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HKRI

香港興業國際集團有限公司

HKR International Limited

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

(Stock Code: 00480)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

RESULTS

The Board of Directors (the “Board”) of HKR International Limited (the “Company”) is pleased to announce the audited final results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2018.

The Group’s turnover for the year amounted to HK\$2,222.3 million, representing a decrease of 0.5% compared to HK\$2,234.1 million last year. Profit attributable to shareholders amounting to HK\$2,305.1 million showed an increase of 179.8% as compared to HK\$823.9 million last year. The basic earnings per share were HK170.7 cents for the year as compared to HK61.0 cents last year.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK7 cents per share for the year ended 31 March 2018 (2017: HK7 cents) to the shareholders of the Company (the “Shareholders”) whose names appear on the registers of members of the Company on 31 August 2018. The proposed final dividend will be paid on 17 September 2018 following approval at 2018 annual general meeting of the Company to be held on 22 August 2018 (the “2018 AGM”). The proposed final dividend together with the interim dividend of HK3 cents per share for the six months ended 30 September 2017 makes up a total dividend of HK10 cents per share for the year ended 31 March 2018 (2017: HK7 cents).

PROPOSED BONUS ISSUE OF SHARES

The Board has resolved to recommend a bonus issue (the “Bonus Issue”) of shares of HK\$0.25 each in the capital of the Company (the “Bonus Shares”) on the basis of one (1) Bonus Share for every ten (10) existing shares held by the Shareholders whose names appear on the

registers of members of the Company on 31 August 2018. The Bonus Shares will be issued and credited as fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the proposed final dividend for the year ended 31 March 2018 or the Bonus Issue. The Bonus Issue is conditional upon the Shareholders' approval at the 2018 AGM and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in, the Bonus Shares. Subject to the aforementioned conditions, the certificates for the Bonus Shares are expected to be despatched to the qualifying shareholders of the Company by ordinary post at their own risk on or around 17 September 2018. A circular containing, among other things, details of the Bonus Issue will be sent to the Shareholders in due course.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$500,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.25 each (the "Shares"), of which 1,350,274,367 Shares are in issue. In order to provide the Company with greater flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK\$1,000,000,000 divided into 4,000,000,000 ordinary shares by the creation of an additional 2,000,000,000 ordinary shares, which upon issue, shall rank pari passu in all respects with the existing Shares (the "Increase in Authorised Share Capital"). The Increase in Authorised Share Capital is conditional upon the Shareholders' approval by way of passing an ordinary resolution at the forthcoming 2018 AGM. A circular containing, among other things, details of the Increase in Authorised Share Capital will be sent to the Shareholders in due course.

CLOSURE OF REGISTERS OF MEMBERS FOR 2018 AGM

The main and branch registers of members of the Company will be closed from 17 to 22 August 2018 (both days inclusive) for the 2018 AGM. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2018 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 August 2018. The notice of the 2018 AGM will be published on the websites of the Company and the Stock Exchange and despatched to the Shareholders in due course.

CLOSURE OF REGISTERS OF MEMBERS FOR FINAL DIVIDEND AND BONUS SHARES

In order to determine the Shareholders who qualify for the proposed final dividend for the year ended 31 March 2018 and the Bonus Shares, the main and branch registers of members of the Company will be closed from 29 to 31 August 2018 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2018 and the Bonus Shares, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 August 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2018

	<i>NOTES</i>	2018 HK\$'M	2017 <i>HK\$'M</i>
Turnover	3	2,222.3	2,234.1
Cost of sales		(1,495.6)	(1,546.4)
Gross profit		726.7	687.7
Other income		135.8	124.2
Administrative expenses		(547.6)	(430.1)
Other gains and losses	4	593.3	10.5
Change in fair value of investment properties			
Realised gains on disposals		14.5	–
Unrealised gains		1,874.8	623.3
Finance costs	5	(208.3)	(191.7)
Share of results of associates		(0.2)	(0.2)
Share of results of joint ventures		48.4	260.6
Profit before taxation	6	2,637.4	1,084.3
Taxation	7	(200.5)	(95.8)
Profit for the year		2,436.9	988.5
Profit for the year attributable to:			
Owners of the Company		2,305.1	823.9
Non-controlling interests		131.8	164.6
		2,436.9	988.5
Earnings per share	9		
Basic (HK cents)		170.7	61.0
Diluted (HK cents)		170.5	61.0

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2018

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Profit for the year	<u>2,436.9</u>	<u>988.5</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	615.2	(379.9)
Exchange differences arising from translation of other foreign operations	501.5	(126.0)
Release of exchange reserve upon deregistration of a foreign subsidiary	0.2	–
Available-for-sale financial assets:		
Fair value changes during the year	24.4	0.4
Reclassified to profit or loss upon disposal	(13.2)	(2.2)
Deferred tax arising from fair value changes	0.3	(0.3)
	<u>1,128.4</u>	<u>(508.0)</u>
<i>Item that will not be reclassified to profit or loss</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	4.6	–
Other comprehensive income (expense) for the year (net of tax)	<u>1,133.0</u>	<u>(508.0)</u>
Total comprehensive income for the year	<u>3,569.9</u>	<u>480.5</u>
Total comprehensive income attributable to:		
Owners of the Company	3,435.8	315.9
Non-controlling interests	134.1	164.6
	<u>3,569.9</u>	<u>480.5</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	<i>NOTES</i>	2018 HK\$'M	2017 <i>HK\$'M</i>
Non-current assets			
Investment properties		11,255.2	8,688.3
Property, plant and equipment		2,313.2	2,181.9
Interests in associates		–	–
Interests in joint ventures		9,072.2	8,364.2
Held-to-maturity investments		96.9	107.6
Available-for-sale financial assets		110.6	87.9
Other assets		150.6	144.3
Deferred tax assets		42.0	3.1
		23,040.7	19,577.3
Current assets			
Inventories		44.6	47.6
Properties held for sale		2,308.5	1,161.9
Properties held for/under development for sale		5,546.4	4,755.5
Trade receivables	<i>10</i>	29.8	32.7
Deposits, prepayments and other receivables		514.0	609.1
Amounts due from associates		8.1	8.1
Loan to a joint venture		–	665.3
Amounts due from joint ventures		191.2	166.6
Taxation recoverable		11.7	9.9
Held-to-maturity investments		33.3	48.3
Bank balances and cash		2,908.4	2,548.3
		11,596.0	10,053.3
Current liabilities			
Trade payables, provision and accrued charges	<i>11</i>	1,040.0	879.6
Deposits received and other financial liabilities		2,219.4	800.8
Taxation payable		97.8	75.9
Bank and other loans due within one year		1,058.0	1,564.4
Other liabilities due within one year		41.6	0.7
		4,456.8	3,321.4
Net current assets		7,139.2	6,731.9
Total assets less current liabilities		30,179.9	26,309.2

	<i>NOTE</i>	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Non-current liabilities			
Bank and other loans due after one year		6,527.7	6,229.5
Other liabilities due after one year		1,126.6	1,051.6
Deferred tax liabilities		368.2	274.5
		<u>8,022.5</u>	<u>7,555.6</u>
		<u>22,157.4</u>	<u>18,753.6</u>
Capital and reserves			
Share capital	<i>12</i>	337.5	337.5
Reserves		19,380.3	16,048.3
		<u>19,717.8</u>	<u>16,385.8</u>
Equity attributable to owners of the Company		2,439.6	2,367.8
Non-controlling interests		<u>22,157.4</u>	<u>18,753.6</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. BASIS OF PREPARATION

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

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

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

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Amendments to HKAS 7 “Disclosure Initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The amendments also require disclosures of changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The HKICPA has issued a number of new and amendments to HKFRSs and interpretations which are not yet effective for the year and have not been early adopted by the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

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

	Property development <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>	Total <i>HK\$'M</i>
For the year ended 31 March 2018						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	1,318.7	1,435.4	471.1	313.2	276.3	3,814.7
Excluding turnover of an associate and joint ventures	<u>(568.9)</u>	<u>(1,023.5)</u>	–	–	–	<u>(1,592.4)</u>
Consolidated turnover, as reported	<u>749.8</u>	<u>411.9</u>	<u>471.1</u>	<u>313.2</u>	<u>276.3</u>	<u>2,222.3</u>
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	128.3	236.6	66.0	(15.1)	0.7	416.5
Excluding realised results of associates and joint ventures not shared by the Group	<u>(30.8)</u>	<u>3.0</u>	–	–	–	<u>(27.8)</u>
Results attributable to the Group	<u>97.5</u>	<u>239.6</u>	<u>66.0</u>	<u>(15.1)</u>	<u>0.7</u>	388.7
Unallocated other income						32.3
Unallocated corporate expenses						(210.9)
Finance costs and corporate level exchange difference						(156.7)
Gain on disposal of a self-used property						559.9
Net unrealised gains on fair value change of investment properties (<i>note b</i>)						1,813.0
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>10.6</u>
Profit for the year						2,436.9
Non-controlling shareholders' share of profit for the year						<u>(131.8)</u>
Profit for the year attributable to owners of the Company						<u>2,305.1</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>	Total <i>HK\$'M</i>
For the year ended 31 March 2017						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and a joint venture	814.5	519.1	473.7	306.8	275.7	2,389.8
Excluding turnover of an associate and a joint venture	(0.2)	(155.5)	–	–	–	(155.7)
Consolidated turnover, as reported	<u>814.3</u>	<u>363.6</u>	<u>473.7</u>	<u>306.8</u>	<u>275.7</u>	<u>2,234.1</u>
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	88.2	(53.9)	74.2	9.4	(16.6)	101.3
Excluding realised results of associates and joint ventures not shared by the Group	18.1	122.7	–	–	–	140.8
Results attributable to the Group	<u>106.3</u>	<u>68.8</u>	<u>74.2</u>	<u>9.4</u>	<u>(16.6)</u>	242.1
Unallocated other income						10.4
Unallocated corporate expenses						(132.6)
Finance costs and corporate level exchange difference						(145.5)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)						613.6
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>400.5</u>
Profit for the year						988.5
Non-controlling shareholders' share of profit for the year						<u>(164.6)</u>
Profit for the year attributable to owners of the Company						<u>823.9</u>

Notes:

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2018 of HK\$1,813.0 million (2017: HK\$613.6 million) represented the unrealised gains on fair value change of investment properties of HK\$1,874.8 million (2017: HK\$623.3 million) net of deferred tax charge arising from change in fair value of HK\$61.8 million (2017: HK\$9.7 million).

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

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

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

Other segment information

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Unallocated amounts HK\$'M	Total HK\$'M
For the year ended 31 March 2018							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales *	-	(1.8)	(11.0)	(0.1)	-	-	(12.9)
Depreciation	19.2	16.5	50.6	58.9	7.6	8.2	161.0
Reversal of impairment loss on held-to-maturity investments and other receivables	-	-	-	-	-	(7.2)	(7.2)
Net allowance for doubtful debts	-	-	-	-	0.7	-	0.7
Net gains from financial assets	-	-	-	-	-	(13.2)	(13.2)
(Gain) loss on disposal of property, plant and equipment	(0.4)	(2.6)	(6.1)	22.5	(0.1)	(560.0)	(546.7)
Realised gain on disposal of investment properties	(2.3)	(12.2)	-	-	-	-	(14.5)
Interest income	(29.1)	(7.6)	-	(4.4)	-	(15.0)	(56.1)
Finance costs	-	21.1	-	-	1.2	186.0	208.3
Income tax charge	115.0	61.8	10.8	7.0	2.5	3.4	200.5
Share of results of associates	0.2	-	-	-	-	-	0.2
Share of results of joint ventures	(40.8)	3.0	-	-	-	(10.6)	(48.4)

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

* 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:

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Sales of properties	744.0	810.6
Rental income	386.4	339.6
Hotel revenue	313.2	306.8
Provision of healthcare services	276.3	275.7
Other services rendered	502.4	501.4
	<u>2,222.3</u>	<u>2,234.1</u>

Geographical information

For each of the years ended 31 March 2018 and 2017, the Group's operations are located in Hong Kong, mainland China, Japan and South East Asia.

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

	Revenue from external customers		Non-current assets (note a)	
	2018 HK\$'M	2017 HK\$'M	2018 HK\$'M	2017 HK\$'M
Hong Kong	1,190.1	1,325.4	13,165.2	11,229.8
Mainland China	230.1	443.3	7,221.1	6,487.4
Japan	467.4	36.6	1,113.3	818.5
South East Asia (note b)	334.7	428.8	1,141.0	698.7
	<u>2,222.3</u>	<u>2,234.1</u>	<u>22,640.6</u>	<u>19,234.4</u>

Notes:

- (a) Non-current assets excluded those related to financial instruments and deferred tax assets.
- (b) Revenue from countries in this category is individually less than 10% of the Group's revenue.

Information about major customers

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

4. OTHER GAINS AND LOSSES

	2018 HK\$'M	2017 HK\$'M
Other gains (losses) include the following:		
Net foreign exchange gain (loss)	27.9	(10.2)
Gain on disposal of property, plant and equipment	546.7	18.6
Loss on deregistration of subsidiaries	(1.0)	–
Reversal of impairment loss on held-to-maturity investments	7.3	–
Net allowance for doubtful debts	(0.7)	(0.5)
Others	13.1	2.6
	<u>593.3</u>	<u>10.5</u>

5. FINANCE COSTS

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Interest on		
Bank and other loans	169.9	151.0
Advances from non-controlling shareholders	11.9	9.0
	<u>181.8</u>	<u>160.0</u>
Less: Amounts included in the cost of properties under development for sale	(11.9)	(9.0)
	<u>169.9</u>	<u>151.0</u>
Bank and other loans arrangement fees	38.4	40.7
	<u>208.3</u>	<u>191.7</u>

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

6. PROFIT BEFORE TAXATION

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	8.9	8.3
Cost of inventories and developed properties recognised as an expense	417.0	601.1
Operating lease rentals in respect of land and buildings	38.3	34.4
Staff costs incurred (including directors' remuneration)	733.7	636.4
Release of prepaid lease payments	–	0.1
Depreciation	161.0	148.4
Gross rental income under operating leases on:		
Investment properties	(378.0)	(331.7)
Other properties	(8.4)	(7.9)
Less: Outgoings	45.4	39.4
	<u>(341.0)</u>	<u>(300.2)</u>

7. TAXATION

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year	30.5	41.3
Overseas tax calculated at rates prevailing in respective jurisdictions	73.0	31.9
Land appreciation tax ("LAT")	54.1	–
	<u>157.6</u>	<u>73.2</u>
Deferred taxation for current year (<i>note</i>)	42.9	22.6
	<u>200.5</u>	<u>95.8</u>

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

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Deferred tax charge arising during the year in respect of unrealised gains on fair value change of investment properties	61.8	9.7
Deferred tax credit on disposal of investment properties	(4.1)	–
Others	(14.8)	12.9
	<u>42.9</u>	<u>22.6</u>

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

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

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

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

8. DIVIDENDS

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2017 of HK7 cents per share (2017: no final dividend paid for the financial year ended 31 March 2016)	94.5	–
Interim dividend paid for the financial year ended 31 March 2018 of HK3 cents per share (2017: no interim dividend paid for the financial year ended 31 March 2017)	40.5	–
	<u>135.0</u>	<u>–</u>

The directors of the Company proposed a final dividend for the financial year ended 31 March 2018 of HK7 cents (2017: for the financial year ended 31 March 2017 of HK7 cents) per share totalling not less than HK\$94.5 million (2017: HK\$94.5 million).

9. EARNINGS PER SHARE

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

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>2,305.1</u>	<u>823.9</u>
	2018	2017
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	1,350,274,367	1,350,274,367
Effect of dilutive potential ordinary share: Adjustment in relation to share options issued by the Company	<u>1,473,511</u>	<u>12,813</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,351,747,878</u>	<u>1,350,287,180</u>

10. TRADE RECEIVABLES

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

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

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Not yet due	1.7	9.5
Overdue:		
0–60 days	23.9	18.9
61–90 days	2.7	2.0
Over 90 days	1.5	2.3
	<u>29.8</u>	<u>32.7</u>

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$176.2 million (2017: HK\$251.5 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	2018 <i>HK\$'M</i>	2017 <i>HK\$'M</i>
Not yet due	123.0	129.3
Overdue:		
0–60 days	41.3	92.0
61–90 days	1.0	0.8
Over 90 days	10.9	29.4
	<u>176.2</u>	<u>251.5</u>

12. SHARE CAPITAL

	2018 & 2017	
	Number of shares	HK\$'M
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2016, 31 March 2017 and 31 March 2018	<u>2,000,000,000</u>	<u>500.0</u>
Issued and fully paid:		
At 1 April 2016, 31 March 2017 and 31 March 2018	<u>1,350,274,367</u>	<u>337.5</u>

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's turnover of property development and investment (including proportionate share of joint ventures and associates of HK\$796.1 million) for the year was HK\$1,957.8 million. The Group's contribution from property development and investment (including proportionate share of joint ventures and associates of HK\$37.6 million) for the year was HK\$337.1 million.

Hong Kong, Discovery Bay

To further enhance facilities for residents, our subsidiary, Hong Kong Resort Company Limited, has been upgrading the Discovery Bay bus terminus and expanding the DB Plaza retail podium. Construction work is scheduled for completion in 2019.

Meanwhile, we have various residential projects in the pipeline and are working closely with the HKSAR government in regards to the new developments in Discovery Bay.

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

La Cresta, Sha Tin

La Cresta, a 50:50 joint venture development between the Group and Nan Fung Development Limited, consists of three high-end residential towers and a number of villas with a total gross floor area ("GFA") of approximately 12,500 square metres. A sale in the form of tender was launched in October 2017. As at 31 March 2018, 16 units were sold and the revenue of 11 sold units was recognised upon transfer of ownerships during the year.

The project was completed during the 2017/2018 financial year.

2GETHER, Tuen Mun

This residential development project comprises a tower of premium apartments and a retail podium with a total GFA of approximately 12,300 square metres. The project was launched in October 2016 and completed in 2017. All 222 residential units were sold and the revenue of two sold units was recognised upon transfer of ownerships during the year.

The Group holds a 75% interest in the development.

Kap Pin Long Project, Sai Kung

The project, involving a total GFA of approximately 350 square metres, was sold in March 2018 and is expected to be handed over in the second half of the year.

Tai Po Town Lots Nos. 223 and 229

The land will be developed into a luxurious, low-density residential development together with a joint venture partner, Hysan Development Company Limited, at a 40:60 ratio. The project is scheduled for completion in 2021.

DB Plaza and DB North Plaza, Discovery Bay

As at 31 March 2018, DB Plaza and DB North Plaza continued to generate steady rental income and achieved occupancy rates of 85% and 98% respectively.

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

CDW Building, Tsuen Wan

Renovation and conversion work on CDW Building (which has 27 storeys and a total GFA of approximately 91,000 square metres) was completed in mid-2017. The property has been transformed from an industrial space into a retail and office building. As at 31 March 2018, the occupancy rate of the retail podium (known as “8½”) was 99%, whereas commitment rate of the entire building was close to 70%.

20,000 square feet of office space at CDW Building has been leased to Hong Kong Cyberport Management Company Limited under the HKSAR government’s “Space Sharing Scheme for Youth” programme. It will be used to promote innovative and creative industries and arts and cultural development.

West Gate Tower, Cheung Sha Wan

During the year, West Gate Tower achieved an average occupancy rate of 93% and generated stable rental income for the Group.

Tuen Mun Central Square Public Car Park, Tuen Mun

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

Mainland China, HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is one of Shanghai’s most prestigious and sought-after commercial properties. The complex has a total GFA of approximately 322,000 square metres, including two premium Grade A office towers, two boutique hotels, a serviced apartment building, a high-end shopping mall with extensive parking facilities and Cha House, a historic building commemorating the Group’s late founder, Dr Cha Chi-ming.

The two office towers, HKRI Centres One and Two, are home to many important multinational and domestic tenants. As at 31 March 2018, the two office towers had achieved an 86% commitment rate.

A soft opening was held for the shopping mall on 4 May 2017 and a grand opening took place on 3 November 2017. At the end of March 2018, the mall achieved a commitment rate of 96% and it has become a popular attraction for people working and living nearby, as well as individuals from across the city.

The two boutique hotels and the serviced apartment building, The Sukhothai Shanghai (operated by Beaufort Hotels Limited, a subsidiary of the Company), and The Middle House and The Middle House Residence (operated by Swire Hotels), were open in 2018.

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

City One, Jiaxing City, Zhejiang Province

City One comprises 577 apartment units and 20 villas, and has a total GFA of approximately 83,000 square metres. As at 31 March 2018, 98% of units were sold and the revenue of 27 sold units was recognised upon transfer of ownerships during the year.

Riviera One, Jiaxing City, Zhejiang Province

With a total GFA of approximately 102,000 square metres, Riviera One is a prime residential project adjacent to City One. Upon completion in late 2018, this luxurious project will provide approximately 700 low-rise and high-rise apartment units. A pre-sale began in January 2018. As at 31 March 2018, 94% of 168 launched units were sold and will be recognised upon completion and transfer of ownerships.

Oasis One, Hangzhou City, Zhejiang Province

Situated in Zhejiang Hangzhou Future Sci-Tech City, Oasis One has a total GFA of approximately 61,600 square metres and will provide 396 low-rise apartments and villas upon completion in late 2018. A pre-sale began in 2017, and approximately 96% of 108 launched units had been sold at the end of this financial year, which will be recognised upon completion and transfer of ownerships.

The Exchange, Tianjin

The Exchange is the Group's 15%-owned investment property in Tianjin and has a total GFA of over 152,000 square metres. During the year, Heping Joy City, two office towers and Hotel Nikko Tianjin, all of which are part of the property, maintained occupancy rates of 87%, 89% and 64%, and continued generating stable rental income.

Elite House, Shanghai

This 30-storey residential building is located in Shanghai's Changning District, close to Zhongshan Park. It comprises 120 units and has a total GFA of approximately 21,700 square metres. A strata title sale of the property was launched in early October 2017 and received a positive response from the market. As at 31 March 2018, 34 units were sold and the revenue of seven sold units was recognised upon transfer of ownerships during the year.

Land Lots Nos. 2017-28 and 2017-34, Jiaxing City, Zhejiang Province

The Group acquired two land plots in the Jiaxing Economic and Technological Development Zone (Nos. 2017-28 and 2017-34) in December 2017 and February 2018. Land plot No. 2017-28 has a total GFA of approximately 33,000 square metres and will become a prestige residential project with roughly 200 low-rise apartments. Additionally, low-rise apartments and villas are planned for land plot No. 2017-34, which has a total GFA of approximately 19,900 square metres.

Thailand, The Sukhothai Residences, Bangkok

This luxury condominium tower, located on Sathorn Road, is a leader in Bangkok's high-end residential market and over 95% of its 196 units have been sold, and the revenue of two sold units was recognised upon transfer of ownerships during the year.

Wireless Road Project, Bangkok

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

Rama 3 Road Project, Yannawa District, Bangkok

The project is located on Rama 3 Road by the Chao Phraya River in the Bang Phongphang Subdistrict, which is part of Bangkok's greater Yannawa District. The project will provide around 1,500 residential units. The design for the development is currently in progress and construction will start in 2019.

Ramintra Road Project, Khannayao District, Bangkok

In February 2018, the Group acquired three plots of land located on Bangkok's Ramintra Road in the Khannayao District. The plots cover an area of approximately 56,467 square metres and master planning is currently underway.

Japan, Proud Roppongi, Tokyo

The Group and Nomura Real Estate Development Co., Ltd. have jointly redeveloped Proud Roppongi, a premium residential project located at Roppongi 4-chome in Tokyo. Nearly all of its 35 units were sold and handed over in the fourth quarter of 2017.

The Group holds a 51% interest in the project.

Niseko Project, Hokkaido

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

Investment Properties in Tokyo

In July 2017, the Group acquired a new investment property, Haluwa Shibakoen, a 15-storey residential building in Minato-ku, Tokyo. The property achieved an occupancy rate of 97% as at 31 March 2018. The Group also owns four other properties in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally-located office building; Souei Park Harajuku, an en-bloc residential apartment building in Shibuya; and Veneo Minami-Azabu, an en bloc residential apartment building in Minato-ku. As at 31 March 2018, Veneo Minami-Azabu achieved an occupancy rate of 74%, while the other three properties recorded close to 100% occupancy.

SERVICES PROVIDED

During the year, upgrade programmes were planned for, or taking place at, the four clubs in Discovery Bay – Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena. These programmes will enhance facilities and service offerings while improving efficiency.

The Group's subsidiaries operate various transport services in Discovery Bay, including ferry, land transport and tunnel operations. However, rising labour costs, due to higher remuneration packages needed to retain staff and attract suitable new candidates, remained a challenge.

The Group's property management services in Discovery Bay, and elsewhere in Hong Kong, continued to operate at a normal pace during the year.

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

HOSPITALITY

Hong Kong, Auberge Discovery Bay Hong Kong

Business for the hotel industry in Hong Kong as a whole remained positive, and Auberge Discovery Bay Hong Kong recorded an average occupancy rate of around 80% during the year. The hotel also received several awards from the travel and leisure industry, including the "Most Liked Fairy Tale Wedding" in *Wedding Message's* Most Liked Awards 2017.

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

Thailand, The Sukhothai Bangkok

During the year, the hotel's average occupancy rate was 60% and it continued receiving honours from industry partners. The hotel's upscale eateries (Celadon, La Scala and Colonnade) were recognised at the 19th Bangkok's Best Restaurant Awards and the hotel has repeatedly earned the "Certificate of Excellence" from TripAdvisor. Now a member of Design Hotels™, the hotel will further leverage this brand in its global marketing initiatives.

Mainland China, The Sukhothai Shanghai

The Sukhothai Shanghai is the latest addition to the Sukhothai brand and features 201 rooms in addition to dining and leisure facilities. It is a member of Small Luxury Hotels of the World and forms an integral part of the HKRI Taikoo Hui complex. The hotel had soft opened on 28 April 2018.

HEALTHCARE

GenRx Holdings Limited (“GenRx”), the Group’s wholly-owned subsidiary, operates a comprehensive healthcare service network. Guided by the motto of providing people with “longer, happier lives”, GenRx established chronic disease management and integrated medical centres (Qualigenics Medical), Chinese medicine centres (Discovery TCM Centre), dental clinics (Health & Care Dental Clinic – 57%-owned), a centre for the diagnosis and treatment of cancer (AmMed Cancer Center) and multi-specialty outpatient centres (Healthway) across Hong Kong, Macau and Manila.

During the year, Healthway Philippines delivered a revenue growth of 6%, driven by the stability of its network of mall-based ambulatory surgical and multi-specialty clinics, and the strength of its clinic management services.

Healthway Philippines completed one of its clinic expansion in Metro Manila during the third quarter of 2017, paving the way for the introduction of integrative medicine and merging of its central laboratory with wholesale operations. Ground works have also been finalised for the establishment of an inpatient hospital facility located in Quezon City, the largest city in the Philippines.

As a culmination to another auspicious year, Healthway Philippines was a recipient of the 2018 “Gold Award – Trusted Brand in the Ambulatory & Multi-Specialty Category” for the sixth consecutive year.

OUTLOOK

Celebrating our 40th anniversary has brought everyone at the Group great joy over the past year. We look toward the future with renewed optimism, but there are challenges ahead of us nonetheless. Political and economic concerns around the world, as well as shifting trends in the areas in which we operate, will require hard work and creativity to overcome. However, we have great confidence in our abilities and we will continue progressing with our many projects.

In the coming years, the Company will prioritise maintaining a balanced income from different business operations. To diminish risk, we have created a diverse portfolio and acquired land banks across Asia over the years. We will pursue this course in the future to ensure our ongoing profitability.

Various factors expose the Group's property interests to risk, including heightened competition, shifting demand and the impact of changes in different economies around the world. New policies enacted by the HKSAR government, which include plans to offer affordable homes, as well as market-cooling measures in the mainland, will affect us. However, we have policies and plans designed to help us handle challenges skillfully, ensuring our wellbeing over the long term.

We believe that 2018 will be equally exciting, with several new developments lying ahead. We will continue enhancing our skills and abilities, while using our experience to increase the value of our holdings.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 31 March 2018, the shareholders' funds of the Group increased by HK\$3,332.0 million to HK\$19,717.8 million (2017: HK\$16,385.8 million). The gross profit margin for the Group for the year was 32.7% (2017: 30.8%).

MAJOR INVESTING ACTIVITIES

In November 2017, the Group completed the disposal of the 22nd Floor of China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong at the consideration of HK\$750.0 million.

During the year, the Group acquired a 15-storey residential building located in Minato-ku, Tokyo, Japan at the consideration of HK\$243.4 million.

In first quarter of 2018, the Group successfully bid and completed the acquisition of the land use rights of two plots of land in Jiaxing City, Zhejiang Province at total consideration of HK\$653.7 million. In addition, the Group acquired three plots of land located at Ramintra Road, Bangkok, Thailand at total cost of HK\$323.5 million.

During the year, a joint venture repaid a net shareholders' loan of HK\$610.1 million to the Group by utilising the proceeds drawn from banking facilities granted to that joint venture. Further, the Group received a net shareholders' loan repayment of HK\$175.0 million from another joint venture.

MAJOR OPERATING ACTIVITIES

During the year, sales proceeds from disposal of certain development properties in Hong Kong, Thailand, mainland China and Japan amounted to HK\$567.4 million, HK\$90.7 million, HK\$1,038.8 million and HK\$382.3 million respectively.

FINANCIAL LIQUIDITY

As at 31 March 2018, the Group had total cash and securities investment of HK\$3,149.2 million (2017: HK\$2,792.1 million) whilst total bank borrowings, bonds and other loans were HK\$7,585.7 million (2017: HK\$7,793.9 million).

GEARING

The Group's gearing ratio was 23.7% (2017: 32.0%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2018.

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 2018, the unutilised credit facilities were approximately HK\$6,813.2 million (2017: HK\$6,417.3 million).

The maturity profile of bank borrowings, bonds and other loans were 13.9% (2017: 20.1%) falling within one year, 13.2% (2017: 3.5%) falling between one and two years and 72.9% (2017: 76.4%) falling between two and five years as at 31 March 2018.

TREASURY POLICY

The Group has centralised treasury functions and adopted a conservative approach for its treasury management. With majority of assets and liabilities denominated in HK dollars and US dollars, the Group has limited exposure to foreign currencies. To manage foreign currency exposure in certain overseas investments, the Group maintains naturally hedged positions and will make any swap or future arrangements as appropriate. The Group's banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short to medium-term borrowings when appropriate and necessary.

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

PLEDGE OF ASSETS

As at 31 March 2018, certain bank loans of the Group were secured by certain investment properties, properties held for sale and properties held for/under development for sale at the total carrying value of HK\$1,669.5 million (2017: HK\$997.2 million).

In addition, the loans to a joint venture by the Group amounting to approximately HK\$747.1 million (2017: nil) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK\$135.9 million (2017: HK\$123.2 million) as at 31 March 2018 given to a bank in respect of a banking facility granted to an investee company. The Group's interest in such investee company is classified under other non-current assets.

Two subsidiaries of the Company provided guarantees amounting to HK\$211.7 million (2017: HK\$44.5 million) as at 31 March 2018 in respect of mortgage facilities granted to purchasers of the Group's properties.

In May 2017, the Company provided a corporate guarantee of proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. The bank loan balance of proportionate share of 40% is HK\$666.1 million (2017: nil) as at 31 March 2018.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has fully complied with the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules on the Stock Exchange during the year ended 31 March 2018 save for a deviation of E.1.2 (Chairman of the Board's attendance at the annual general meeting). The reason for deviation is set out in the Corporate Governance Report contained in the Annual Report 2017/2018 of the Company which will be published shortly. Since the publication of the Company's interim report for the six months ended 30 September 2017, there has been no other deviation from the CG Code.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the year ended 31 March 2018 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 20 June 2018

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

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang