respectively.

### ***Jin Du Yuan, Shanghai***

Subsequent to the year-end in April 2014, the Group through an indirect wholly-owned subsidiary acquired a 30-floor en-bloc residential building, Block 16 of Jin Du Yuan located in Changning District, Shanghai for a consideration of RMB588.2 million (equivalent to approximately HK\$729.7 million) at an auction. The property, comprising 120 units with a total GFA of approximately 21,700 square metres will be held as an investment property.

### ***Thailand, The Sukhothai Residences in Bangkok***

As at 31 March 2014, 161 units of the 196-unit ultra-luxury condominium tower located at Sathorn Road, Bangkok had been sold. Over 95% of the sold units have completed the ownership transfer.

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

Further to the sales and purchase agreement entered in October 2013, the Group together with its Thai partner (via a joint venture company) completed the disposal of the interest in the freehold land and building(s) located at Sathorn Road, Bangkok in March 2014. The total consideration of THB1,869.1 million (equivalent to approximately HK\$446.7 million) was duly received.

Acquired in 2010, the Group's other freehold property at Wireless Road, Bangkok with a site area of approximately 12,600 square metres remains part of our land bank. The master planning for the project is progressing on schedule.

The Group has a 49% interest in the Sathorn Road and Wireless Road projects.

### ***Japan, Residential and Commercial Properties in Tokyo***

Horizon Place Akasaka (a 94-unit high rise block in Akasaka) and Chelsea Garden (a 17-unit low rise apartment block in Hiroo) are two residential properties owned by the Group in the central area of Tokyo. As at 31 March 2014, these properties had achieved occupancy rates of 91% and 94% respectively. On 20 June 2014, Chelsea Garden was disposed of to an independent third party at a consideration of JPY3,465.6 million (equivalent to approximately HK\$259.9 million).

During the year, the Group sold 49% interest in the underlying land to and reached a joint venture agreement with a reputable Japanese developer, Nomura Real Estate Development Co., Ltd. to redevelop the site at Roppongi 4 Chome (formerly Homat Sun) into a premium residential development for sale to maximise the potential of the site. It is situated at one of Tokyo's most sought-after addresses and is in close proximity to the business, culture and entertainment hubs of Roppongi Hills and Tokyo Midtown. The project is scheduled for completion in 2017.

The Group acquired Graphio Nishi-Shinjuku, a 13-storey office building conveniently located in the heart of Shinjuku-ku, Tokyo in March 2013. The property had achieved an occupancy rate of 92% as at 31 March 2014.

The Group has 20% and 51% interest in Chelsea Garden and the Roppongi 4 Chome site respectively.

### ***Niseko, Hokkaido***

The Group holds a residential plot located at Niseko, Hokkaido near the Niseko Annupuri ski village with a total site area of approximately 60,700 square metres as land bank. Master planning is currently underway.

Save as disclosed above, all property development and investment projects are 100% owned by the Group.

### **Services Provided**

Transport services in Discovery Bay, including ferry, land transport and tunnel services are operated by the Group's subsidiaries. Challenges to this business included manpower shortages (an industry-wide issue) and rising labour costs due to higher remuneration packages for retaining existing staff and attracting suitable candidates. The Group's subsidiaries are taking measures to further improve the efficiency of these operations while maintaining a high standard of service. The Group's property management service companies in Discovery Bay and other locations continued to operate well during the year.

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

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

## **Hospitality**

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

The 325-room Auberge Discovery Bay Hong Kong (“Auberge DB”) commenced operation in March 2013 and achieved an average occupancy rate of about 57% in its first year. The resort hotel has a strong appeal to international and domestic leisure travellers. Events during the year included wedding banquets, corporate meetings, residential seminars, incentive outings and gala events, functions for airline-related businesses and exhibitions. With a first-of-its-kind seaside pavilion and supplementary wedding services, Auberge DB is especially popular for wedding banquets and has become the venue of choice for newlyweds.

As a result of its outstanding services, Auberge DB achieved a number of industry awards in its first year of operation. Among these were the Best Guest Review Awards 2013 by Booking.com, The Marketing Events Awards 2013 – Best Venue Experience Silver Award by *Marketing Events* magazine and the Best New Hotel Wedding Banquet in Bridal Awards 2013 by *ESDlife*.

The Group has a 50% interest in Auberge DB.

### ***Thailand, The Sukhothai***

In Bangkok, the market has been much more competitive due to the opening of new hotels. In addition to the increase in hotel rooms, the political unrest since November 2013 has affected tourist arrivals. The average occupancy rate of The Sukhothai for the year was 58%.

The Sukhothai was selected as one of the Top 100 World’s Best Hotels 2013 by *Institutional Investor* magazine. La Scala restaurant was also named one of Asia’s Top 500 Finest Restaurants by The Miele Guide 2013.

The Sukhothai is 100% owned by the Group.

### ***Singapore, The Sentosa Resort & Spa***

In August 2013, the Group entered into sale and purchase agreements to dispose of the lands and buildings where The Sentosa Resort & Spa is located. All conditions set out in the agreements have been fulfilled and the disposal was completed on 28 January 2014.

## **Healthcare**

GenRx Holdings Limited (“GenRx”), a wholly-owned subsidiary of the Group, operates a comprehensive healthcare service network comprising diabetic and cardiovascular centres, cancer centres, an imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres in Hong Kong, Macau and Manila. In addition to walk-in patients, they serve a large number of corporate clients for the healthcare needs of employees and their families.

The Healthway clinic chain in the Philippines recorded growth in patient volume and revenue during the year. Healthway has launched a new product, the MEDI-Access HealthWallet, which is a prepaid, reloadable and shareable health card with privileges that include access to and discounts at affiliated hospitals and clinics.

GenRx is also working on establishing a breakthrough presence in Mainland China’s fast-growing healthcare market.

Except for dental clinics and diabetic and cardiovascular centres that involve third party interests of 43% and 20% respectively, other businesses under GenRx are 100% owned by the Group.

## **Manufacturing (Discontinued)**

Further to the closure of the Mainland China plant in May 2013, the Group completely relinquished its sanitaryware manufacturing business by closing down the plant in the United Kingdom in December 2013.

## **Hanison Group**

Hanison together with its subsidiaries is the Group’s 49%-owned subsidiary group engaged primarily in the construction business, interior and renovation business, supply and installation of building materials, property investment and development, provision of property agency and management services and sale of health products. Hanison’s consolidated turnover during the year was HK\$1,626.5 million, 4.6% higher than HK\$1,554.5 million of last year. Net profit was HK\$164.0 million, as compared with HK\$185.2 million last year. The gain on change in fair value of investment properties dropped and the revenue generated from the sales of the property development projects declined as compared with last year. In a competitive operating environment, Hanison will continue to strengthen its core businesses in order to sustain growth.

## **HUMAN RESOURCES**

As at 31 March 2014, the Group had a total of 3,316 employees in Hong Kong, Mainland China and overseas.

The Group is committed to promoting a harmonious working environment as well as encouraging work-life balance and a family-caring culture. Subsequent to the year-end in May 2014, the Group was honoured to be named as a Family-Friendly Employer 2013/2014 by the Family Council. During the year, the Group was also one of the very few companies to receive a Certificate of Recognition from Community Business for repeated participation in Work-life Balance Week.

In October 2013, the Group completed a strategic company re-organisation, which resulted in a new functional reporting structure that better reflects its changing business needs. This re-organisation exercise brought people closer together and has strengthened the internal alignment and communication among key stakeholders. The Group also continued to reinforce its corporate PRI<sup>2</sup>DE values (i.e. **Pioneer, Respect, Innovation, Integrity, Devotion and Excellence**) through initiatives such as the annual PRI<sup>2</sup>DE Outstanding Employees Award, a revamped employee orientation programme and other staff engagement activities.

The Group continued to invest in talent development at all levels. Selected executives participated in an executive education programme organised by a prestigious university, while others made use of a customised 360° feedback tool to better identify development needs. For general and operations staff, on-going programmes were held to address development needs in areas such as customer service and supervisory skills. In addition, the Group launched customised training programmes that tie in closely with departmental business needs.

To attract talent, the Group not only ensures competitive remuneration against the market but also takes part in various recruitment fairs and brand rejuvenation exercises. With its longstanding presence on Lantau Island via the Group's flagship project in Discovery Bay, the Group joined the Lantau Development Alliance in 2013 to offer employment opportunities for residents in the area and to contribute to the local community.

The Group is also preparing for its future human resources needs by launching an important new infrastructure development project – the HR Information System – in phases during the year ahead.

## **INFORMATION TECHNOLOGY**

The Group continuously builds on its information technology systems to improve work efficiency and quality. To improve the quality control process of construction projects, the Defect Tracking System v.2.0 underwent a major upgrade with more user-friendly functions and features added. It is now supporting the latest Android and iOS tablet devices.

In order to improve end-user support and response times, the eHelpdesk system was upgraded with the addition of workflows such as request submissions, approvals, job assignments and completion notifications.

As part of the Group's go-green initiatives, the majority of the Group's servers have been migrated to the virtualisation platform resulting in a 21% savings in power consumption.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Group continued its contributions to the community through a wide range of volunteer and sponsorship initiatives during the year.

The Group's corporate volunteer team, HKR Care & Share, joined with the Hong Kong Youth Arts Foundation, Cha Duk Chang Children's Cantonese Opera Association and T.W.G.Hs Residential Child Care Services to pursue volunteer activities, including a Cantonese Opera Workshop and a Christmas party for underprivileged children. Staff and families were encouraged to participate in these programmes.

As a keen supporter of the arts and culture, the Group sponsored the performance of Maria João Pires with the Scottish Chamber Orchestra in February 2014 at the 42nd Hong Kong Arts Festival.

To promote a more caring and harmonious community in Discovery Bay, the Group continued to fund various community events organised for residents by charitable organisations. Many residents have become enthusiastic volunteers in serving the Discovery Bay and its neighbouring communities.

The Group was awarded the 5 Years Plus Caring Company Logo by The Hong Kong Council of Social Service, recognising our good corporate citizenship and sincere commitment to social responsibilities.

## **OUTLOOK**

In the first half of 2014 the global economy continued to show signs of improvement, particularly in the United States ("US") where housing prices were on the rise, unemployment figures were dropping and the stimulus programme gradually scaled back by the US Federal Reserve. The economy in the Eurozone during this period also recovered, although gradually.

The Group is cautiously prudent about the economy and operating environment in the markets where it has a presence. Growth is expected to level off in Mainland China but urbanisation and infrastructure investment may sustain moderate growth. The Group expects asset prices to remain stable, especially in first tier cities, as market demand holds. In Hong Kong, the anticipation of US tapering and increases in borrowing rates could affect market sentiment but the Group does not expect a significant correction of asset prices in the near term. Market demand will likely remain intact with the low interest and unemployment rates.

For its core property development and investment business, the Group will continue to build up its land bank and pursue existing and new projects. The Group is confident in the property market in its core market of Hong Kong for the medium- to long-term, including Lantau Island whose development potential was recognised in the 2014 Policy Address. The Group will capitalise on its background and experience in this part of Hong Kong in order to grasp new development opportunities there.

In its hospitality business, the Group's hotels will continue to enhance their services in order to attract tourists and capture business from the rise in tourist arrivals. Auberge DB will strengthen its position as a one-of-a-kind vacation destination in Hong Kong and further develop the wedding business with its unique pavilion offering and supplementary services.

The Group also sees potential in the healthcare business. Through GenRx, the Group will keep an eye on new markets while enhancing the service quality and business performance of its current operations.

Capitalising on its strong management team and healthy financial position, the Group will continue to explore new ventures cautiously to achieve long-term sustainable growth.

## **FINANCIAL REVIEW**

### **Shareholders' Funds**

As at 31 March 2014, the shareholders' funds of the Group increased by HK\$703.9 million to HK\$16,195.9 million (2013: HK\$15,492.0 million (restated)). The increase was mainly due to an upward fair value revaluation of investment properties, disposal of certain properties and profit contribution from operating unit. The gross profit margin of continuing operations for the Group was 22.3% (2013: 26.0% (restated)).

### **Major Investing Activities**

During the year, the Group received HK\$373.7 million repayment of shareholders' loan from the Dazhongli project in Shanghai. The Dazhongli project engaged in development of investment properties and hotel properties located at Jingan district, Shanghai, the PRC in which the Group holds 50% equity interest.

In addition, the Tung Chung project, in which the Group has 31% interest has repaid HK\$226.9 million shareholders' loan to the Group upon the completion of sales of commercial centre and residential car parking spaces.

The Group completed the acquisition of the investment interests in an office building located in Tokyo and a balance payment of HK\$200.2 million, out of the total consideration of HK\$284.8 million was made in April 2013.

The disposal of The Sentosa Resort & Spa in Singapore was completed in January 2014 and contributed HK\$1,283.6 million cash to the Group. In Thailand, a development site which the Group has 49% interest was disposed of and proceeds of HK\$180.7 million was received up to 31 March 2014.

The Group also disposed of certain industrial investment properties located in Tsuen Wan, Hong Kong in which deposits of HK\$95.5 million were received during the year.

In August 2013, the Group through a 50:50 joint venture company won the tender for a land lot in Kau To, Sha Tin at a consideration of HK\$1,220.0 million (the Group's share: HK\$610.0 million). In October 2013, the Group won the tender for another land lot at Wu On Street, Tuen Mun at a consideration of HK\$551.0 million.

## **Financial Liquidity**

As at 31 March 2014, the Group had total cash and securities investment of HK\$5,708.9 million (2013: HK\$3,407.8 million (restated)) whilst total bank borrowings, bonds and other loans were HK\$6,028.7 million (2013: HK\$5,271.4 million (restated)).

The Group successfully issued HK\$560.0 million 7-year unlisted notes in early April 2013. Subsequently the Group established a US\$1.0 billion medium term note programme (“MTN Programme”) with listing status on the Stock Exchange. A total of HK\$238.0 million 7-year unlisted notes had been issued under the MTN Programme in May 2013.

## **Gearing**

The Group’s gearing ratio maintained at a low level of 4.1% (2013: 14.0% (restated)) as calculated by the Group’s consolidated net borrowings to the shareholders’ funds as at 31 March 2014.

## **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 2014, the unutilised credit facilities were approximately HK\$4,697.9 million (2013: HK\$4,200.9 million (restated)) which increased by HK\$497.0 million.

The maturity profile of bank borrowings, bond and other loans were 38.5% (2013: 34.2% (restated)) falling within one year, 43.3% (2013: 13.7% (restated)) falling between one and two year(s), 5.0% (2013: 52.1% (restated)) falling between two and five years and 13.2% (2013: Nil) falling more than five years as at 31 March 2014.

## **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 Hong Kong dollars and US dollars, the Group has limited exposure to foreign currencies. To manage foreign currency exposure in certain investments overseas, the Group maintains naturally hedged positions and shall make any swap/future arrangements as appropriate. The Group’s banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short to medium term borrowings when appropriate and necessary.

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

## **Pledge of Assets**

As at 31 March 2014, certain subsidiaries of the Company had pledged bank deposits of HK\$51.8 million (2013: HK\$27.2 million (restated)) to secure banking facilities being granted. As at 31 March 2013, a subsidiary of the Company had subordinated its inter-company debt of HK\$40.4 million (2014: Nil) and a fixed and floating charge was created over the assets and undertaking of one of the Company's subsidiaries (total asset value as at 31 March 2013: HK\$66.2 million (2014: Nil)) to secure banking facilities being granted.

In addition, as at 31 March 2014, certain bank loans of the Group were secured by certain investment properties, leasehold land and buildings and properties held for/under development for sale, at the carrying value of HK\$1,153.6 million (2013: HK\$1,168.2 million).

## **Contingent Liabilities**

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK\$158.2 million as at 31 March 2014 (2013: HK\$168.8 million) given to a bank in respect of the banking facilities granted to an investee company. The Group's interest in such investee company is classified under other non-current assets.

Save as disclosed above, the Group did not have other contingent liabilities as at 31 March 2014.

## **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 Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2014, except for certain deviations from the code provisions A.4.1 (non-executive directors ("NEDs") should be appointed for a specific term), A.6.7 (NEDs including independent non-executive directors should regularly attend and actively participate in board meetings (including committee meetings) and attend general meetings), C.1.2 (management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail) and E.1.2 (chairman of the board should attend annual general meeting). Since the publication of the Company's interim report for the six months ended 30 September 2013, there has been no other deviation from the CG Code. The considered reasons for deviations and details of the Company's compliance with the CG Code are to be set out in the corporate governance report contained in the annual report 2013/2014 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 2014 have been reviewed by the audit committee of the Company. In addition, the figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2014 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 2014.

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

Hong Kong, 25 June 2014

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

***Chairman***

*Mr CHA Mou Sing Payson*

***Deputy Chairman & Managing Director***

*Mr CHA Mou Zing Victor*

***Executive Directors***

*Mr CHUNG Sam Tin Abraham*

*Mr TANG Moon Wah*

***Non-executive Directors***

*The Honourable Ronald Joseph ARCULLI*

*Mr CHA Mou Daid Johnson*

*Ms WONG CHA May Lung Madeline*

***Independent Non-executive Directors***

*Dr CHENG Kar Shun Henry*

*Dr CHEUNG Kin Tung Marvin*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Dr QIN Xiao*

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