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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The directors (the "Board" or the "Directors") of HKR International Limited (the "Company") are pleased to announce the final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007.

The Group's profit from operations for the year ended 31 March 2007 was HK$1,230.9 million, compared to HK$650.7 million of last year. Profit attributable to shareholders amounted to HK$1,192.3 million, representing an increase of 39.2% from the previous year's HK$856.3 million. Earnings per share at HK$0.88 for the year recorded a 23.9% increment over that of last year. Turnover for the year was HK$2,835.0 million, compared to HK$1,293.8 million reported in the preceding year.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK10 cents (2006: HK9 cents) per share and a special dividend of HK10 cents (2006: nil) per share for the year ended 31 March 2007 subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final and special dividends together with the interim dividend of HK4 cents (2006: HK3 cents) per share makes a total dividend of HK24 cents (2006: HK12 cents) per share for the year. It is anticipated that the conversion price of the convertible bonds will be adjusted in accordance with the terms and conditions of the convertible bonds upon the declaration of the final and special dividends at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 August 2007 to Thursday, 23 August 2007 (both days inclusive), during which period no transfer of shares will be registered.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	NOTES	**2007** *HK$'M*	2006 *HK$'M*
Turnover	*3*	**2,835.0**	1,293.8
Cost of sales		**(1,611.2)**	(874.7)
Gross profit		**1,223.8**	419.1
Other operating income		**268.0**	187.0
Administrative expenses		**(391.7)**	(312.1)
Change in fair value of investment properties		**130.8**	356.7
Profit from operations		**1,230.9**	650.7
Finance costs	*4*	**(199.7)**	(160.7)
Gain on disposal of subsidiaries		**580.8**	—
Share of results of associates		**85.4**	506.1
Share of results of jointly controlled entities		**12.0**	—
Impairment loss recognised in respect of goodwill		**(13.9)**	—
Profit before taxation		**1,695.5**	996.1
Taxation	*5*	**(196.3)**	(85.0)
Profit for the year	*6*	**1,499.2**	911.1
Attributable to:			
Equity holders of the Company		**1,192.3**	856.3
Minority interests		**306.9**	54.8
		1,499.2	911.1
Dividend paid	*7*	**175.5**	115.7
Dividend proposed	*7*	**270.0**	121.5
Earnings per share	*8*		
— basic *(HK cent)*		**88**	71
— diluted *(HK cent)*		**82**	67

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2007

	2007	2006
	HK$'M	*HK$'M*
Non-current assets		
Investment properties	**5,032.6**	4,797.2
Property, plant and equipment	**2,248.5**	2,087.8
Prepaid lease payments	**198.7**	201.7
Goodwill	**8.0**	6.3
Interests in associates	**309.6**	279.1
Interests in jointly controlled entities	**1,043.0**	—
Held-to-maturity investments	**15.6**	15.6
Available-for-sale financial assets	**17.0**	10.3
Other assets	**180.3**	253.7
Deferred tax assets	**4.3**	2.5
	9,057.6	7,654.2
Current assets		
Inventories	**133.6**	105.8
Properties held for sale	**731.9**	29.5
Trade receivables	**227.8**	50.6
Sale proceeds held by stakeholders	**36.6**	126.7
Deposits, prepayments and other receivables	**412.4**	148.5
Properties held for/under development	**1,256.6**	2,727.9
Amounts due from associates	**1,133.2**	1,132.1
Taxation recoverable	**3.2**	1.0
Financial assets at fair value through profit or loss	**1,634.3**	1,772.5
Pledged bank deposits	**75.6**	60.8
Bank balances and cash	**904.3**	1,179.0
	6,549.5	7,334.4

	NOTES	2007 HK$'M	2006 HK$'M
Current liabilities			
Trade payables, provision and accrued charges		**844.1**	700.3
Deposits received and other payables		**289.0**	385.6
Amounts due to associates		**15.1**	11.0
Taxation payable		**141.8**	37.3
Derivative financial instruments		**13.6**	3.5
Bank loans due within one year		**352.9**	1,628.8
Other liabilities due within one year		**4.1**	16.7
		1,660.6	2,783.2
Net current assets		**4,888.9**	4,551.2
Total assets less current liabilities		**13,946.5**	12,205.4
Non-current liabilities			
Bank loans due after one year		**920.5**	500.0
Convertible bonds — liability component		**1,483.8**	1,388.7
Other liabilities due after one year		**1,208.3**	1,474.4
Deferred tax liabilities		**358.3**	287.4
		3,970.9	3,650.5
		9,975.6	8,554.9
Capital and reserves			
Share capital	*9*	**337.5**	337.5
Reserves		**8,914.3**	7,664.9
Equity attributable to equity holders of the Company		**9,251.8**	8,002.4
Minority interests		**723.8**	552.5
		9,975.6	8,554.9

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments of Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006.

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current and prior accounting years are prepared and presented. Accordingly, no prior year adjustments has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Group anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 23 (Revised)	Borrowing costs [2]
HKFRS 7	Financial instruments: Disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC) — Int 8	Scope of HKFRS 2 [3]
HK(IFRIC) — Int 9	Reassessment of embedded derivatives [4]
HK(IFRIC) — Int 10	Interim financial reporting and impairment [5]
HK(IFRIC) — Int 11	HKFRS 2 — Group and treasury share transactions [6]
HK(IFRIC) — Int 12	Service concession arrangements [7]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 May 2006.
[4] Effective for annual periods beginning on or after 1 June 2006.
[5] Effective for annual periods beginning on or after 1 November 2006.
[6] Effective for annual periods beginning on or after 1 March 2007.
[7] Effective for annual periods beginning on or after 1 January 2008.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the aggregate of the amount of sales proceeds attributable to the Group derived from property development and investment activities, net amounts received and receivable in respect of sales of goods and services rendered to outside customers, securities investment income and rental income from property letting during the year. An analysis of the Group's turnover is as follows:

	2007	2006
	HK$'M	*HK$'M*
Sales of properties	**1,276.7**	29.5
Services rendered	**1,004.3**	847.2
Rental income	**337.1**	262.0
Investment income	**216.9**	155.1
	2,835.0	1,293.8

The Group's turnover and contribution to profit from operations analysed by principal activity and sales revenue analysed by geographical location are as follows:

Business segments

For management purposes, the Group is currently organised into five operating divisions: property development, property investment, hotels, securities investment and services provided. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these operation divisions for the year ended 31 March 2007 is presented below:

	Property development *HK$'M*	Property investment *HK$'M*	Hotels *HK$'M*	Securities investment *HK$'M*	Services provided *HK$'M*	Eliminations *HK$'M*	Consolidated *HK$'M*
For the year ended 31 March 2007							
TURNOVER							
External sales	1,276.7	337.1	305.0	216.9	699.3	—	2,835.0
Inter-segment sales*	—	58.0	1.3	—	17.6	(76.9)	—
Total	1,276.7	395.1	306.3	216.9	716.9	(76.9)	2,835.0
RESULTS							
Segment results**	649.6	371.5	68.2	143.4	13.0		1,245.7
Interest income							43.1
Unallocated corporate expenses							(57.9)
Profit from operations							1,230.9
Finance costs							(199.7)
Gain on disposal of subsidiaries							580.8
Share of results of associates	87.9	—	—	—	(2.5)		85.4
Share of results of jointly controlled entities	12.0	—	—	—	—		12.0
Impairment loss recognised in respect of goodwill	—	—	—	—	(13.9)		(13.9)
Profit before taxation							1,695.5
Taxation							(196.3)
Profit for the year							1,499.2

* *Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions in which the pricing was with reference to prevailing market price or actual cost incurred, as appropriate.*

** *Segment results have incorporated the non-cash expenses as set out in Other Information of business segments.*

	Property development HK$'M	Property investment HK$'M	Hotels HK$'M	Securities investment HK$'M	Services provided HK$'M	Consolidated HK$'M
At 31 March 2007						
ASSETS						
Segment assets	2,370.2	5,551.2	1,501.2	2,150.4	1,245.0	12,818.0
Interests in and amounts due from associates	1,437.6	0.6	—	—	4.6	1,442.8
Interests in and amounts due from jointly controlled entities	1,043.0	—	—	—	—	1,043.0
Taxation recoverable						3.2
Deferred tax assets						4.3
Unallocated corporate assets						295.8
Consolidated total assets						15,607.1
LIABILITIES						
Segment liabilities	1,030.6	235.2	49.2	90.6	950.1	2,355.7
Taxation liabilities						141.8
Deferred tax liabilities						358.3
Unallocated corporate liabilities						2,775.7
Consolidated total liabilities						5,631.5
OTHER INFORMATION						
Allowance for doubtful debts	—	—	—	—	3.2	3.2
Capital additions	121.2	191.0	57.3	—	37.5	407.0
Depreciation	6.5	11.7	37.7	—	81.7	137.6
Release of prepaid lease payments	0.8	3.0	0.3	—	1.0	5.1
Goodwill impairment recognised in income statement	—	—	—	—	13.9	13.9
Impairment losses recognised in income statement in respect of property, plant and equipment	—	—	—	—	3.0	3.0

	Property development	Property investment	Hotels	Securities investment	Services provided	Eliminations	Consolidated
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
For the year ended 31 March 2006							
TURNOVER							
External sales	29.5	262.0	266.3	155.1	580.9	—	1,293.8
Inter-segment sales*	—	59.4	—	—	20.4	(79.8)	—
Total	29.5	321.4	266.3	155.1	601.3	(79.8)	1,293.8
RESULTS							
Segment results**	4.3	509.6	36.1	106.2	1.2		657.4
Interest income							41.9
Unallocated corporate expenses							(48.6)
Profit from operations							650.7
Finance costs							(160.7)
Share of results of associates	506.2	—	—	—	(0.1)		506.1
Profit before taxation							996.1
Taxation							(85.0)
Profit for the year							911.1

* *Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions in which the pricing was with reference to prevailing market price or actual cost incurred, as appropriate.*

** *Segment results have incorporated the non-cash expenses as set out in Other Information of business segments.*

	Property development HK$'M	Property investment HK$'M	Hotels HK$'M	Securities investment HK$'M	Services provided HK$'M	Consolidated HK$'M
At 31 March 2006						
ASSETS						
Segment assets	3,778.2	5,268.0	1,358.0	1,939.2	1,142.9	13,486.3
Interests in and amounts due from associates	1,357.2	0.6	—	—	53.4	1,411.2
Taxation recoverable						1.0
Deferred tax assets						2.5
Unallocated corporate assets						87.6
Consolidated total assets						14,988.6
LIABILITIES						
Segment liabilities	1,344.7	217.7	66.6	14.4	924.6	2,568.0
Taxation liabilities						37.3
Deferred tax liabilities						287.4
Unallocated corporate liabilities						3,541.0
Consolidated total liabilities						6,433.7
OTHER INFORMATION						
Allowance for doubtful debts	—	0.9	—	—	1.0	1.9
Capital additions	8.1	1,627.3	200.2	—	65.7	1,901.3
Depreciation	6.9	10.8	30.3	—	85.0	133.0
Release of prepaid lease payments	0.2	3.3	0.3	—	1.3	5.1
Impairment losses recognised in income statement in respect of property, plant and equipment	—	—	—	—	15.3	15.3

Geographical segments

For each of the year ended 31 March 2007 and 2006, the Group's operations or its underlying operating assets are located in Hong Kong, North America, South East Asia, the People's Republic of China other than Hong Kong ("PRC") and Australia.

The property development, property investment and services provided activities are carried out principally in Hong Kong, South East Asia and the PRC. Hotel operation is carried out in South East Asia. The segment assets of securities investment segment are principally located in North America.

The following table provides an analysis of the Group's revenue by geographical location, irrespective of the origin of the goods/services:

	Revenue by geographical location	
	2007	2006
	HK$'M	*HK$'M*
Hong Kong	**2,056.7**	632.0
South East Asia	**397.8**	339.0
North America	**258.9**	205.7
PRC	**47.0**	74.4
Australia	**74.6**	42.7
	2,835.0	1,293.8

The following table is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, investment properties and prepaid lease payments, analysed by the geographical location in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant, and equipment, investment properties and prepaid lease payments**	
	2007	2006	**2007**	2006
	HK$'M	*HK$'M*	***HK$'M***	*HK$'M*
Hong Kong	**7,614.5**	8,004.9	**335.3**	1,725.5
South East Asia	**2,239.7**	1,846.1	**66.1**	165.7
North America	**1,906.4**	1,671.0	**—**	—
PRC	**992.6**	1,962.7	**4.4**	10.1
Australia	**64.8**	1.6	**1.2**	—
	12,818.0	13,486.3	**407.0**	1,901.3

4. FINANCE COSTS

	2007	2006
	HK$'M	*HK$'M*
Interest on		
Bank loans wholly repayable within five years	**100.0**	72.0
Other borrowings wholly repayable within five years	**20.0**	20.0
Convertible bonds — wholly repayable within five years	**95.1**	83.1
Total borrowing costs	**215.1**	175.1
Less: Amounts included in the cost of qualifying assets	**(20.0)**	(20.0)
	195.1	155.1
Bank loans arrangement fees and bank charges	**4.6**	5.6
	199.7	160.7

5. TAXATION

	2007	2006
	HK$'M	*HK$'M*
The charge comprises:		
Hong Kong Profits Tax calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the year	**119.4**	12.1
Overseas tax calculated at rates prevailing in respective jurisdictions	**13.6**	12.0
	133.0	24.1
Deferred taxation for current year	**63.3**	60.9
	196.3	85.0

6. PROFIT FOR THE YEAR

	2007	2006
	HK$'M	*HK$'M*
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**4.4**	3.4
Release of prepaid lease payments	**5.1**	5.1
Less: Amounts included in construction in progress	**(2.9)**	(3.0)
	2.2	2.1
Cost of inventories recognised as an expense	**963.2**	228.8
Change in fair value of derivative financial instruments	**8.3**	(0.8)
Depreciation of property, plant and equipment	**137.6**	133.0
Discount on acquisition of an additional interest in an associate (included in share of results of associates)	**—**	(1.4)
Impairment loss recognised in respect of property, plant and equipment	**3.0**	15.3
Impairment loss recognised in respect of available-for-sale financial assets	**—**	0.8
Operating lease rentals in respect of land and buildings	**26.1**	20.2
Loss (gain) on disposal of property, plant and equipment	**2.2**	(0.6)
Reversal of impairment recognised in respect of certain development projects	**(54.5)**	(17.2)
Net (gain) loss from disposal of financial assets at fair value through profit or loss	**(18.5)**	3.3
Net exchange loss	**20.5**	11.2
Bank and other interest income	**(43.1)**	(41.9)
Allowance for doubtful debts	**3.2**	1.9
Staff costs (including directors' remuneration)	**339.7**	298.6
Share of tax of associates (included in share of results of associates)	**3.5**	7.1
Net rental income under operating leases on		
Investment properties	**(330.3)**	(255.6)
Other properties	**(6.8)**	(6.4)
Less: Outgoings	**17.7**	13.6
	(319.4)	(248.4)

7. DIVIDEND

	2007	2006
	HK$'M	*HK$'M*
Final dividend paid for 2006 of HK9 cents (Final dividend paid for 2005: HK7 cents) per share	**121.5**	81.0
Interim dividend paid for 2007 of HK4 cents (Interim dividend paid for 2006: HK3 cents) per share	**54.0**	34.7
	175.5	115.7
Proposed final dividend of HK10 cents (2006: HK9 cents) per share	**135.0**	121.5
Proposed special dividend of HK10 cents (2006: nil) per share	**135.0**	—
	270.0	121.5

At the board meeting held on 28 June 2007, the Directors resolved to recommend a final dividend of HK10 cents per share and a special dividend of HK10 cents per share altogether totalling HK20 cents per share for the year ended 31 March 2007 for approval at the forthcoming annual general meeting of the Company. The proposed dividend is not recognised as liabilities in the consolidated financial statements for the year ended 31 March 2007.

8. EARNINGS PER SHARE

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

	2007	2006
	HK$'M	*HK$'M*
Earnings		
Earnings for the purpose of calculating basic earnings per share	**1,192.3**	856.3
Effect of dilutive potential ordinary shares: Interest on convertible bonds	**95.1**	83.1
Earnings for the purpose of diluted earnings per share	**1,287.4**	939.4
Number of shares	**2007**	2006
Weighted average number of ordinary shares for the purpose of the basic earnings per share	**1,350,274,367**	1,198,258,540
Effect of dilutive potential ordinary shares relating to convertible bonds	**220,949,756**	202,492,347
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,571,224,123**	1,400,750,887

9. SHARE CAPITAL

	2007 & 2006 Number of shares	HK$'M
Ordinary shares of HK$0.25 each		
Authorised:	2,000,000,000	500.0
Issued and fully paid:		
At 1 April 2005	1,157,378,029	289.3
Rights issue of shares at a price of HK$3.8 per rights share in January 2006 *(note)*	192,896,338	48.2
At 31 March 2006 and 31 March 2007	1,350,274,367	337.5

Note: Rights issue of 192,896,338 shares of HK$0.25 each at the subscription price of HK$3.8 per share were allotted to the shareholders of the Company in proportion of one rights share for every six existing ordinary shares then held. The Company raised approximately HK$720.0 million (net of expenses) and it was used to finance the Group's acquisition of CDW Building.

BUSINESS REVIEW

HONG KONG REAL ESTATE BUSINESS

Discovery Bay

The Group's strategy of maximizing the value of core investment portfolio and residential developments started to pay off during the year.

Capitalizing on the repositioning strategy to further uplift Discovery Bay's image as an up-market lifestyle-led project, a record-high selling price was achieved for Chianti, Phase 13 of Discovery Bay, at the earlier sales launch in March 2006.

Renovation works of DB Plaza, together with the opening of Water Margin, the latest alfresco dining destination in Discovery Bay, has underlined the uniqueness of Discovery Bay. Water Margin is the first landmark destination under the ***'Coastal Leisure and Entertainment Development Concept'*** that covers developments in both the Tai Pak and Yi Pak areas.

Amongst the many exciting new developments in Yi Pak, the English Schools Foundation private independent school ("ESF School") will start operation in Discovery Bay by the 2008/09 school term and it signifies the beginning of full spectrum of quality education facilities in Discovery Bay. A five-star hotel with excellent conference and resort facilities as well as a new shopping centre are under active construction and are planned for opening in 2009.

The sales launch of Chianti received favourable market response from both home buyers and investors. With the Group's strong branding in quality living, Chianti achieved a record high selling price for high-rise units in Discovery Bay. As of 31 March 2007, a total of 243 units at an average price of HK$5,847 per square foot (G.F.A.) were sold. The design of Chianti, in terms of architectural layout, landscaping and service delivery, signifies a new era of prestigious properties with a customer focus and exclusivity. The second sales launch of Chianti is scheduled to commence in the second half of 2007.

The renovation of the Group's 50 per cent owned DB Plaza together with the launching of Water Margin in early 2007 added up another 12,000 square feet of retail space to Discovery Bay. The rental value was substantially boosted and an average occupancy rate of 94% was attained as of 31 March 2007.

A total of 20 thematic restaurants and lifestyle outlets have settled at Water Margin along the promenade connecting to Tai Pak Beach, offering customers with flavours of the East and West with an impressive variety of international cuisines. This brand-new oceanfront dining hub has received overwhelming and favourable responses and it is reflected by the growing number of customers. A series of marketing and promotional programmes will be organized to fuel up its excitement and attraction. The Group will continue to market it as one of the most popular dining and leisure spots in the territory.

The Yi Pak development in Discovery Bay, featuring an up-market lifestyle shopping centre, a luxury conference and resort hotel, Phase 14 residential units, etc, was progressing well during the year under review.

The new shopping centre and the hotel are targeted for opening in mid-2009 and will definitely become the new attraction for both leisure and business travellers. Superstructure works of the luxury resort hotel, comprising 360 rooms, with comprehensive conference and banqueting facilities, is expected to commence in the second half of 2007.

The Phase 14 residential property project, totalling over 500,000 square feet of G.F.A., is in the final planning stage. Occupation permit for the new community centre in Yi Pak was obtained in April 2007. The centre will be handed over to Government and is expected to come into operation towards the end of 2007.

The new ESF School in Discovery Bay is now under construction, it will offer primary to secondary levels and will start operation in 2008. The new school will bring a much needed boost to the quality education facilities in the community, particularly for secondary places. It will help attract more families with children to settle in Discovery Bay.

Patronage of both bus and ferry services has been increasing steadily as the population within Discovery Bay grows. Despite tough operating environment due to the escalating fuel prices and the rising maintenance and operating costs, the transportation division managed to alleviate the operation adversity through stringent cost control and efficiency enhancement to exceed their budget targets.

Discovery Bay's club operations registered a moderate growth in turnover. The various clubs continued to provide customer-focused and quality-driven services. Several facilities inside the Residents' Club, Golf Club and Marina Club were being renovated to bring new look to the clubs and enhance customer satisfaction. Due to the growing demand, Marina Club has planned to increase its total number of berths, and the new berths will be in use in early 2008.

The Group has a 50 per cent interest in Discovery Bay.

Tung Chung

The sales launch of La Rossa, the Group's latest quality residential units in Blocks 7 & 8 of Coastal Skyline, Tung Chung, received enthusiastic market response and recorded a selling price of HK$8,400 per square foot (G.F.A.) for a specialty unit. As at 31 March 2007, a total of 256 units at an average price of HK$3,900 per square foot (G.F.A.) were sold since its sales launch in December 2006.

This quality high-rise development of 783 units features balcony for most units, and luxury hotel concierge service. The second sales launch is scheduled to commence in July 2007.

Construction of the mid-rise residential units at Phase 4 of Coastal Skyline was progressing well. The foundation work was completed and the superstructure work is underway. It is targeted for completion by early 2008. This 6-block mid-rise residential project with a total gross floor area of 398,740 square feet will bring over 500 new homes to Tung Chung.

The Group has a 31 per cent interest in the Coastal Skyline project.

Real Estate Investment

The Group's long-term commercial and industrial property investment portfolio continued to achieve high occupancy rates. Attributable to the overall buoyant market in the commercial and industrial sectors, the Group's wholly-owned West Gate Tower in Cheung Sha Wan and the 50 per cent owned Discovery Park Shopping Centre in Tsuen Wan recorded average occupancy rates of 96% and 92% respectively as of 31 March 2007, providing stable recurrent revenue to the Group. The wholly-owned CDW Building in Tsuen Wan also attained a strong average occupancy rate of 97%.

Acquisitions of properties with good value appreciation potential through future redevelopment and value-adding purpose will continue to be the Group's investment focus. The Group will continuously rebalance its portfolio of investment properties for both yield improvement and value appreciation.

During the period under review, the Group conducted three major disposal transactions of investment properties and realized a total profit of approximately HK$18.9 million.

Hanison Construction

Hanison Construction Holdings Limited ("Hanison"), the Group's 49 per cent owned associated company engaging primarily in construction business, continued to provide a stable stream of operating income. Hanison reported a consolidated turnover of HK$1,178.9 million and HK$105.6 million profit attributable to shareholders during the financial year under review. Hanison will continue to actively participate in construction tenders of both public and private sectors and to acquire properties with good development potential for expanding its property portfolio.

CHINA REAL ESTATE BUSINESS

Dazhongli Project

The property development project in Dazhongli, which occupies the prime location of the Jingan district in Shanghai (the "Dazhongli Project"), is progressing smoothly. In accordance with the supplemental agreement with the Jingan District Government, the resettlement work commenced in August 2006 following the granting of resettlement permits in April 2006. Resettlement progress has been satisfactory. The development will be a mixed use project which includes office towers, retail space, hotels and serviced apartments with a total floor area of approximately 291,000 square metres.

In December 2006, the Group established a strategic partnership with Swire Properties Limited ("Swire Properties") by disposal of 50 per cent interest of the Dazhongli Project to Swire Properties. This strategic partnership between the Group and Swire Properties will bring substantial synergies to the project and enhance the property and investment value of this landmark development in Shanghai. The Dazhongli Project represents a milestone in the Group's real estate development in the mainland China. It will become a prominent Shanghai landmark as well as a signature destination in the Jingan district.

Chelsea

Chelsea, the Group's wholly-owned deluxe serviced apartments in Shanghai, continued to deliver a stable stream of recurrent income to the Group by maintaining high rental level and occupancy rate. To strengthen its competitiveness, Chelsea will undergo major renovation. It is believed that Chelsea will maintain its leading position in the top-end serviced apartments market in Shanghai and will benefit from the thriving market driven by the increasing foreign investment in Shanghai, by leveraging on the Group's brand equity.

The Exchange

Phase 1 of The Exchange, the Group's 15 per cent owned investment property in Tianjin, recorded excellent occupancy rates of 99% and 97% respectively for the retail mall and the north office tower. Its total G.F.A. is approximately 83,704 square metres. Phase 2 comprising the south office tower and a luxury hotel was completed in early 2007. The south office tower and the hotel provide an additional G.F.A. of 39,449 square metres and 28,799 square metres respectively.

MANUFACTURING BUSINESS

The manufacturing business has been undergoing a tough period resulting from the combined factors of substantially higher fuel costs, increasing labour costs in the mainland China and a highly competitive market in Australia. Over-supply of bathroom products, stiff competition from the low cost Chinese manufacturers and the rising operating cost remain a big challenge.

Imperial Bathroom Products Limited ("Imperial") performed satisfactorily as customers returned from low cost competitors for the new designs, better service, higher quality and support that Imperial and its subsidiaries offer. All of our markets in Australia, the UK and the USA showed an improvement over the previous financial year.

SOUTH EAST ASIA — REAL ESTATE BUSINESS

Beaufort on Nassim

On the back of a strong Singapore economy growth of 7.7% GDP growth in 2006, the economy continued to expand in the first quarter of 2007 at 6.1% year-on-year. Tourism, an important pillar of Singapore's economy, registered a record arrival of 9.7 million representing a 9% growth compared to 2005.

Property investment sales in the private sector and residential prices also rose dramatically especially in the luxury residential developments as a result of strong demand from overseas buyers and investors from the neighbouring countries. The luxury condominium development of the Group in Singapore "Beaufort on Nassim" was put on the market in early February 2007. Due to the number of unique features in the design, uncompromising finishes and exclusive location in the Nassim enclave and proximity to Orchard Road, the development was able to set a new benchmark of HK$16,000 per square foot (over S$3,200 per square foot) for low rise development in Singapore. Most of the units were snapped up during the two months of soft launch.

The Sukhothai Residences

In Thailand, the Group remains cautious about its targeted segment of the Bangkok residential market despite continued political and economic uncertainty in Thailand. Development planning for The Sukhothai Residences has been completed and construction is to commence in mid-2007. Pre-sale registrations of interest have been strong and sales are to commence in the fourth quarter of 2007.

SOUTH EAST ASIA — HOSPITALITY

The hospitality operations in the South East Asia produce good results in occupancy and room rates from business and leisure travellers, particularly repeated customers. The Group's two internationally renowned and award winning hotels continued to deliver good performance and returns for the Group.

The Sukhothai and Siri Sathorn

The Sukhothai hotel and Siri Sathorn serviced residences in Bangkok performed steadily during the period under review. The Sukhothai hotel, internationally recognized for its strong tradition of unrivaled service quality, has been featured as the Best Business Hotel in Asia by the European based luxury travel publication The Art of Travel in 2007, and was also recognized by the Travel & Leisure magazine as one of the top three Bangkok hotels in "The Travel and Leisure 500 Awards"; and one of the top three Asian Hotels in "The World's Best Values" category. Despite the current political instability in Thailand, The Sukhothai hotel managed to maintain an average occupancy rate of 71%. Siri Sathorn maintained an average occupancy rate of 73% amidst the increasingly keen competition from many newly renovated serviced apartments in the vicinity.

The Sentosa Resort and Spa

The Sentosa Resort and Spa in Singapore maintained an average occupancy rate of 68% and the highest gross operating profit since the opening in 1991, despite an intensive four-month room refurbishment programme. With the upbeat economy in Singapore, plans are at hand to continually increase its gross operating profit.

Attesting to its dedicated services and quality facilities, The Sentosa Resort and Spa has landed the prestigious title of Singapore's Leading Spa Resort given by the World Travel Awards (WTA) for the second consecutive year. It also won the Spa Asia Readers' Choice Awards 2007 National category.

Spa Botanica, Singapore's first garden destination spa, is recognized as a leading spa in the region for its unique luxurious spa experience. It has continued to win regional and international acclaim. Voted among "The World's Top Ten Urban Day Spas" by Conde Nast Traveller UK Readers' Choice Poll, it was ranked sixth in 2006 and elevated to fourth in 2007. Spa Botanica was also awarded the Best Spa Experience by Singapore Tourism Board, making it a prestigious three-time winner of the title.

The Group will continue to operate and maintain the existing hotels and serviced apartments at world-class standards.

HEATHCARE BUSINESS

Results of the Group's healthcare business has been improving, with a 28% increase in turnover. GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary, has been serving over a million patients by operating forty-six medical and dental facilities in six cities including Hong Kong, Shanghai, Shenzhen, Beijing, Manila and Macau. The business model focuses on building a wide patient base through comprehensive network of healthcare facilities consisting of specialty outpatient centers that will be supported by ambulatory hospitals.

GenRx takes advantage of the growing demand for private healthcare services and the increasing ageing population in the region, particularly in the mainland China and Hong Kong. The Group will continue to expand its healthcare business through collaboration with multi-disciplinary medical specialists and multi-national medical professionals.

SECURITIES INVESTMENT

During the financial year under review, world economy has been well supported by strong domestic demand and external trade growth momentum in Asia. Securities investment of the Group recorded an increase of 35% in net profit to HK$143.4 million from last year's HK$106.2 million through the joint effort from both internal and external investment personnel.

HUMAN RESOURCES AND ADMINISTRATION

The total number of employees of the Group in Hong Kong and overseas was 3,053 as at 31 March 2007 (31 March 2006: 3,100). The Group treasures and values staff in performance and advancement by continuously conducting series of training programmes for operational and managerial staff. This includes a comprehensive training programme for staff in enhancing customer satisfaction and striving for excellent service.

CORPORATE SOCIAL RESPONSIBILITY

Being a responsible corporate citizen and contributing for the betterment of the community is a long term commitment and core value of the Group. The Group is dedicated to extend the aspiration of life enrichment and enhancement to taking care of the people in need through participation in charitable events, volunteer activities and social services.

The Group's corporate volunteer team, "HKR Care & Share", was established in 2005. The team has been actively supporting community works, social activities and charity functions. In recognition of the Group's devotion to corporate social responsibility, the Social Service Department awarded the Group a "Silver Award for Volunteer Service" in the year under review.

INFORMATION TECHNOLOGY

The Group continued to make good use of advanced information technology to deliver quality services and optimize operational efficiency. In April 2006, the Group implemented Asia's first-of-its-kind free wireless 24/7 broadband internet access service onboard Discovery Bay's catamarans after 16 months of research, development and test. The wireless internet coverage has been extended to Discovery Bay, creating a truly wireless community for this flagship project in Lantau.

This cutting edge Wi-Fi service onboard Discovery Bay ferries outperformed the 60-plus nominations from across the region and won the "All Stars 2006" award conferred by Network World Asia in December 2006 in Singapore.

The test of a new ticketing system using smart card technology to upgrade and replace the existing magnetic ferry tickets of Discovery Bay has been progressing well. There will be feasibility study to expand it into an all-in-one card system applicable to transportation services, use of club facilities and residential access, which would benefit the residents and enhance the service efficiency and streamline operating process when implemented.

OUTLOOK

Clear strategic directions have been set and the Group is moving forward with confidence, professionalism and meticulation to grow its businesses.

The local property market is reviving after a stagnant period, with luxury properties enthusiastically sought after, hence driving the prices to reach new highs since 1997. The overall sentiments have remained positive with good fundamental backing. Against this backdrop, the Group is confident about achieving good sales results in the coming year. Moreover, enhanced rental income will be fetched via renovation and improvement to existing properties.

The Group remains optimistic about Hong Kong's long-term economic prospects and is poised to benefit from the thriving global economy and the mainland China's growth momentum. While Hong Kong's real estate business will remain the major source of income for the Group, the mainland China will be one of the key markets in the years to come.

The Group has a good reserve of land bank in Discovery Bay, Shanghai and Bangkok. To support its strategic development and further growth, the Group will search for new land bank in high growth areas in the next few years and will continue to focus on high quality products to maximize return on investment. Several huge development projects are under discussion and negotiation, the Group also plans to engage in smaller projects for value-adding to its existing portfolio.

Going forward, the Board, shareholders, business partners and colleagues will work closely to continue growing the Group's businesses and create values for all stakeholders, as well as the communities it serves.

FINANCIAL REVIEW

Shareholders' Funds

At 31 March 2007, the shareholder's funds of the Group increased significantly by HK$1,249.4 million to HK$9,251.8 million (2006: HK$8,002.4 million). The increase was attributable to the sale of 50% equity interest in a property development project in Shanghai, profitable property sale in Discovery Bay and increased profit contribution from other operating units. The overall gross profit margin for the Group rose by 10.8% to 43.2% (2006: 32.4%).

Major Cash Flows from Investing Activities

In December 2006, the Group disposed of 50% equity interest in Dazhongli group companies which hold a development project located in JingAn, Shanghai to Swire Properties for a gross consideration of HK$1,329.3 million.

Major Cash Flows from Operating Activities

In October 2006, the Group sold a commercial building located in Central at a gross consideration of HK$163.9 million at a gain of approximately HK$22.3 million. In the same month, a residential property in Hong Kong was also sold at a gross consideration of HK$37.5 million.

During the financial year under review, the sale of residential properties of Chianti in Discovery Bay brought to the Group cash of approximately HK$1,179.0 million. Investment properties of the Group also generated approximately HK$236.5 million operating cash during the year.

Financial Liquidity

The financial position of the Group continued to be strong with total cash and investment in securities accounting for HK$2,724.8 million (2006: HK$3,131.8 million) while total bank borrowings were reduced by HK$855.4 million to HK$1,273.4 million (2006: HK$2,128.8 million) after repayment of certain bank loans during the year.

Gearing

The Group's gearing ratio stood at a low level of 18.4% (2006: 27.3%) as calculated by the Group's consolidated net borrowings to the shareholders' funds.

Banking Facilities

At 31 March 2007, the Group had adequate internal cash and banking facilities, both secured and unsecured, to finance its development projects and operations. At 31 March 2007, the unutilized credit facilities amounted to HK$3,438.8 million (2006: HK$3,186.6 million).

The maturity profile of bank borrowings were 28% (2006: 77%) falling within one year, 14% (2006: 23%) falling between one to two years, and 58% (2006: nil) falling between two to five years at 31 March 2007.

Treasury Policy

The Group has centralized treasury functions for the management of funding requirements, interest rate and currency risk exposure. With majority of assets and liabilities denominated in HK dollars and US dollars, the Group has limited exposure to foreign currencies. For hedging of foreign currency exposure in certain overseas operation, currency swap arrangements were used. The Group's banking facilities are principally on floating rate basis and interest rate swaps were 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

At 31 March 2007, the Group had pledged certain properties with a total carrying value of HK$469.4 million (2006: HK$465.5 million), bank deposits of HK$75.6 million (2006: HK$60.8 million) and equipment of HK$0.1 million (2006: HK$0.1 million) to secure banking facilities granted to the Group.

The Group's entire interest of 31% in Tung Chung Station Development Company Limited ("TCSDCL") was pledged. The loans to TCSDCL (before provision) amounting to approximately HK$2,379.3 million (2006: HK$2,379.3 million) were subordinated to banks, to secure the banking facilities granted to TCSDCL.

HKR Properties Limited, one of the Company's wholly owned subsidiaries, also subordinated an inter-company debt of HK$27.8 million (2006: HK$25.2 million) due from one of its subsidiaries to secure certain general banking facilities granted to that subsidiary.

Contingent Liabilities

The Group's contingent liabilities in respect of corporate guarantees and undertaking given, to the extent of the Group's proportionate share, in respect of banking and other facilities (or secured indebtedness, if appropriate) granted, increased by HK$2.3 million to HK$155.5 million (2006: HK$153.2 million).

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

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 March 2007, except for certain deviations from the code provisions A.2.1, A.4.1, D.1.1 and D.1.2 summarised as below:

(1) Code provision A.2.1: division of responsibilities between chairman and chief executive officer has not been clearly established and set out in writing;

(2) Code provision A.4.1: non-executive directors are not appointed for a specific term;

(3) Code provision D.1.1: no written directions as to the powers of management delegated by the Board; and

(4) Code provision D.1.2: no formalisation of the functions reserved to the Board and those delegated to the management.

As regards the deviation from code provision A.4.1, the Board considered that although all non-executive directors and independent non-executive directors of the Company were not appointed for a specified term, but their respective terms of office are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company and could serve the same purpose of complying with such code provision that no director shall stay in office for more than three years. Save for the aforesaid deviation, the Directors are in the course of considering improvements in the other deviations under code provisions A.2.1, D.1.1 and D.1.2 in order to bring the corporate governance practices of the Company much more adhesive to the CG Code and will report the progress as and when appropriate.

Other considered reasons of deviations and details of the Company's compliance with the CG Code are set out in the corporate governance report in the annual report 2006/2007 of the Company.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group of the year ended 31 March 2007 have been reviewed by the audit committee established in compliance with rule 3.21 of the Listing Rules and the relevant provisions of the CG Code. The audit committee comprises three independent non-executive directors namely Dr CHENG Kar Shun Henry, Dr The Honourable CHEUNG Kin Tung Marvin and Mr CHEUNG Wing Lam Linus and a non-executive director namely The Honourable Ronald Joseph ARCULLI.

By order of the Board
CHA Mou Zing Victor
Deputy Chairman and Managing Director

Hong Kong, 28 June 2007

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

Chairman
Mr CHA Mou Sing Payson

Deputy Chairman and Managing Director
Mr CHA Mou Zing Victor

Executive Directors
Mr CHEUNG Tseung Ming
Mr CHUNG Sam Tin Abraham
Ms HO Pak Ching Loretta
Mr TANG Moon Wah

Non-executive Directors
The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Ms WONG CHA May Lung Madeline

Independent Non-executive Directors
Dr CHENG Kar Shun Henry
Dr The Honourable CHEUNG Kin Tung Marvin
Mr CHEUNG Wing Lam Linus

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