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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)*

**(Stock Code: 00480)**

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

The Board of Directors (the “Board”) of HKR International Limited (the “Company”) announces the audited final results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2020.

### **RESULTS HIGHLIGHTS**

- Driven by higher contributions from property development and investment segments, the Group’s underlying profits excluding net unrealised gains on fair value of investment properties for the year reached HK\$1,142.1 million, as compared to HK\$775.7 million last year.
- Turnover and gross profit for the year amounted to HK\$4,696.5 million and HK\$1,940.4 million, representing an increase of 22.2% and 62.1% as compared to HK\$3,844.0 million and HK\$1,197.4 million last year respectively.
- The Group disposed of its medical operations in the Philippines and recorded a net gain after tax of HK\$163.5 million to consolidate its healthcare business resources in Hong Kong for a profitable return.
- Profit attributable to shareholders amounting to HK\$1,624.6 million showed a decrease of 26.4% as compared to HK\$2,206.9 million last year mainly due to the decline in fair value gains of the Group’s investment properties.
- The basic earnings per share were HK109.4 cents for the year as compared to HK148.6 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 2020 (2019: HK6 cents) to the shareholders whose names appear on the registers of members of the Company on 28 August 2020. The proposed final dividend will be paid on 14 September 2020 following approval at 2020 annual general meeting of the Company to be held on 19 August 2020 (“2020 AGM”). The proposed final dividend together with the interim dividend of HK5 cents per share for the six months ended 30 September 2019 makes up a total dividend of HK12 cents per share for the year ended 31 March 2020 (2019: HK10 cents).

## **CLOSURE OF REGISTERS OF MEMBERS**

The main and branch registers of members of the Company will be closed from 14 to 19 August 2020 (both days inclusive) and from 26 to 28 August 2020 (both days inclusive) for the 2020 AGM and the final dividend respectively. During the periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 AGM, and entitled for the final dividend for the year ended 31 March 2020, 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 13 August and 25 August 2020 respectively. The notice of the 2020 AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and despatched to the shareholders of the Company in due course.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<i>NOTES</i>	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Turnover	3	<b>4,696.5</b>	3,844.0
Cost of sales		<u><b>(2,756.1)</b></u>	<u>(2,646.6)</u>
Gross profit		<b>1,940.4</b>	1,197.4
Other income		<b>168.2</b>	197.4
Other gains and losses	4	<b>45.6</b>	(30.5)
Administrative expenses		<b>(494.4)</b>	(473.9)
Gain on disposal of subsidiaries		<b>182.5</b>	22.4
Gain on revaluation of certain properties upon transfer from properties held for sale and properties held for/under development for sale to investment properties		<b>297.6</b>	–
Change in fair value of investment properties			
Realised gains on disposals		<b>3.3</b>	–
Unrealised gains		<b>144.1</b>	1,117.4
Finance costs	5	<b>(271.8)</b>	(245.7)
Share of results of associates		<b>(0.1)</b>	(0.2)
Share of results of joint ventures		<u><b>506.6</b></u>	<u>946.7</u>
Profit before taxation	6	<b>2,522.0</b>	2,731.0
Taxation	7	<u><b>(837.7)</b></u>	<u>(325.8)</u>
Profit for the year		<u><b>1,684.3</b></u>	<u>2,405.2</u>
Profit for the year attributable to:			
Owners of the Company	8	<b>1,624.6</b>	2,206.9
Non-controlling interests		<u><b>59.7</b></u>	<u>198.3</u>
		<u><b>1,684.3</b></u>	<u>2,405.2</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	10		
Basic		<u><b>109.4</b></u>	<u>148.6</u>
Diluted		<u><b>109.4</b></u>	<u>148.5</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2020*

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Profit for the year	<u><b>1,684.3</b></u>	<u>2,405.2</u>
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	<b>15.7</b>	24.6
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the year	<b>(30.0)</b>	(15.7)
Deferred tax arising from fair value changes	<b>1.0</b>	0.2
Share of asset revaluation reserve of a joint venture	<u><b>3.2</b></u>	<u>–</u>
	<u><b>(10.1)</b></u>	<u>9.1</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	<b>(388.0)</b>	(449.8)
Exchange differences arising from translation of other foreign operations	<b>(295.7)</b>	(245.6)
Release of exchange reserve upon disposal/deregistration of foreign subsidiaries	<u><b>(16.4)</b></u>	<u>–</u>
	<u><b>(700.1)</b></u>	<u>(695.4)</u>
Other comprehensive expense for the year (net of tax)	<u><b>(710.2)</b></u>	<u>(686.3)</u>
Total comprehensive income for the year	<u><b>974.1</b></u>	<u>1,718.9</u>
Total comprehensive income attributable to:		
Owners of the Company	<b>906.5</b>	1,516.9
Non-controlling interests	<u><b>67.6</b></u>	<u>202.0</u>
	<u><b>974.1</b></u>	<u>1,718.9</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	<i>NOTES</i>	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
<b>Non-current assets</b>			
Investment properties		<b>14,766.5</b>	12,434.6
Property, plant and equipment		<b>2,724.8</b>	2,362.1
Right-of-use assets		<b>71.6</b>	–
Interests in associates		–	–
Interests in joint ventures		<b>9,046.7</b>	8,763.7
Equity instruments measured at fair value through other comprehensive income		<b>55.9</b>	33.7
Financial assets at fair value through profit or loss		<b>488.8</b>	396.4
Investments in debt instruments measured at amortised cost		<b>81.1</b>	60.7
Other assets		<b>212.7</b>	172.9
Deferred tax assets		<b>39.4</b>	15.5
		<b><u>27,487.5</u></b>	<u>24,239.6</u>
<b>Current assets</b>			
Inventories		<b>43.8</b>	44.2
Properties held for sale		<b>2,584.3</b>	2,591.4
Properties held for/under development for sale		<b>3,297.6</b>	4,576.5
Trade receivables	<i>11</i>	<b>29.5</b>	43.1
Deposits, prepayments and other receivables		<b>1,039.8</b>	811.0
Loan to a joint venture		–	307.4
Amounts due from associates		<b>4.1</b>	8.1
Amounts due from joint ventures		<b>188.9</b>	183.9
Taxation recoverable		<b>24.0</b>	13.4
Investments in debt instruments measured at amortised cost		<b>30.0</b>	27.9
Bank balances and cash		<b>2,511.4</b>	2,610.9
		<b><u>9,753.4</u></b>	<u>11,217.8</u>
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	<i>12</i>	<b>1,289.1</b>	1,200.9
Deposits received and other financial liabilities		<b>193.4</b>	150.8
Contract liabilities		<b>1,204.9</b>	1,599.3
Taxation payable		<b>249.3</b>	144.3
Bank and other loans due within one year		<b>4,108.8</b>	906.2
Lease liabilities		<b>17.3</b>	–
Other liabilities due within one year		<b>350.6</b>	–
		<b><u>7,413.4</u></b>	<u>4,001.5</u>
Net current assets		<b><u>2,340.0</u></b>	<u>7,216.3</u>
Total assets less current liabilities		<b><u>29,827.5</u></b>	<u>31,455.9</u>

	<i>NOTE</i>	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Non-current liabilities			
Bank and other loans due after one year		<b>3,212.4</b>	5,780.4
Lease liabilities		<b>65.7</b>	–
Other liabilities due after one year		<b>1,330.5</b>	1,371.1
Deferred tax liabilities		<b>472.7</b>	382.0
		<b><u>5,081.3</u></b>	<u>7,533.5</u>
		<b><u>24,746.2</u></b>	<u>23,922.4</u>
Capital and reserves			
Share capital	<i>13</i>	<b>371.3</b>	371.3
Reserves		<b>21,696.1</b>	20,929.1
Equity attributable to owners of the Company		<b>22,067.4</b>	21,300.4
Non-controlling interests		<b>2,678.8</b>	2,622.0
		<b><u>24,746.2</u></b>	<u>23,922.4</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2020

### 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 on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

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

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

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

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

#### HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

#### Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.03%.

	At 1 April 2019 <i>HK\$'M</i>
Operating lease commitments disclosed as at 31 March 2019	<u>37.2</u>
Lease liabilities discounted at relevant incremental borrowing rates	36.8
Add: Termination option reasonably certain not to be exercised	35.2
Less: Practical expedient — Leases with lease term ending within 12 months from the date of initial application	<u>(7.4)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 April 2019	<u>64.6</u>
Analysed as	
Current	16.7
Non-current	<u>47.9</u>
	<u>64.6</u>

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets <i>HK\$'M</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u>53.4</u>
By class:	
Leasehold land and buildings	52.4
Furniture, fixtures and equipment	<u>1.0</u>
	<u>53.4</u>

#### **As a lessor**

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective on 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The discounting effect has no material impact on the consolidated financial statements of the Group for the current year.
- (c) Effective on 1 April 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customer" to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

#### **Interests in joint ventures**

The net effects arising from the initial application of HKFRS 16 resulted in an increase in the carrying amounts of interests in joint ventures of HK\$30.3 million with corresponding adjustments to accumulated profits.

The following table summarise the impact of transition to HKFRS 16 on accumulated profits at 1 April 2019.

	<i>Notes</i>	<i>HK\$'M</i>
Accumulated profits		
Impact to the Group	<i>(i)</i>	(11.2)
Impact to interests in joint ventures	<i>(ii)</i>	30.3
Non-controlling interests	<i>(i)</i>	<u>4.8</u>
Impact at 1 April 2019		<u>23.9</u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	<i>Notes</i>	Carrying amounts previously reported at 31 March 2019 <i>HK\$'M</i>	Adjustments <i>HK\$'M</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'M</i>
Non-current assets				
Right-of-use assets	<i>(i)</i>	–	53.4	53.4
Interests in joint ventures	<i>(ii)</i>	8,763.7	30.3	8,794.0
Current liability				
Lease liabilities	<i>(i)</i>	–	(16.7)	(16.7)
Non-current liability				
Lease liabilities	<i>(i)</i>	–	(47.9)	(47.9)
Capital and reserves				
Accumulated profits	<i>(i), (ii)</i>	(10,540.7)	(23.9)	(10,564.6)
Non-controlling interests	<i>(i)</i>	(2,622.0)	4.8	(2,617.2)

*Notes:*

- (i) Due to the application of HKFRS 16, the Group recognised lease liabilities of HK\$64.6 million and right-of-use assets of HK\$53.4 million at 1 April 2019. The net difference of HK\$11.2 million has been debited to the accumulated profits and non-controlling interests amounting to HK\$6.4 million and HK\$4.8 million, respectively.
- (ii) Due to the application of HKFRS 16, a joint venture of the Group recognised lease liabilities of HK\$211.2 million, investment properties of HK\$292.0 million and deferred tax liabilities of HK\$20.2 million at 1 April 2019. The net difference amounted to HK\$60.6 million, of which the Group's 50% share was HK\$30.3 million, has been credited to the accumulated profits and debited to interests in joint ventures.

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>5</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

### **Amendments to HKAS 1 and HKAS 8 “Definition of Material”**

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

## **Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards**

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group’s annual period beginning on or after 1 April 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

### **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, medical diagnostic centres and medical network service). Each of the operating divisions represents an operating and reportable segment.

## Disaggregation of turnover

	For the year ended 31 March 2020					
	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>
<b>Types of goods or services:</b>						
Sales of properties	3,210.3	-	-	-	-	3,210.3
Hotel revenue	-	-	-	264.4	-	264.4
Provision of healthcare services	-	-	-	-	258.9	258.9
Other services rendered	7.8	28.3	422.2	-	-	458.3
Revenue from contracts with customers	3,218.1	28.3	422.2	264.4	258.9	4,191.9
Rental income (under HKFRS 16)	4.7	499.9	-	-	-	504.6
Consolidated turnover, as reported	<u>3,222.8</u>	<u>528.2</u>	<u>422.2</u>	<u>264.4</u>	<u>258.9</u>	<u>4,696.5</u>
<b>Geographical markets</b>						
Hong Kong and Macau	7.6	471.8	422.2	153.2	151.2	1,206.0
Mainland China	3,210.3	0.5	-	-	-	3,210.8
Japan	-	55.9	-	-	-	55.9
South East Asia	4.9	-	-	111.2	107.7	223.8
Total	<u>3,222.8</u>	<u>528.2</u>	<u>422.2</u>	<u>264.4</u>	<u>258.9</u>	<u>4,696.5</u>
<b>Timing of revenue recognition</b>						
A point in time	3,210.3	-	317.0	126.3	258.9	3,912.5
Over time	12.5	528.2	105.2	138.1	-	784.0
Total	<u>3,222.8</u>	<u>528.2</u>	<u>422.2</u>	<u>264.4</u>	<u>258.9</u>	<u>4,696.5</u>

For the year ended 31 March 2019

	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>
<b>Types of goods or services:</b>						
Sales of properties	2,286.9	–	–	–	–	2,286.9
Hotel revenue	–	–	–	329.2	–	329.2
Provision of healthcare services	–	–	–	–	281.5	281.5
Other services rendered	6.4	27.1	476.0	–	–	509.5
Revenue from contracts with customers	2,293.3	27.1	476.0	329.2	281.5	3,407.1
Rental income (under HKAS 17)	3.8	433.1	–	–	–	436.9
Consolidated turnover, as reported	<u>2,297.1</u>	<u>460.2</u>	<u>476.0</u>	<u>329.2</u>	<u>281.5</u>	<u>3,844.0</u>
<b>Geographical markets</b>						
Hong Kong and Macau	1,220.2	404.2	476.0	202.5	142.6	2,445.5
Mainland China	1,003.7	1.6	–	–	–	1,005.3
Japan	46.7	54.4	–	–	–	101.1
South East Asia	26.5	–	–	126.7	138.9	292.1
Total	<u>2,297.1</u>	<u>460.2</u>	<u>476.0</u>	<u>329.2</u>	<u>281.5</u>	<u>3,844.0</u>
<b>Timing of revenue recognition</b>						
A point in time	2,286.9	–	346.4	147.7	281.5	3,062.5
Over time	10.2	460.2	129.6	181.5	–	781.5
Total	<u>2,297.1</u>	<u>460.2</u>	<u>476.0</u>	<u>329.2</u>	<u>281.5</u>	<u>3,844.0</u>

## Segment information

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>
<b>For the year ended 31 March 2020</b>						
<b>TURNOVER</b>						
Segment revenue — sales to external customers derived by the Group, an associate and joint ventures	4,301.0	2,164.7	422.2	264.4	258.9	7,411.2
Excluding turnover of an associate and joint ventures	(1,078.2)	(1,636.5)	—	—	—	(2,714.7)
Consolidated turnover, as reported	<u>3,222.8</u>	<u>528.2</u>	<u>422.2</u>	<u>264.4</u>	<u>258.9</u>	<u>4,696.5</u>
<b>RESULTS</b>						
Segment results — total realised results of the Group, associates and joint ventures ( <i>note a</i> )	875.2	755.5	39.5	(32.8)	150.2	1,787.6
Excluding realised results of associates and joint ventures not shared by the Group	(113.1)	(211.7)	—	—	—	(324.8)
Results attributable to the Group	<u>762.1</u>	<u>543.8</u>	<u>39.5</u>	<u>(32.8)</u>	<u>150.2</u>	<u>1,462.8</u>
Unallocated other income						62.0
Unallocated corporate expenses						(174.3)
Finance costs and corporate level exchange difference						(212.0)
Gain on revaluation of certain properties upon transfer from properties held for sale and properties held for/under development for sale to investment properties						248.5
Net unrealised gains on fair value change of investment properties ( <i>note b</i> )						133.3
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>164.0</u>
Profit for the year						1,684.3
Non-controlling shareholders' share of profit for the year						<u>(59.7)</u>
Profit for the year attributable to owners of the Company						<u>1,624.6</u>

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Total HK\$'M
For the year ended 31 March 2019						
<b>TURNOVER</b>						
Segment revenue — sales to external customers derived by the Group, an associate and joint ventures	3,974.5	1,978.3	476.0	329.2	281.5	7,039.5
Excluding turnover of an associate and joint ventures	<u>(1,677.4)</u>	<u>(1,518.1)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,195.5)</u>
Consolidated turnover, as reported	<u>2,297.1</u>	<u>460.2</u>	<u>476.0</u>	<u>329.2</u>	<u>281.5</u>	<u>3,844.0</u>
<b>RESULTS</b>						
Segment results — total realised results of the Group, associates and joint ventures (note a)	758.6	761.6	44.9	15.7	7.5	1,588.3
Excluding realised results of associates and joint ventures not shared by the Group	<u>(184.9)</u>	<u>(254.4)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(439.3)</u>
Results attributable to the Group	<u>573.7</u>	<u>507.2</u>	<u>44.9</u>	<u>15.7</u>	<u>7.5</u>	1,149.0
Unallocated other income						3.0
Unallocated corporate expenses						(148.9)
Finance costs and corporate level exchange difference						(189.5)
Net unrealised gains on fair value change of investment properties (note b)						1,111.4
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						<u>480.2</u>
Profit for the year						2,405.2
Non-controlling shareholders' share of profit for the year						<u>(198.3)</u>
Profit for the year attributable to owners of the Company						<u>2,206.9</u>

*Notes:*

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the net unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised gains on fair value change of investment properties for the year ended 31 March 2020 of HK\$133.3 million (2019: HK\$1,111.4 million) represented the unrealised gains on fair value change of investment properties of HK\$144.1 million (2019: HK\$1,117.4 million) net of deferred tax charge arising from change in fair value of HK\$10.8 million (2019: HK\$6.0 million).

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

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

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

### Other segment information

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Unallocated amounts HK\$'M	Total HK\$'M
<b>For the year ended 31 March 2020</b>							
Amounts included in the measure of segment profit or loss:							
Revenue from inter-segment sales*	-	(1.1)	(11.1)	(0.1)	-	-	(12.3)
Depreciation of property, plant and equipment	20.8	20.2	44.7	65.5	7.4	10.3	168.9
Depreciation of right-of-use assets	0.2	4.3	1.6	-	15.8	0.3	22.2
Impairment loss on loans to joint ventures	-	0.7	-	-	-	-	0.7
Impairment loss on investments in debt instruments measured at amortised cost	-	-	-	-	-	0.3	0.3
Impairment loss on other receivables	-	-	-	-	3.7	-	3.7
Impairment loss on property, plant and equipment	-	-	-	-	3.3	-	3.3
Net gains on financial assets at fair value through profit or loss ("FVTPL")	-	-	-	-	-	(48.3)	(48.3)
Gain on disposal of subsidiaries	-	-	-	-	(182.5)	-	(182.5)
Loss (gain) on disposal of property, plant and equipment	-	0.5	(0.2)	-	-	0.1	0.4
Interest income	(21.1)	(12.0)	-	(0.9)	-	(24.3)	(58.3)
Finance costs	27.6	3.4	2.4	-	2.3	236.1	271.8
Income tax charge	655.3	139.7	4.0	2.8	19.8	16.1	837.7
Share of results of associates	0.2	(0.1)	-	-	-	-	0.1
Share of results of joint ventures	(131.2)	(211.4)	-	-	-	(164.0)	(506.6)

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

\* 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:

	2020 <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Sales of properties	3,210.3	2,286.9
Rental income	504.6	436.9
Hotel revenue	264.4	329.2
Provision of healthcare services	258.9	281.5
Other services rendered	458.3	509.5
	<b>4,696.5</b>	<b>3,844.0</b>

### Geographical information

For each of the years ended 31 March 2020 and 31 March 2019, the Group's operations are located in Hong Kong and Macau, 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)	
	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M
Hong Kong and Macau	1,206.0	2,445.5	15,747.0	12,912.7
Mainland China	3,210.8	1,005.3	2,758.8	2,759.1
Japan	55.9	101.1	1,157.1	1,106.6
South East Asia (note b)	223.8	292.1	840.0	794.8
	<u>4,696.5</u>	<u>3,844.0</u>	<u>20,502.9</u>	<u>17,573.2</u>

Notes:

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

#### Information about major customers

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

#### 4. OTHER GAINS AND LOSSES

	2020 HK\$'M	2019 HK\$'M
Other gains (losses) include the following:		
Net gain on deregistration of subsidiaries	16.8	–
Net foreign exchange loss	(11.1)	(7.9)
Loss on disposal of property, plant and equipment	(0.4)	(7.5)
Impairment loss on other assets	–	(1.4)
Impairment loss on property, plant and equipment	(3.3)	–
Net gain (loss) on financial assets at FVTPL	<u>48.3</u>	<u>(11.8)</u>
	50.3	(28.6)
Impairment losses under expected credit loss model, net of reversal, include the following:		
Impairment loss (recognised) reversed on loans to joint ventures	(0.7)	0.7
Impairment loss on trade receivables	–	(2.1)
Impairment loss on investments in debt instruments measured at amortised cost	(0.3)	(0.5)
Impairment loss on other receivables	<u>(3.7)</u>	<u>–</u>
	<u>45.6</u>	<u>(30.5)</u>

## 5. FINANCE COSTS

	2020 <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Interests on		
Bank and other loans	205.6	190.9
Advances from non-controlling shareholders	36.9	22.5
Lease liabilities	4.2	–
Finance costs from a significant financing component of contract liabilities	<u>25.5</u>	<u>73.7</u>
	272.2	287.1
Less: Amounts included in the qualifying assets ( <i>note</i> )	<u>(34.8)</u>	<u>(80.6)</u>
	237.4	206.5
Bank and other loans arrangement fees	<u>34.4</u>	<u>39.2</u>
	<u>271.8</u>	<u>245.7</u>

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

## 6. PROFIT BEFORE TAXATION

	2020 <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	9.4	9.3
Cost of developed properties recognised as an expense	1,372.3	1,630.5
Operating lease rentals in respect of land and buildings	–	39.9
Salaries, wages, bonus and other benefits	673.2	659.3
Retirement benefits schemes contribution	<u>17.3</u>	<u>16.1</u>
Staff costs incurred (including directors' remuneration)	690.5	675.4
Depreciation of property, plant and equipment	168.9	165.2
Depreciation of right-of-use assets	22.2	–
Gross rental income under operating leases on:		
Investment properties	(493.0)	(426.5)
Other properties	(11.6)	(10.4)
Less: Outgoings	<u>46.4</u>	<u>53.5</u>
	<u>(458.2)</u>	<u>(383.4)</u>

## 7. TAXATION

	2020 <i>HK\$'M</i>	2019 <i>HK\$'M</i>
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the year	33.7	40.4
Overseas tax calculated at rates prevailing in respective jurisdictions	325.9	88.7
Land appreciation tax ("LAT")	<u>401.8</u>	<u>143.2</u>
	761.4	272.3
Deferred taxation for current year ( <i>note</i> )	<u>76.3</u>	<u>53.5</u>
	<u>837.7</u>	<u>325.8</u>

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

	2020 <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Deferred tax charge arising during the year in respect of transfer from properties held for sale and properties held for/under development for sale to investment properties	49.1	–
Deferred tax charge arising during the year in respect of unrealised gain on fair value change of investment properties	10.8	6.0
Deferred tax credit on disposal of investment properties	(11.4)	–
Others	<u>27.8</u>	<u>47.5</u>
	<u>76.3</u>	<u>53.5</u>

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

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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

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

## 8. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit for the year attributable to owners of the Company comprises:

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
(a) Net unrealised gains on change in fair value of investment properties during the year		
— The Group	<b>144.1</b>	1,117.4
Deferred tax charge	<b>(10.8)</b>	(6.0)
Attributable to non-controlling interests	<u><b>53.7</b></u>	<u>(160.4)</u>
	<b>187.0</b>	951.0
— Joint venture, net of deferred tax	<b>164.0</b>	480.2
— Gain on revaluation of certain properties upon transfer from properties held for sale and properties held for/ under development for sale to investment properties, net of deferred tax and non-controlling interest	<u><b>131.5</b></u>	<u>—</u>
	<u><b>482.5</b></u>	<u>1,431.2</u>
(b) Profits excluding net unrealised gains on fair value of investment properties	<b>1,142.1</b>	775.7
Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u><b>4.0</b></u>	<u>—</u>
	<u><b>1,146.1</b></u>	<u>775.7</u>
Sub-total	<b>1,628.6</b>	2,206.9
Less: Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the year	<u><b>(4.0)</b></u>	<u>—</u>
Profit for the year attributable to owners of the Company	<u><b>1,624.6</b></u>	<u>2,206.9</u>

## 9. DIVIDENDS

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2019 of HK6 cents (2019: final dividend paid for the financial year ended 31 March 2018 of HK7 cents) per share	<b>89.1</b>	94.5
Interim dividend paid for the financial year ended 31 March 2020 of HK5 cents (2019: interim dividend paid for the financial year ended 31 March 2019 of HK4 cents) per share	<u>74.3</u>	<u>59.4</u>
	<u><b>163.4</b></u>	<u>153.9</u>

The directors of the Company proposed a final dividend for the financial year ended 31 March 2020 of HK7 cents (2019: for the financial year ended 31 March 2019 of HK6 cents) per share totalling not less than HK\$104.0 million (2019: HK\$89.1 million).

## 10. EARNINGS PER SHARE

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

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>1,624.6</u>	<u>2,206.9</u>
	<b>2020</b>	2019
<b>Number of shares</b>		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	<b>1,485,301,803</b>	1,485,301,803
Effect of dilutive potential ordinary share: Adjustment in relation to share options issued by the Company	<u>–</u>	<u>1,090,672</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><b>1,485,301,803</b></u>	<u>1,486,392,475</u>

For the year ended 31 March 2020, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares.

## 11. 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, net of allowance for credit losses, presented based on the payment due date at the end of the reporting period:

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Not yet due	<b>0.6</b>	10.4
Overdue:		
0–60 days	<b>25.0</b>	22.5
61–90 days	<b>0.6</b>	2.9
Over 90 days	<b>3.3</b>	7.3
	<b>29.5</b>	43.1

## 12. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

Included in trade payables, provision and accrued charges are trade payables of HK\$137.4 million (2019: HK\$160.3 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	<b>2020</b> <i>HK\$'M</i>	2019 <i>HK\$'M</i>
Not yet due	<b>107.0</b>	107.3
Overdue:		
0–60 days	<b>24.6</b>	20.1
61–90 days	<b>2.9</b>	19.9
Over 90 days	<b>2.9</b>	13.0
	<b>137.4</b>	160.3

### 13. SHARE CAPITAL

	Number of shares	<i>HK\$'M</i>
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2018	2,000,000,000	500.0
Increase on 22 August 2018 ( <i>note a</i> )	<u>2,000,000,000</u>	<u>500.0</u>
At 31 March 2019 and 31 March 2020	<u>4,000,000,000</u>	<u>1,000.0</u>
Issued and fully paid:		
At 1 April 2018	1,350,274,367	337.5
Bonus issue ( <i>note b</i> )	<u>135,027,436</u>	<u>33.8</u>
At 31 March 2019 and 31 March 2020	<u>1,485,301,803</u>	<u>371.3</u>

*Notes:*

- (a) Pursuant to a resolution passed at the annual general meeting held on 22 August 2018, the authorised share capital of the Company was increased from HK\$500.0 million divided into 2,000,000,000 ordinary shares of HK\$0.25 each to HK\$1,000.0 million divided into 4,000,000,000 ordinary shares of HK\$0.25 each by the creation of an additional 2,000,000,000 ordinary shares of HK\$0.25 each.
- (b) On 22 August 2018, an ordinary resolution was duly passed by the shareholders of the Company to approve the bonus issue on the basis of one bonus share for every ten existing ordinary shares held by the shareholders as of 31 August 2018. On 17 September 2018, the Group issued a total of 135,027,436 bonus shares.

## **BUSINESS REVIEW**

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

### **PROPERTY DEVELOPMENT AND INVESTMENT**

The Group's turnover from property development and investment for the year (including the proportionate share of joint ventures and associates of HK\$1,357 million (2019: HK\$1,598 million)) was HK\$5,108 million (2019: HK\$4,355 million). The Group's contribution from property development and investment for the year (including the proportionate share of joint ventures and associates of HK\$343 million (2019: HK\$466 million)) was HK\$1,306 million (2019: HK\$1,081 million).

The Group's property development and investment businesses have, at times, been subjected to economic pressures and market downturns. The current crisis brought on by the global outbreak of COVID-19 certainly ranks among the most difficult. The lockdown measures around the world have naturally eaten into consumer confidence, caused disruptions to production lines and rattled stock markets. The long-term implications are still to be determined. The Group sees some encouragement in the initial responses from governments around the world, including the US Federal Reserve's interest rate cuts and the deployment of various stimulus packages.

#### **Hong Kong – Property Development**

Discovery Bay remains at the forefront of the Group's development portfolio. During the year, the Group continuously sought for ways to improve and expand upon the development's already world-class facilities.

The Group was delighted to have Poggibonsi, the latest residential development in Discovery Bay north, launched for sale in early 2019. Inspired by the rolling hills of Tuscany, the project combines the Group's signature dedication to luxury with a subtle old-world charm. The project comprises 196 units, in three mid-rise blocks, with a total gross floor area ("GFA") of approximately 187,000 square feet. As of 31 March 2020, 87 units were sold.

IL PICCO, located in the upland areas of Discovery Bay, is the Group's latest garden house residential development. The project enjoys scenic view of the reservoir while overlooking Tai Pak Bay. IL PICCO comprises 21 detached garden houses with a total GFA of approximately 43,000 square feet. As of 31 March 2020, 1 unit was sold.

Further residential development projects in this unique community are currently under negotiation with the Government. The Group holds a 50% interest in the Discovery Bay development.

The Group's luxurious residential property La Cresta, a 50:50 partnership with Nan Fung Development Limited, has recorded excellent sales figures through the year. As of 31 March 2020, 52 of the 61 units were sold and the revenue from 14 units was recognised upon transfer of ownerships during the year.

Moving across the city, main contract works are well underway for another premium low-density development in Tai Po. The site enjoys panoramic views of Tolo Harbour and Plover Cove Reservoir. This project, a 40:60 joint venture with Hysan Development Company Limited, is scheduled to be launched in 2021.

## **Hong Kong – Property Investment**

Retail has been one of the hardest hit business sectors during the past year. The Group is acutely aware of the struggles the industry is having to bear. As such, it has been in active conversation with different commercial tenants to provide relief measures for those most in need, on a case-by-case basis.

The new DB Plaza extension, scheduled for completion in second quarter of 2020, will boast an array of new dining and leisure venues, designed to enhance the total experience for residents and visitors alike. This new extension houses Hong Kong's largest ice-skating rink, providing an international-standard venue for leisure skating, as well as professional ice sports events, training and competitions.

The existing DB Plaza and DB North Plaza have achieved occupancy rates of 79% and 95% respectively, as of 31 March 2020. Their continued success in bringing in stable rental revenues is vital to the Discovery Bay operation.

The Group holds a 50% interest in the property investment projects in Discovery Bay.

The Group's investment has found success elsewhere in Hong Kong too, notably at 8½ – the retail podium of CDW Building in Tsuen Wan. It has reached an occupancy rate of 100% as of 31 March 2020. Over the years, the mall has built up a reputation as a must-visit destination for families and shoppers alike in the district. The CDW building as a whole is not far behind, with its average occupancy rate at 96% during the year, and it continues to be home to a wide range of multinational corporations and government departments.

At 2GETHER in Tuen Mun, the commercial podium achieved an impressive full lease tenancy, while West Gate Tower, which will soon be converted to a commercial block, and Tuen Mun Central Square Public Car Park both continued to bring stable rental income for the Group.

In August 2019, the Group acquired Wellgan Villa, a 16-storey residential building in Kowloon Tong, to strengthen its property investment portfolio. The 24-unit building is nestled right in the centre of an enviable school net and offers a solid addition to the Group's residential offering. As of 31 March 2020, Wellgan Villa achieved 81% occupancy rate and generated stable rental income.

## **Mainland China – Property Development**

In the first quarter of 2020, the property market in mainland China, along with many other industries, suffered a major setback due to the outbreak of COVID-19, after previously posting positive figures for three consecutive quarters. The Group is, as of mid-March, glad to see signs of recovery, notably in the Yangtze River Delta, an area that has for some time been one of the Group's core investment focuses.

City One, the Group's first project in Jiaying, Zhejiang Province, achieved a good sales performance, with 99.7% of its approximately 580 apartment units already taken up and 20 villas sold, as of 31 March 2020.

Adjacent to City One, Riviera One has proved to be one of the most successful developments the Group has ever built in mainland China. As of 31 March 2020, all of the 702 low- and high-rise apartments were nearly sold out. Of these, revenue from 680 sold units was realised upon completion and transfer of ownerships during the year.

Two new projects were unveiled to the market during the year, namely Creekside One and Mansion One. Both developments will offer luxurious and premium residential accommodations. Construction works of both projects are slated for completion by first half of 2021.

Creekside One, with a total GFA of 214,000 square feet, comprises mid-rise apartments and villas. Mansion One, located in the Jiaxing Economic and Technological Development Zone, is a premium residential project of mid-rise apartments with a total GFA of approximately 355,000 square feet.

Another land plot in Nanhu New District will be developed into a deluxe residential project with high-rise apartments and villas. Due to the COVID-19 outbreak, commencement of foundation works was inevitably deferred, but the overall project completion is still expected by 2023.

In Hangzhou, Oasis One, located in the metropolis's Zhejiang Hangzhou Future Sci-Tech City, was completed and had its occupation permit granted in February 2019. All units were nearly sold out as of 31 March 2020 and revenue from 218 units was realised upon completion and transfer of ownerships during the year.

Elite House is a 30-storey residential building located in Changning District, Shanghai. With a total GFA of approximately 234,000 square feet, it offers 120 newly refurbished residential units in the heart of the city. As of 31 March 2020, 72 units were sold and the revenue of 21 sold units was realised upon transfer of ownerships during the year.

### **Mainland China – Property Investment**

In Shanghai, HKRI Taikoo Hui (“HTH”) enjoys an unrivalled location and footprint, and remains one of the city's most prestigious and sought-after destinations. It offers an unbeatable combination of commercial and retail elements and stands as the city's leading mixed-used property. The two office towers, HKRI Centres One and Two, which house many global conglomerates and large local companies, achieved a 98% commitment rate as of 31 March 2020.

HTH's success was in no way limited to its office portfolio. Indeed, the most impressive headlines were reserved for its retail mall, which recorded its highest ever traffic and sales turnover in December 2019.

Traffic and sales figures have been rising steadily since the mall opened, and retail turnover increased 73% in 2019 year-on-year. This upward trend continued into January 2020, and was only halted by the outbreak of COVID-19 at the end of that month. The Group foresees the outbreak would affect the performance of various units of HTH in the short-term, but remains confident in its ability to continue its results in the coming years.

The broad family of businesses at the HTH also include three hotels/service apartments, namely The Sukhothai Shanghai (operated by Beaufort Hotels Limited, a subsidiary of the Company), The Middle House and The Middle House Residences (operated by Swire Hotels). To-date, they have all established themselves as three of Shanghai's most desirable destinations.

The Group has a 50% interest in HTH.

The Exchange, the Group's 15%-owned investment property in Tianjin, has a total GFA of over 1.6 million square feet. During the year, the retail mall, Heping Joy City, and the two office towers maintained an average occupancy rate of 88% and 86% respectively, generating stable rental income. Joyer Apt., converted from the previous Hotel Nikko Tianjin, had its grand opening ceremony in October 2019.

### **Thailand – Property Development**

Thailand continues to grow into a key pillar of the Group's property portfolio. Building on the formidable success of The Sukhothai Residences, the Group is further consolidating its growing foothold in the country, predominately in Bangkok. In view of the current market conditions, the development programme of the Rama 3 Road project in Bangkok has been adjusted.

The Group is holding other projects in Bangkok, namely the Ramintra Road project in the Khannayao District, with an area of approximately 610,000 square feet; and the land at Wireless Road, covering a site area of approximately 136,000 square feet, in which the Group holds a 49% interest.

### **Japan – Property Investment and Development**

The Group maintains a strategic and steady presence in the Tokyo property market, and our five investment properties all saw excellent leasing performances, with occupancy ranging from 92% to 100% as at 31 March 2020. They are Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally located office building; Souei Park Harajuku, an en bloc residential apartment building in Shibuya-ku; Veneo Minami-Azabu, an en bloc residential apartment building in Minato-ku; and Haluwa Shibakoen, a 15-storey residential building in Minato-ku. Together with the Group's residential plots in the popular ski resort of Niseko, they provide the Group with effective long-term investment opportunities in the Japanese market.

## **SERVICES PROVIDED**

A continuous process of upgrading the Group's services has long been central to its mission. The newly rebuilt DB Plaza Bus Terminus has been in operation since April 2019. It boasts a revamped, more spacious layout, enhanced safety designs and expanded areas of greenery.

The ridership of both ferries and buses have been adversely affected by the city's social issues and the outbreak of COVID-19. Unavoidable high maintenance costs and a shortage of skilled staff remained as key operational concerns, and had imposed undue pressure on the daily operations of our transport services. The Group hopes the financial burden will be alleviated by the support from the Government's Anti-epidemic Fund and the Special Helping Measures applicable to its ferry services in the near future.

As always, the Group places environmental sustainability at the centre of its business practice, and as our latest measure, all new buses to be deployed are required to meet the Euro VI emission standards.

The Group's property management services in Discovery Bay, and elsewhere in Hong Kong, continued to perform to the highest standards in the face of considerable challenges resulted from the social unrest and the outbreak of COVID-19.

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

## **HOSPITALITY**

Hospitality has been one of the hardest hit businesses within the Group due to the epidemic. The hospitality units immediately reconfigured their business models, and carried out cost-reduction measures to adapt to current and future tourism demands, and to weather these temporary adverse conditions. The Group's hotels and clubs are actively preparing for post-pandemic conditions, drawing up strong and effective marketing campaigns for both local and overseas markets. The Group is making sure that once global travel rebounds, its hospitality businesses are primed to take full advantage of the renewed demand.

### **Hong Kong**

Room occupancy at the Auberge Discovery Bay Hong Kong was naturally down, with an expected drop in both the number of leisure and business guests. However, the hotel and its staff shook off those adversities to win several accolades, including Expat Living Readers' Choice Awards 2020 – Best Beachfront Hotel in Hong Kong (Silver Winner) and 2019 Best Resort Hotel by Ctrip.com.

The opening of Lantau Yacht Club is scheduled to go ahead as planned in the fourth quarter of 2020. The Company stands by its long-term projections about the yachting industry in Hong Kong and the wider Asia Pacific region.

The Discovery Bay Golf Club also continued with its enhancement works.

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

### **Thailand**

The Sukhothai Bangkok was already one of the city's leading luxury hotels, even before the renovation works that were completed in January 2020. The Main Wing of the hotel had 65 rooms and suites upgraded and its health club was given an invigorating facelift. La Scala remains a star in the city's renowned fine-dining firmament, retaining its Three-Fork designation from Gambero Rosso, and was impressively ranked 18th on the Best Italian Restaurants in the World list. Colonnade, once again, received the Best Sunday Brunch Award in Bangkok.

### **Mainland China**

The Sukhothai hotel brand is fast becoming a symbol in hospitality excellence. Like its sister hotel in Bangkok, The Sukhothai Shanghai is already being considered as one of the most sought-after destinations in the city. Its unique design, prime location and meticulous level of service have all been instrumental in the hotel's winning of several prestigious awards and accolades, in particular a spot on China Top 10 Hotels of The Gold List 2019 by *Condé Nast Traveler China*.

## **HEALTHCARE**

The Group's wholly-owned subsidiary, GenRx Holdings Limited ("GenRx"), operates a comprehensive healthcare service networks in Hong Kong and Macau. It covers chronic disease management and integrated medical centres (Qualigenics Medical), Chinese medicine centres (Discovery TCM Centre), dental clinics (Health & Care Dental Clinic – 57%-owned) and medical diagnostic centres (AmMed Medical Diagnostic Center). Humphrey & Partners

Medical Services Limited, which is also under the GenRx umbrella, operates a medical network of over 250 affiliated clinics providing general practitioners, specialists and physiotherapy services.

Healthcare businesses, especially dental and imaging units, have suffered due to the outbreak of COVID-19, as all non-essential medical treatments had to be postponed and rescheduled, starting from the beginning of 2020.

The Group disposed of its medical operations in the Philippines in January 2020, allowing the Group to consolidate its resources in Hong Kong for a profitable return.

## **OUTLOOK**

The Group's key markets of mainland China, Hong Kong and Thailand are, unsurprisingly, going to be under severe economic strain in the coming year. The extent will very much depend on the development and the governments' response to the ongoing coronavirus crisis and the political and social issues that remain unresolved. The Hong Kong economy may continue to record negative growth in 2020, although the Group notes that the city's government has been active in deploying policies to boost the economy. Consumers' purchasing power might be affected in the short term with the rise of unemployment rate and overall dampened sentiment. However, in the long run, the Group sees the property market demand remaining stable due to a shortage of housing supply and a low interest rate environment.

Mainland China, already facing considerable economic headwinds before the epidemic outbreak, is expected to experience further slowdown in its growth. Its "phase one" trade deal with the U.S. should ease some risks, but further progress on trade issues and unresolved disputes on broader US-China economic relations could create tensions without warning, especially before the U.S. election later this year. Nevertheless, with the growing consumer trend towards seeking quality living spaces, the Group remains confident that its premium properties can capture the opportunities from this trend.

Looking forward, the macro-economic outlook will remain uncertain and not overly positive. It is under these conditions that the Group's long-term strategy really comes to the fore. The Group will continue to focus on building high quality developments on prime sites in key cities, cautiously seek investment opportunities with enduring value, remain flexible with its business approach, and take cost containment measures to maintain a healthy liquidity.

## **FINANCIAL REVIEW**

### **SHAREHOLDERS' FUNDS**

As at 31 March 2020, the shareholders' funds of the Group increased by HK\$767.0 million to HK\$22,067.4 million (2019: HK\$21,300.4 million). The gross profit margin for the Group for the year was 41.3% (2019: 31.1%).

### **MAJOR INVESTING ACTIVITIES**

In August 2019, the Group acquired the entire issued capital of Dorro Properties Limited at a cash consideration of HK\$758.9 million. The major asset of Dorro Properties Limited is an investment property representing a block of residential building situated in Hong Kong.

During the year, shareholders' loans of HK\$204.4 million was extended to a joint venture by the Group. Further, the Group received shareholders' loan repayment and cash advance totalling HK\$554.5 million from joint ventures.

## **MAJOR OPERATING ACTIVITIES**

During the year, sales proceeds from disposal of certain development properties in Hong Kong and mainland China amounted to HK\$624.7 million and HK\$1,738.1 million respectively.

During the year, net proceeds of HK\$210.6 million were received from the disposal of medical operations in the Philippines.

## **FINANCIAL LIQUIDITY**

As at 31 March 2020, the Group had total cash and securities investment of HK\$3,167.2 million (2019: HK\$3,129.6 million) whilst total bank borrowings, bonds and other loans were HK\$7,321.2 million (2019: HK\$6,686.6 million).

## **GEARING**

The Group's gearing ratio was 21.8% (2019: 19.1%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 31 March 2020.

## **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 2020, the unutilised credit facilities were approximately HK\$5,495.6 million (2019: HK\$7,396.3 million). The reduction is mainly attributable to a repayment of term loan under a syndicated loan facility.

As at 31 March 2020, the maturity profile of bank borrowings, bonds and other loans were 56.1% (2019: 13.6%) falling within one year, 6.3% (2019: 78.0%) falling between one and two years and 37.6% (2019: 8.4%) falling between two and five years.

## **TREASURY POLICY**

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

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

## **PLEDGE OF ASSETS**

As at 31 March 2020, certain bank loans of the Group were secured by certain investment properties and properties held for sale at a total carrying value of HK\$315.4 million (2019: HK\$553.9 million).

In addition, the loans to a joint venture by the Group amounting to approximately HK\$771.9 million (2019: HK\$771.9 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

## **CONTINGENT LIABILITIES**

The Group had contingent liabilities relating to a corporate guarantee on the Group's 15% proportionate share to the extent of HK\$117.4 million (2019: HK\$125.9 million) as at 31 March 2020 given to a bank in respect of a banking facility granted to an investee company.

Two subsidiaries of the Company provided guarantees amounting to HK\$342.3 million (2019: HK\$406.5 million) as at 31 March 2020 in respect of mortgage facilities granted to purchasers of the Group's properties.

The Company provided a corporate guarantee of proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. As at 31 March 2020, 40% proportionate share of the bank loan balance is HK\$779.3 million (2019: HK\$682.1 million).

Save as disclosed above, the Group did not have other significant contingent liabilities as at 31 March 2020.

## **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 during the year ended 31 March 2020 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 2019/2020 of the Company which will be published shortly. Since the publication of the Company's interim report for the six months ended 30 September 2019, 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 2020 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 2020 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, 17 June 2020

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

***Chairman***

Mr CHA Mou Sing Payson

***Deputy Chairman & Managing Director***

Mr CHA Mou Zing Victor

***Executive Directors***

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

***Non-executive Directors***

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

***Independent Non-executive Directors***

Mr CHEUNG Wing Lam Linus

Mr FAN Hung Ling Henry

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang

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