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 2009
AND
PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR,
MEMBER OF AUDIT COMMITTEE AND MEMBER OF REMUNERATION COMMITTEE

RESULTS

The directors (the "Board" or the "Directors") of HKR International Limited (the "Company") are pleased to announce the audited final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009.

In the absence of new phase in Discovery Bay for sale during the year, the sale proceeds of Beaufort on Nassim in Singapore which was recognised in the year contributed a significant part to the revenue of the Group in the aspect of property development for the year ended 31 March 2009. The Group's overall turnover during the year amounted to HK$2,593.7 million, representing a decrease of 24.4% as compared to HK$3,429.7 million of last year when Chianti in Discovery Bay was put on sale. Loss attributable to shareholders amounted to HK$224.1 million, compared to profit attributable to shareholders of HK$924.8 million of last year. Loss per share was HK17 cents for the year, compared to earnings per share of HK68 cents last year. The loss for the year was resulted from the substantial revaluation deficits due to fair value changes in investment properties and fair value changes in financial assets caused by the drastically adverse global financial and economic conditions during the year, particularly, in the second half thereof. As the impairment in fair value will not directly affect the cash flow of the Company and the Company stays with good cash and available financial facilities, the Board considers that the overall operations of the Group remain sound and intact, and the financial position of the Group remains solid.

DIVIDEND

The Board does not recommend the payment of any final dividend to shareholders for the year ended 31 March 2009. No interim dividend was paid by the Company during the year (2008: final dividend of HK9 cents and interim dividend of HK6 cents per share).

AUDITED CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2009	2008
	NOTES	***HK$'M***	*HK$'M*
Turnover	*3*	**2,593.7**	3,429.7
Cost of sales		**(1,692.5)**	(2,010.2)
Gross profit		**901.2**	1,419.5
Other operating income		**149.9**	80.5
Administrative expenses		**(422.7)**	(469.2)
Impairment loss recognised	*5*	**(146.4)**	(36.6)
Net losses from financial assets/liabilities	*5*	**(273.0)**	(4.3)
Change in fair value of investment properties		**(462.7)**	586.8
Finance costs	*4*	**(171.2)**	(193.2)
Share of results of associates		**179.0**	300.2
Share of result of jointly controlled entity		**(0.3)**	(34.0)
(Loss) profit before taxation	*5*	**(246.2)**	1,649.7
Taxation	*6*	**8.6**	(383.3)
(Loss) profit for the year		**(237.6)**	1,266.4
Attributable to:			
Equity holders of the Company		**(224.1)**	924.8
Minority interests		**(13.5)**	341.6
		(237.6)	1,266.4
Dividends paid	*7*	**121.5**	351.0
Dividend proposed	*7*	**–**	121.5
(Loss) earnings per share	*8*		
– basic *(HK cent)*		**(17)**	68
– diluted *(HK cent)*		**N/A**	65

AUDITED CONSOLIDATED BALANCE SHEET

	At 31 March	
	2009	2008
	HK$'M	*HK$'M*
Non-current assets		
Investment properties	**5,367.3**	5,873.7
Property, plant and equipment	**2,488.5**	2,413.2
Prepaid lease payments	**143.1**	197.1
Goodwill	**9.2**	9.2
Interests in associates	**311.0**	347.2
Interest in jointly controlled entity	**4,120.4**	2,349.5
Held-to-maturity investments	**21.8**	23.3
Available-for-sale financial assets	**108.8**	174.0
Other assets	**94.0**	127.4
Deferred tax assets	**2.7**	3.2
	12,666.8	11,517.8
Current assets		
Inventories	**145.1**	152.2
Properties held for sale	**121.3**	79.8
Trade receivables	**286.3**	674.0
Sale proceeds held by stakeholders	**-**	1.7
Deposits, prepayments and other financial assets	**213.2**	201.4
Properties held for/under development	**1,173.3**	1,496.9
Amounts due from associates	**476.4**	949.9
Amount due from jointly controlled entity	**25.9**	13.6
Taxation recoverable	**12.8**	4.3
Held-to-maturity investments	**23.7**	-
Financial assets at fair value through profit or loss	**741.7**	1,759.7
Pledged bank deposits	**58.9**	79.6
Bank balances and cash	**1,903.5**	1,481.2
	5,182.1	6,894.3

		At 31 March	
		2009	2008
	NOTE	***HK$'M***	*HK$'M*
Current liabilities			
Trade payables, provision and accrued charges		**849.0**	890.6
Deposits received and other financial liabilities		**548.6**	702.1
Amounts due to associates		**2.2**	14.5
Taxation payable		**103.9**	101.3
Bank loans due within one year		**1,021.5**	596.3
Other liabilities due within one year		**18.9**	23.7
Convertible bonds – liability component		**–**	488.0
		2,544.1	2,816.5
Net current assets		**2,638.0**	4,077.8
Total assets less current liabilities		**15,304.8**	15,595.6
Non-current liabilities			
Bank loans due after one year		**2,360.6**	1,761.3
Convertible bonds – liability component		**777.3**	1,097.4
Other liabilities due after one year		**945.4**	937.0
Deferred tax liabilities		**468.4**	574.3
		4,551.7	4,370.0
		10,753.1	11,225.6
Capital and reserves			
Share capital	*9*	**337.5**	337.5
Reserves		**9,360.9**	9,817.4
Equity attributable to equity holders of the Company		**9,698.4**	10,154.9
Minority interests		**1,054.7**	1,070.7
		10,753.1	11,225.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 ("HKFRS"s)

In the current year, the Group has applied the following amendments of Hong Kong Accounting Standard ("HKAS") and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRS"s) issued by HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

* IFRIC represents the International Financial Reporting Interpretations Committee.

While some of these HKFRSs are not applicable to the Group, the adoption of the other new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been made.

The Group has not early applied those new, revised and amended standards or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. HK(IFRIC) - INT 18 applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. This may affect the accounting treatment for the Group's property, plant and equipment and revenue recognition for which the transfer of cash is received on or after 1 July 2009. The directors of the Company anticipate that the application of the other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the aggregate of the amount of sale proceeds attributable to the Group derived from property development, 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:

	2009	2008
	HK$'M	*HK$'M*
Sales of properties	**948.0**	1,767.7
Sales of goods	**199.2**	217.8
Services rendered	**1,074.2**	1,071.8
Rental income	**372.3**	369.5
Investment income	–	2.9
	2,593.7	3,429.7

Business segments

The Group's turnover and results from operations analysed by principal activity and sales revenue and segment assets analysed by geographical location are as follows:

For management purposes, the Group is currently organised into property development, property investment, services provided, hotel operation, securities investment, healthcare and manufacturing segments. 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 2009 is presented below:

	Property development *HK$'M*	Property investment *HK$'M*	Services provided *HK$'M*	Hotel operation *HK$'M*	Securities investment *HK$'M*	Healthcare *HK$'M*	Manufacturing *HK$'M*	Eliminations *HK$'M*	Consolidated *HK$'M*
For the year ended 31 March 2009									
TURNOVER									
External sales	**948.0**	**372.3**	**396.7**	**325.5**	—	**352.0**	**199.2**	—	**2,593.7**
Inter-segment sales*	—	**56.8**	**56.8**	**1.3**	—	—	—	**(114.9)**	—
Total	**948.0**	**429.1**	**453.5**	**326.8**	—	**352.0**	**199.2**	**(114.9)**	**2,593.7**
RESULTS									
Segment results**	**390.8**	**(181.5)**	**18.3**	**33.9**	**(403.0)**	**(29.0)**	**(67.3)**		**(237.8)**
Unallocated interest income									**1.8**
Gain on repurchase of convertible bonds									**31.1**
Unallocated corporate expenses									**(48.8)**
Finance costs									**(171.2)**
Share of results of associates	**179.0**	—	—	—	—	—	—	—	**179.0**
Share of result of jointly controlled entity	**(0.3)**	—	—	—	—	—	—	—	**(0.3)**
Loss before taxation									**(246.2)**
Taxation									**8.6**
Loss for the year									**(237.6)**

* 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.

At 31 March 2009	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operation HK$'M	Securities investment HK$'M	Healthcare HK$'M	Manufacturing HK$'M	Consolidated HK$'M
ASSETS								
Segment assets	**2,367.3**	**5,871.7**	**640.8**	**1,759.8**	**1,505.2**	**190.6**	**293.5**	**12,628.9**
Interests in and amounts due from associates	**780.3**	**2.1**	—	—	—	**5.0**	—	**787.4**
Interest in and amount due from jointly controlled entity	**4,146.3**	—	—	—	—	—	—	**4,146.3**
Total allocated assets	**7,293.9**	**5,873.8**	**640.8**	**1,759.8**	**1,505.2**	**195.6**	**293.5**	**17,562.6**
Taxation recoverable								**12.8**
Deferred tax assets								**2.7**
Unallocated corporate assets								**270.8**
Consolidated total assets								**17,848.9**
LIABILITIES								
Segment liabilities	**1,066.6**	**222.7**	**921.3**	**41.3**	**9.1**	**54.9**	**29.3**	**2,345.2**
Taxation payable								**103.9**
Deferred tax liabilities								**468.4**
Unallocated corporate liabilities								**4,178.3**
Consolidated total liabilities								**7,095.8**
OTHER INFORMATION								
Allowance for doubtful debts	**0.4**	—	—	—	—	**6.3**	**0.6**	**7.3**
Capital additions	**19.5**	**185.4**	**51.6**	**255.9**	—	**51.2**	**2.5**	**566.1**
Depreciation	**8.5**	**9.4**	**49.2**	**45.3**	—	**28.0**	**11.1**	**151.5**
Release of prepaid lease payments	**0.5**	**3.2**	**0.5**	**0.3**	—	—	**0.5**	**5.0**
Loss on change in fair value of investment properties	—	**462.7**	—	—	—	—	—	**462.7**
Impairment loss recognised in respect of property, plant and equipment	—	—	—	—	—	—	**16.7**	**16.7**
Impairment loss recognised in respect of held-to-maturity investments	—	—	—	—	**7.7**	—	—	**7.7**
Impairment loss recognised in respect of available-for-sale investments	—	—	—	—	**119.4**	—	—	**119.4**
Impairment loss recognised in respect of goodwill	—	—	—	—	—	—	**2.6**	**2.6**
Net losses from financial assets at fair value through profit or loss	—	—	—	—	**279.3**	—	—	**279.3**
Net gains from derivative financial instruments	—	—	—	**6.3**	—	—	—	**6.3**

For the year ended 31 March 2008	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operation HK$'M	Securities investment HK$'M	Healthcare HK$'M	Manufacturing HK$'M	Eliminations HK$'M	Consolidated HK$'M
TURNOVER									
External sales	1,767.7	369.5	374.4	380.7	2.9	316.7	217.8	—	3,429.7
Inter-segment sales*	—	72.4	27.2	1.5	—	—	—	(101.1)	—
Total	1,767.7	441.9	401.6	382.2	2.9	316.7	217.8	(101.1)	3,429.7
RESULTS									
Segment results**	785.4	829.9	(22.0)	55.6	4.9	(20.8)	(12.8)		1,620.2
Unallocated interest income									4.7
Unallocated corporate expenses									(48.2)
Finance costs									(193.2)
Share of results of associates	300.2	—	—	—	—	—	—		300.2
Share of result of jointly controlled entity	(34.0)	—	—	—	—	—	—		(34.0)
Profit before taxation									1,649.7
Taxation									(383.3)
Profit for the year									1,266.4

* 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.

At 31 March 2008	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operation HK$'M	Securities investment HK$'M	Healthcare HK$'M	Manufacturing HK$'M	Consolidated HK$'M
ASSETS								
Segment assets	3,014.2	6,478.0	647.5	1,732.5	2,238.7	186.5	340.4	14,637.8
Interests in and amounts due from associates	1,288.6	3.8	—	—	—	4.7	—	1,297.1
Interest in and amount due from jointly controlled entity	2,363.1	—	—	—	—	—	—	2,363.1
Total allocated assets	6,665.9	6,481.8	647.5	1,732.5	2,238.7	191.2	340.4	18,298.0
Taxation recoverable								4.3
Deferred tax assets								3.2
Unallocated corporate assets								106.6
Consolidated total assets								18,412.1
LIABILITIES								
Segment liabilities	1,201.2	234.3	958.4	52.8	19.9	43.6	31.9	2,542.1
Taxation payable								101.3
Deferred tax liabilities								574.3
Unallocated corporate liabilities								3,968.8
Consolidated total liabilities								7,186.5
OTHER INFORMATION								
Allowance for doubtful debts	0.6	—	—	—	—	5.3	0.4	6.3
Capital additions	122.7	223.6	30.0	68.8	—	42.5	4.7	492.3
Depreciation	7.3	12.8	51.1	45.1	—	20.9	11.0	148.2
Release of prepaid lease payments	0.8	3.0	0.5	0.3	—	—	0.5	5.1
Gain on change in fair value of investment properties	—	586.8	—	—	—	—	—	586.8
Impairment loss recognised in respect of property, plant and equipment	—	—	35.0	—	—	0.7	—	35.7
Impairment loss recognised in respect of goodwill	—	—	—	—	—	—	0.9	0.9
Net gains from financial assets at fair value through profit or loss	—	—	—	—	4.3	—	—	4.3
Net losses from derivative financial instruments	—	—	—	8.6	—	—	—	8.6

Geographical segments

For each of the years ended 31 March 2009 and 2008, the Group's operations or its underlying operating assets are located in Hong Kong, South East Asia, North America, the People's Republic of China other than Hong Kong ("PRC") and Australia.

The property development, property investment, services provided, healthcare and manufacturing activities are carried out principally in Hong Kong, South East Asia and 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 of customers, irrespective of the origin of the goods/services:

	Revenue by geographical location	
	2009	2008
	HK$'M	*HK$'M*
Hong Kong	**973.7**	2,672.0
South East Asia	**1,389.5**	490.9
North America	**39.6**	58.7
PRC	**45.1**	70.4
Australia	**145.8**	137.7
	2,593.7	3,429.7

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

	Carrying amount of segment assets		Additions to property, plant, and equipment and investment properties	
	2009	2008	**2009**	2008
	HK$'M	*HK$'M*	***HK$'M***	*HK$'M*
Hong Kong	**8,503.5**	8,851.0	**503.3**	358.2
South East Asia	**2,597.3**	2,922.4	**48.4**	124.8
North America	**566.2**	1,796.1	**–**	0.3
PRC	**895.9**	993.9	**14.1**	7.2
Australia	**66.0**	74.4	**0.3**	1.8
	12,628.9	14,637.8	**566.1**	492.3

4. FINANCE COSTS

	2009	2008
	HK$'M	*HK$'M*
Interest on		
Bank loans wholly repayable within five years	**38.8**	30.9
Bank loans wholly repayable over five years	**52.8**	54.0
Other borrowings wholly repayable within five years	**6.6**	18.8
Convertible bonds – liability component wholly repayable within five years	**70.9**	101.6
	169.1	205.3
Less: Amounts included in the cost of properties held for / under development	**(6.6)**	(22.2)
	162.5	183.1
Bank loans arrangement fees	**8.7**	10.1
	171.2	193.2

5. (LOSS) PROFIT BEFORE TAXATION

	2009	2008
	HK$'M	*HK$'M*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**5.6**	5.4
Cost of inventories and properties recognised as an expense	**815.2**	1,031.2
Operating lease rentals in respect of land and buildings	**42.5**	39.2
(Gain) loss on disposal of property, plant and equipment	**(2.5)**	7.8
Net exchange loss	**10.7**	32.7
Allowance for doubtful debts	**7.3**	6.3
Staff costs (including directors' remuneration)	**457.4**	443.8
Release of prepaid lease payments	**5.0**	5.1
Less: Amounts capitalised and included in properties under development	**(2.7)**	(2.9)
	2.3	2.2
Depreciation		
Owned assets	**150.4**	147.2
Assets under finance leases	**1.1**	1.0
	151.5	148.2
Net rental income under operating leases on		
Investment properties	**(364.9)**	(361.6)
Other properties	**(7.4)**	(7.9)
Less: Outgoings	**20.9**	18.1
	(351.4)	(351.4)
Impairment loss recognised		
Property, plant and equipment	**16.7**	35.7
Goodwill	**2.6**	0.9
Held-to-maturity investments	**7.7**	–
Available-for-sale investments	**119.4**	–
	146.4	36.6
Net losses from financial assets/liabilities		
Net realised losses on financial assets at fair value through profit or loss	**145.4**	–
Net unrealised losses (gains) on financial assets at fair value through profit or loss	**133.9**	(4.3)
	279.3	(4.3)
Net (gains) losses on derivative financial instruments	**(6.3)**	8.6
	273.0	4.3

6. TAXATION

	2009	2008
	HK$'M	*HK$'M*
The credit (charge) comprises:		
Hong Kong Profits Tax calculated at 16.5% (2008: 17.5%) on the estimated assessable profit for the year	**(24.2)**	(158.7)
Overseas tax calculated at rates prevailing in respective jurisdictions	**(73.3)**	(21.3)
	(97.5)	(180.0)
Deferred taxation		
Current year	**87.2**	(203.3)
Attributable to a change in tax rate	**18.9**	–
	106.1	(203.3)
	8.6	(383.3)

7. DIVIDENDS

	2009	2008
	HK$'M	*HK$'M*
Final dividend paid for 2008 of HK9 cents (2008: Final dividend paid for 2007 of HK10 cents) per share	**121.5**	135.0
No special dividend paid for 2008 (2008: Special dividend paid for 2007 of HK10 cents) per share	**–**	135.0
No interim dividend paid for 2009 (2008: Interim dividend paid for 2008 of HK6 cents) per share	**–**	81.0
	121.5	351.0
No final dividend was proposed for 2009 (2008: HK9 cents) per share	**–**	121.5

8. (LOSS) EARNINGS PER SHARE

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

	2009	2008
	HK$'M	*HK$'M*
(Loss) earnings		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share	**(224.1)**	924.8
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds		101.6
Earnings for the purpose of calculating diluted earnings per share		1,026.4

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic (loss) earnings per share	**1,350,274,367**	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds		225,314,665
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share		1,575,589,032

No diluted loss per share is presented for 2009 since the exercise of the Company's outstanding convertible bonds will result in a decrease in loss per share.

9. SHARE CAPITAL

	2009 and 2008	
	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 2007, 31 March 2008 and 31 March 2009	**1,350,274,367**	**337.5**

BUSINESS REVIEW

Property Development

Discovery Bay

Chianti, Phase 13 of Discovery Bay, has been well-received by the market since it was launched. Its exceptional architectural and design quality has also won recognition from the surveying and interior design industries. For example, in November 2008, Chianti was awarded the "Top Ten Property Marketing Award", the "Top Ten Property Layouts Award" and the "Best Environmental Planning Award" in the "HKIS Property Marketing Award 2008" organised by the Hong Kong Institute of Surveyors. Two show flats of Chianti, namely Cristalli Duplex and Garden Suite, clinched the "Honor Awards" in the Exhibition Hall category of the "Asia Pacific Interior Design Biennial Awards 2008", presented by Asia Pacific Federation of Architects/Interior Designers in October 2008. Another show flat, Spa Residence, also landed the "Silver Award" in the Show Flat category of "The Ring-iC@ward International Interior Design 2008" organised by the International Council of Interior Architects and Designers in December 2008. The designer responsible for Cristalli Duplex also won the "2008 China Top 10 Sample House/Room Designers Award" organised by the China Building Decoration Association. Chianti is highly regarded by the market for its superior interior design and has won a total of 11 awards over the years.

Works progress of Phase 14 of Discovery Bay, comprising 3 mid-rise blocks with a size of over 168,000 square feet GFA, has been smooth. The foundation works were completed during the year and the superstructure works have already commenced. The project is targeted for sale launch in early 2010.

Soft opening of the up-market lifestyle shopping centre in Yi Pak is scheduled for late 2009 / early 2010 and its construction works continued during the year. Meanwhile, the Group is reassessing the viability of the conference and resort hotel project in Discovery Bay in light of the uncertain sentiment in the hospitality market in both Hong Kong and Macau.

Separately, the new community hall in Yi Pak was handed over to the Government in April 2009 and opened in late May 2009. It would further enhance the community facilities provided to residents of Discovery Bay and the nearby areas, and serve as a new venue for various sports, recreation and cultural activities.

Residing in Discovery Bay, The Bounty, the only European tall ship in Hong Kong, has become a distinctive icon of local waters since it was brought in by the Group in November 2007. More and more people get to know The Bounty after she was made available for charter in September 2008. With a capacity of 60 passengers, The Bounty makes a versatile and innovative venue for a wide range of events, from corporate entertainment and training activities, to wedding banquets, private theme parties and TV drama shooting. Since its official launch, The Bounty had had over 20 chartered functions (as of 31 March 2009), opening up a new revenue source for the Group.

The Group has 50% interest in Discovery Bay.

Coastal Skyline, Tung Chung

Before the financial tsunami swept across the globe, the Group managed to capture the positive market sentiment during the Beijing Olympics and launched Le Bleu Deux, Phase 4 of Coastal Skyline, in August 2008. With its unique positioning as the only waterfront low-density mid-rise residential development in Tung Chung, Le Bleu Deux was snapped up by buyers. By the end of the year, 464 units, representing more than 88% of all 524 units, were sold at an average of HK$5,870 per square foot GFA. Le Bleu Spa Villa, one of the specialty units, was sold at HK$12,979 per square foot GFA, setting a new record price for Tung Chung properties.

Le Bleu Deux's show flats also won a lot of accolades during the year. For example, 2 show flats of Le Bleu Deux, including a standard unit and Spa Villa, clinched the "Champion" of "Asia Pacific Interior Design Biennial Awards 2008" presented by Asia Pacific Federation of Architects/Interior Designers and the "Honourable Awards" of "CIID China Interior Design Awards 2008" organised by the China Institute of Interior Design in October 2008. The same show flats were also awarded the "Silver Award" and "Excellence Award" in the "7th China International Interior Design Biennial Awards" presented by the China National Interior Decoration Association in December 2008.

Already sold out in early 2008, La Rossa, Phase 3 of Coastal Skyline, continued to win interior design awards during the year. For example, one of its show flats won the "Third Place" in the "Asia Pacific Interior Design Biennial Awards 2008" in October 2008 and the "Gold Award" in the "4th Sino-Chinese Interior Design Awards 2008" presented by FIID in November 2008. In December 2008, the show flat was also given the "Excellence Award" in the "7th China International Interior Design Biennial Awards".

The Group has 31% interest in the Coastal Skyline project.

Dazhongli Project in Jingan, Shanghai

The Group's development project in Dazhongli ("Dazhongli project") achieved encouraging progress during the year. Preparation works for this mixed-use commercial project began in March 2009, with the commencement of relocation of a historical building within the site.

Located in the heart of the Jingan district, one of the prime areas in Shanghai, the Dazhongli project enjoys superb accessibility to the whole city as it would be connected seamlessly with the Metro system. With a total floor area of approximately 330,000 square metres, it will be developed into a world class project comprising large-scale offices, hotels and retail facilities.

Resettlement works continued to progress smoothly. Site clearance of Phase 1 was practically completed during the year. By the end of March 2009, about 55% of the total units in Phase 2 had signed up agreements and/or moved out from the site. The master layout plan was approved in October 2008 and the schematic design was submitted for approval. The project is anticipated to be completed by phases in 2013 and 2014.

The strategic partnership between the Group and Swire Properties Limited has not only enhanced the investment value of the Dazhongli project, but has also taken it to a new level as both companies are able to contribute their respective expertise to bring out the best of the project. With its prime location, combination of comprehensive facilities and excellent transportation infrastructure in the Jingan district, the Dazhongli project is poised to become a new landmark in Shanghai.

The Group has 50% interest in the Dazhongli project.

Chelsea, Shanghai

Chelsea, the Group's wholly-owned deluxe serviced apartments in Shanghai, is being renovated and upgraded. To take advantage of the warming property market sentiment in Shanghai, the Group would launch the property for strata-title sale in May 2009. Located in the prestigious Huashan Road residential area and facing the legendary Ding Xiang Garden, it will bring an additional 116 stylish homes to the city. Due to the limited supply in the district, the incredible panoramic views and the unparalleled location enjoyed by the property, we are confident that the property will be well-received by the market.

The Exchange, Tianjin
The Exchange, the Group's 15%-owned investment property in Tianjin, comprises Phase 1 (retail mall and north office tower) and Phase 2 (hotel and south office tower). The rental income of The Exchange during the year was stable and satisfactory. The average occupancy rates of the retail mall, two office towers and the hotel were 97%, 75% and 60% respectively. The total GFA of the project is around 152,000 square metres.

Beaufort on Nassim, Singapore
In Singapore, the Group's Beaufort on Nassim, a luxury low-rise development in the Nassim enclave, was completed in September 2008 and the Certificate of Statutory Completion was received in April 2009. Of the total of 30 units, transactions in 28 units were completed during the year, generating a profit of S$66 million (approximately HK$356 million).

The Sukhothai Residences, Thailand
Construction works of The Sukhothai Residences, the Group's high-end freehold development in Bangkok, continued during the year and were well on schedule.

Leveraging on the brand equity of The Sukhothai hotel and the Group's outstanding track record, The Sukhothai Residences has received encouraging market response since it was launched in late 2007. By the end of March 2009, 141 units were sold, representing approximately 72% of the 196 units available, and fetched about Thai Baht 6,457 million (approximately HK$1,408 million). This ultra-luxury 41-storey condominium tower is targeted for completion in 2011 and will become a new landmark in the Bangkok Central Business District.

Property Investment

D Deck, the largest oceanfront alfresco dining hotspot in Hong Kong, has captured the hearts of local and international diners. More than 20 thematic restaurants along the waterfront promenade offer customers an ultimate dining experience, combining gourmet dining with a breathtaking sea view and a touch of European ambience. Patronage has been increasing steadily and creative publicity campaigns will be rolled out continuously to market D Deck as one of the most unique dining destinations in Hong Kong.

Meanwhile, DB Plaza continued to serve the community, delivering a wide variety of products and services to residents and visitors. Together with D Deck, DB Plaza attained an occupancy rate of 94% as of 31 March 2009 and generated stable rental income for the Group.

Despite unfavourable retail and leasing market condition, the Group's long-term commercial and industrial property investment portfolio continued to maintain good occupancy rates and provided the Group with stable recurrent income. As of 31 March 2009, the Group's wholly-owned West Gate Tower in Cheung Sha Wan, CDW Building in Tsuen Wan and Joyce Building in Wong Chuk Hang recorded occupancy rates of 93%, 94% and 100% respectively. The 50%-owned Discovery Park Shopping Centre in Tsuen Wan also attained an occupancy rate of 92%.

During the year, the Group disposed of the commercial premises on 2nd Floor of Peninsula Centre in Tsim Sha Tsui East to an independent third party at a consideration of HK$228 million.

With a view to adding value to its investment portfolio, the Group has always been actively exploring investment opportunities in the secondary market. Taking into account the current economic downturn, the Group will seize every opportunity to seek to generate more income through strategic acquisitions and disposals.

Capturing the development potential in Japan, the Group acquired DIA Palace II, a 39-unit en bloc residential building in Sapporo in 2008. DIA Palace II has been held as an investment property and achieved an occupancy rate of 97% by the end of the year, providing the Group with a stable and recurrent rental income. The Group will be on the lookout for other good investment opportunities in Japan and elsewhere in Asia.

Services Provided

The 4 Clubs in Discovery Bay continued to deliver unparalleled services to members, and registered moderate rise in turnover during the year. Amongst them, Discovery Bay Golf Club remained a favourite venue for international golf events in Hong Kong. It attracted attention from both local and overseas media when it hosted the qualifying tournament of Volvo China Open in March 2009.

Apart from the Clubs, the Group’s other subsidiaries continued to provide professional property management and transportation services to the residents of Discovery Bay.

Hospitality

Despite the slowdown in business activities in Thailand due to the unstable political situation, the performances of The Sukhothai hotel and Siri Sathorn serviced residences in Bangkok were not too severely affected during the year. The average occupancy achieved at The Sukhothai hotel and Siri Sathorn were 53% and 71% respectively.

The Sukhothai hotel continued to clinch regional and international accolades during the year. It was ranked 11th in “The World’s Best Hotels 2008” award organised by the Institutional Investor magazine in November 2008 and named the “Best Business Hotel in Bangkok” by the Business Traveller magazine in October 2008. In January 2009, it was recognised as one of the top hotels on the “Gold List – The World’s Best Places to Stay” by Conde Nast Traveler US magazine and its exceptional spa facility, Spa Botanica, was also picked as one of the “76 Hot Spas in the World” by the same magazine in May 2008.

In Singapore, The Sentosa Resort & Spa, the Group’s luxury spa resort was affected by the reduction in demand for meeting and conference venues, as a result both the average occupancy rate and top line revenue were affected. The average occupancy achieved was 65% for the year. The Sentosa Resort & Spa is expected to benefit from the increase in tourist arrivals with the opening of the two integrated resorts in Marina Bay and Sentosa Island, scheduled for opening in late 2009 and early 2010 respectively.

The Sentosa Resort & Spa won a number of awards during the year. In June 2008, it landed the prestigious title of “Singapore’s Leading Spa Resort” awarded by the “World Travel Awards” for the fourth consecutive year. It also won the 2nd Runner-Up of the “Best Brand Experience Awards” in the Leisure Resort and Spa category of “AdAsia Readership Travel Survey” in February 2009.

Spa Botanica, Singapore’s first garden destination spa, was voted the “Best Spa in Singapore” in the “Lifestyle + Travel Readers’ Choice Awards 2008” in May 2009. It was also voted the “Top Spa in Singapore” in the “SpaFinder Readers’ Choice Award 2008” in September 2008, and recognised as the “Best Overseas Spa” by readers of Luxury Travel magazine in June 2008.

The Group’s hotels, spas and serviced apartments remain at the forefront of the international hospitality scene, and are well-positioned to take advantage of a boom in tourism when the global economy recovers.

Securities Investment

The Group's securities investments have been diversified and managed by external professional fund managers and internal personnel in a prudent manner. During the year, performance of the Group's investment portfolio was affected by the meltdown of global financial markets. As of 31 March 2009, a net loss of HK$403.0 million was recorded as a result of liquidation of certain investment in securities, marked-to-market downward valuation of some of the managed funds, and the impairment made for available-for-sale financial assets.

The Group is also a cornerstone investor of Sino-Ocean Land Holdings Limited and as at 31 March 2009, it held 20,245,500 shares of the company. The investment has been classified as available-for-sale financial asset.

Healthcare

The business of GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary engaging in healthcare services, continued to improve over the years. It recorded a turnover of HK$352.0 million, 11% up from last year.

GenRx is currently operating 56 medical and dental facilities through its subsidiaries in 7 cities across Asia, namely Hong Kong, Beijing, Shanghai, Guangzhou, Shenzhen, Macau and Manila. Its comprehensive service network comprises cancer centres, dental clinics, diabetic and cardiovascular centres and multi-specialty outpatient centres affiliated with ambulatory hospitals.

GenRx opened its first Healthway Medical Centre in Guangzhou in March 2009. Located in the new Zhujiang area, the centre is positioned as an outreach of GenRx medical service in Hong Kong and a platform for Hong Kong doctors to practise in the Southern region of the Mainland. In May 2008, the second Healthway Medical Centre in Shanghai opened in the Huangpu district of Puxi. The centre is equipped with state-of-the-art health check-up facilities, central laboratory facilities, a medical consultation clinic and a dental clinic.

With its leading position in the private healthcare sector, GenRx will continue to grow its business by capitalising on the rising demand for quality medical services in Hong Kong, the Mainland and the region.

Manufacturing

Unstable fuel prices and rising material costs continued to bring pressure to the Group's sanitaryware business. However, Imperial Bathroom Products Limited ("Imperial") was able to deliver encouraging results by maintaining its turnover at HK$199.2 million amid unfavourable operating conditions. Imperial, despite the financial crisis, is fortunate that a large portion of its revenues is derived from Australia where the construction and renovation markets have remained stable. For the coming year, the company will open new markets, rationalise its product range and fine-tune its premium positioning.

Construction

Hanison Construction Holdings Limited ("Hanison"), the Group's 49%-owned associated company engaging primarily in construction business, delivered a steady performance notwithstanding the gloomy property market. The consolidated turnover during the year was HK$1,828.5 million, 26.5% higher than last year's HK$1,445.9 million. However, the company incurred a loss of HK$59.4 million, compared to last year's HK$94.3 million profit. The loss, the first time since the company was listed on the Stock Exchange in 2002, was mainly attributable to the drop in gross profit margin and loss on change in fair value of investment properties. Operations of the company have remained sound. With its solid foundation and expertise in the construction industry, Hanison will continue to participate actively in construction tenders and acquire properties with good investment value, with a view to strengthening its competitiveness and further developing its business.

HUMAN RESOURCES AND ADMINISTRATION

Despite the downturn, the Group seeks to maintain the existing workforce and is closely monitoring the economic situation. As of 31 March 2009, the Group had a total of 3,417 employees in Hong Kong and overseas.

To develop a talented workforce that can cope with the increasing complexity of its business, the Group implemented a Leadership Competency Model at senior staff level, which articulates the leadership prerequisites for outstanding performance, to guide and drive various human resources processes like recruitment and training. The Talent Review and Succession Planning process was kick-started during the year to help identify key talents within the Group, with a view to ensuring its sustained growth. At the same time, an enhanced Performance Management System was introduced to senior staff, focusing on goal setting and alignment, to foster a performance-driven culture.

A series of senior executives' sharing sessions, training courses and seminars on customer services, management skills, languages, safety and health, etc, were conducted throughout the year. In October 2008, the Group also took part in Hong Kong's first Work-Life Balance Day which aims to promote the balance of work and private life for employees.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group has been reaching out to extend our love and care to people in need through participation in charitable events, volunteer activities and social services.

In May 2009, the Group's corporate volunteer team *HKR Care & Share* participated in the flag-selling activity of Playright Children's Play Association that seeks to enrich the life of children through quality play. In April 2008, the Group worked with Junior Achievement Hong Kong on a Job Shadowing Programme to provide secondary students with an opportunity to experience the real business world and develop career aspiration by working with designated colleagues / mentors in various departments. The Group also partnered with non-profit organisations and tertiary institutes to organise job fairs, youth career talks and internship placements during the year.

To play our part in promoting public interest and awareness in arts and culture, the Group also sponsored the Piano Recital by Argentine pianist Sergio Tiempo at the 37th Hong Kong Arts Festival in February 2009.

In appreciation of our contribution to the community, the Hong Kong Council of Social Service awarded the Group the "Caring Company" logo for the fourth consecutive year. The Social Welfare Department also awarded the Group the "Silver Award for Volunteer Service" in December 2008.

INFORMATION TECHNOLOGY

The Group continued to enhance its operational efficiency and collaboration among staff through constantly upgrading and improving the information systems and communication technology.

Web services have been introduced to improve on-line customer experience. The new Internet based Job Application System launched during the year allows simultaneous on-line application submission, screening and notification. System management tools were installed to monitor the availability and performance of IT services. The secured remote access system allows mobile workforce to access the Group's internal system and information through standard web browser technology, which also forms the backbone of the home-office arrangement as a contingency measure for pandemic outbreak.

OUTLOOK

As a strategic response to the global financial tsunami, the Group focused on conserving resources, rebalancing assets, and enhancing competitiveness during the year.

With a tradition of prudent development, decades of solid foundation, and an experienced and committed management team, the Group has successfully strengthened its financial and market position in all the markets where it operates. The Group will continue to watch out for investment opportunities in Asia and seek to enter markets that offer outstanding growth potential.

Benefiting from the experience and insight of our board of directors and with the teamwork of all staff, we are moving forward despite the downturn. We are confident that the Group is well positioned to take advantage of an eventual global rebound, and to continue our growth and delivery of excellent values to our shareholders and stakeholders in the long run.

FINANCIAL REVIEW

Shareholders’ Funds

As at 31 March 2009, the shareholders’ funds of the Group reduced by HK$456.5 million to HK$9,698.4 million (2008: HK$10,154.9 million). The reduction was mainly due to decrease of fair value of investment properties and a net loss in investment in securities. The overall gross profit margin for the Group was 34.7% (2008: 41.4%).

Major cash flows to / from investing activities

During the financial year, the Group continued to capitalise one of its major development projects located in Jingan, Shanghai, in which the Group holds 50% equity interest, for HK$1,696.8 million.

In addition, the sale of property units of Le Bleu Deux in Tung Chung by Tung Chung Station Development Company Limited (“TCSDCL”), in which the Group has 31% interest, was satisfactory. TCSDCL has repaid HK$682.0 million shareholders’ loan to the Group during the financial year.

Major cash flows from operating activities

The sale of residential properties located in Discovery Bay, Hong Kong, Nassim Road, Singapore and The Sukhothai Residences, Bangkok contributed approximately HK$587.4 million, HK$589.9 million and HK$198.3 million cash respectively to the Group during the financial year.
The Group has disposed certain investment properties located in Discovery Bay and other areas of Hong Kong that contributed HK$309.5 million cash to the Group.

Investment properties of the Group generated approximately HK$259.2 million operating cash during the financial year.

Major cash flows to financing activities

On 26 April 2008, the Group partially redeemed its zero coupon convertible bonds due 2010 (the "Bonds") in the principal amount of HK$434.0 million for an early redemption price of HK$505.6 million as a result of the exercise of put option by certain bondholders.

During October 2008 to February 2009, the Group repurchased a total principal amount of HK$329.0 million of the Bonds for a gross consideration of HK$360.5 million.

Financial Liquidity

As at 31 March 2009, the Group had total cash and securities investment of HK$2,889.7 million (2008: HK$3,572.4 million) whilst total bank borrowings were HK$3,382.1 million (2008: HK$2,357.6 million). The major changes in liquid assets and bank borrowings were reflected in the capitalisation of certain development projects and acquisition located in Hong Kong, Shanghai, Thailand, Singapore and Japan.

Gearing

The Group's gearing ratio stood at a reasonable level of 22.3% (2008: 22.9%) as calculated by the Group's consolidated net borrowings to the shareholders' funds.

Banking Facilities

As at 31 March 2009, the Group had adequate internal cash and banking facilities, both secured and unsecured, to finance its development projects and operations. As at 31 March 2009, the unutilised credit facilities amounted to HK$2,438.8 million (2008: HK$4,263.3 million).

The maturity profile of bank borrowings were 30.2% (2008: 25%) falling within one year, 0.1% (2008: 3%) falling between one to two years, and 69.7% (2008: 72%) falling between two to five years as at 31 March 2009.

Treasury Policy

The Group has centralised 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 made. 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 2009, the Group had pledged an investment property with a carrying value of HK$646.4 million (2008: HK$729.0 million), property, plant and equipment of HK$9.4 million (2008: HK$9.9 million), a property under development of HK$95.3 million (2008: HK$512.1

million) and bank deposits of HK$58.9 million (2008: HK$79.6 million) to secure banking facilities granted to the Group.

Royston Investment Limited, HKR Properties Limited, HKR Asia-Pacific Pte Ltd and National Asset Limited, the Company's wholly owned subsidiaries, subordinated the inter-company debts due from one of their subsidiaries respectively in amount of HK$31.8 million (2008: nil), nil (2008: HK$29.0 million), nil (2008: HK$401.0 million) and HK$26.8 million (2008: HK$35.6 million) to secure certain general banking facilities granted to the particular subsidiaries.

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 slightly by HK$1.2 million to HK$161.6 million (2008: HK$160.4 million) due to exchange translation.

Saved as aforesaid disclosure, the Group did not have other contingent liabilities as at 31 March 2009.

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

On 26 April 2008, the Company partially redeemed and cancelled the zero coupon convertible bonds due in 2010 (the "Bonds") in the principal amount of HK$434.0 million pursuant to the terms and conditions of the Bonds. During the year, the Company further repurchased and cancelled part of the Bonds in the aggregate principal amount of HK$329.0 million. As at 31 March 2009, the principal amount of the Bonds outstanding was HK$647.0 million which will be due on 26 April 2010 and are subject to any possible early redemption and/or repurchases by the Company pursuant to the terms and conditions of the Bonds. The Bonds are listed on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

Save as disclosed above, 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 (the "Listing Rules") on the Stock Exchange except for certain deviations from the code provisions A.2.1 (division of responsibilities between the chairman and chief executive officer be clearly established and set out in writing), A.4.1 (non-executive directors ("NEDs") be appointed for a specific term), E.1.1 (for each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of the meeting) and E.1.2 (chairman to attend AGM), the considered reasons for such deviations have been reported in the Company's interim report for the six months ended 30 September 2008.

During the year, Company has also deviated from code provision A.3 of CG Code (minimum of three independent non-executive directors ("INEDs") as per rule 3.10 of Listing Rules) and code provision B.1.1 of CG Code (majority members of remuneration committee should be INEDs) for the following reasons.

On 4 December 2008, Mr CHEUNG Wing Lam Linus ("Mr CHEUNG") was re-designated from INED to NED of the Company. Subsequent to the re-designation of Mr CHEUNG, the Company had not been able to comply with the requirements of rules 3.10(1) and 3.21 of the Listing Rules, code provision B.1.1 of the CG Code and the respective terms of reference of the audit committee and remuneration committee of the Company since immediately following the re-designation of directorship of Mr CHEUNG, the Company had only two INEDs namely, Dr CHENG Kar Shun Henry and Dr The Honourable CHEUNG Kin Tung Marvin and the composition of both the audit committee and the remuneration committee of the Company was rendered below the requirement of the majority of the members of each committee should be INEDs.

On 3 March 2009, the Company made an announcement pursuant to the disclosure requirement under rule 3.11 of the Listing Rules in respect of the continuing failure in appointing the minimum number of INEDs.

With effect from the conclusion of the board meeting of the Company held on 22 July 2009, the Company appointed Dr QIN Xiao as an INED and member of the audit committee and member of remuneration committee of the Company (please refer to the relevant paragraphs under the heading of "Appointment of Independent Non-Executive Director, Member of Audit Committee and Member of Remuneration Committee"). Immediately after the new appointment, the Company has complied with the requirements of rules 3.10(1) and 3.21 of the Listing Rules, code provision B.1.1 of CG Code and the respective terms of reference of the audit committee and remuneration committee of the Company.

The considered reasons for deviations and details of the Company's compliance with the CG Code are set out in the corporate governance report contained in the annual report 2008/2009 of the Company to be published shortly.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The final results of the Group for the year ended 31 March 2009 have been reviewed by the audit committee of the Company. In addition, the figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2009 as set out in the preliminary results announcement have been agreed by the Group's independent auditor to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2009.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

In light of the recent amendments to the Listing Rules which became effective on 1 January 2009 and in order to bring the provisions set out in the memorandum and articles of association of the Company ("M&A") in line with such amendments, the Directors propose to amend the relevant provisions in the M&A to give effect to the following:

(a) to update the registered office address of the Company in the Cayman Islands;

(b) to allow the Company to use the Company's website and other electronic means to send or make available notices or documents to the Shareholders, subject to compliance with the Listing Rules and applicable laws of the Cayman Islands;

(c) to specify that (i) an annual general meeting and a meeting called for the passing of a special resolution shall be called by written notice of not less than 21 days or not less than 20 business days (whichever is longer); (ii) a meeting other than an annual general meeting or a meeting for the passing of a special resolution shall be called by written notice of not less than 14 days and not less than 10 business days (whichever is longer);

(d) to specify that all resolutions at general meetings of the Company shall be decided by poll; and

(e) to re-define the basis for determining the number of directors to retire at annual general meetings.

The proposed amendments to the M&A will be subject to approval of the shareholders of the Company by way of special resolutions to be proposed at the AGM. Full text of the special resolutions containing details of the proposed amendments to the M&A and the adoption of the reprinted M&A will be contained in the notice of the AGM and will be despatched to shareholders in due course

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF AUDIT COMMITTEE AND MEMBER OF REMUNERATION COMMITTEE

The Board is pleased to announce that Dr QIN Xiao ("Dr QIN") has been appointed an independent non-executive director ("INED") and member of the audit committee and remuneration committee of the Company with effect from the conclusion of the board meeting held on 22 July 2009.

Dr QIN, aged 62, is the chairman and non-executive director of China Merchants Bank Co., Ltd. and independent non-executive director of China Telecom Corporation Limited, both of which are listed companies in Hong Kong. He is also the chairman of China Merchants Group. Dr QIN is a member of the Eleventh Chinese People's Political Consultative Conference and honorary chairman of Hong Kong Chinese Enterprises Association, guest professor at the School of Economics and Management of Tsinghua University and the Graduate School of the People's Bank of China. Before joining China Merchants Group, he served as president and vice chairman of China International Trust and Investment Corporation ("CITIC"), and chairman of CITIC Industrial Bank. He was a deputy to the Ninth National People's Congress, an advisor on the Foreign Currency Policy of the State Administration of Foreign Exchange, and a member of Toyota International Advisory Board, he also served as chairman of APEC Business Advisory Council for the Year 2001. He is the author of several papers and books in the fields of economics and management. Dr QIN received a PhD degree in economics from University of Cambridge.

Save as disclosed above, Dr QIN did not hold directorship in other listed public companies in the past three years.

Dr QIN is not related to any directors, senior management or substantial or controlling shareholders of the Company. As at the date of this announcement, he did not have any interest in the shares and rights of the Company and its associated corporation within the meaning of Part XV of the Securities of Futures Ordinance.

There is no service contract entered into between Dr QIN and the Company. Dr QIN will receive director's fee as determined by the Board, pursuant to authority given by the shareholders of the Company at general meeting from time to time, with reference to his duties and responsibilities at the Company and the prevailing market situation. By reference to the basic fee of HK$100,000 per annum paid to each NED and additional fees of HK$100,000 per annum paid to each member of each of the audit committee and remuneration committee of the Company for the year ended 31 March 2009, Dr QIN will receive comparable amount in proportion to the term of service for acting as an INED and member of both the audit and remuneration committees of the Company for the year ending 31 March 2010.

Dr QIN is not appointed for a specific term or any proposed length of services and his directorship is subject to retirement at the forthcoming AGM in 2009, at which time he will be eligible for re-election pursuant to article 99 of the Company's articles of association. Thereafter, Dr QIN will be subject to retirement by rotation and re-election at the AGMs of the Company at least once every three years in accordance with code provision A.4.2 of CG Code.

Save as disclosed above, there is no information in relation to the appointment of Dr QIN that needs to be disclosed pursuant to rule 13.51(2) of the Listing Rules or any other matters in relation to his appointment that need to be brought to the attention of the holders of securities of the Company.

The Board would like to extend its warmest welcome to Dr QIN for his appointment.

Immediately following the appointment of Dr QIN, the Company has fully complied with the requirements for minimum number of INEDs and that majority of the members of each of the audit committee and remuneration committee of the Company should be INEDs as set out in rules 3.10(1) and 3.21 of the Listing Rules, code provision B.1.1 of CG Code and the respective terms of the reference of the two committees.

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

Hong Kong, 22 July 2009

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 CHEUNG Tseung Ming
Mr CHUNG Sam Tin Abraham
Mr TANG Moon Wah

Non-executive Directors
The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Mr CHEUNG Wing Lam Linus
Ms HO Pak Ching Loretta
Ms WONG CHA May Lung Madeline

Independent Non-executive Directors
Dr CHENG Kar Shun Henry
Dr The Honourable CHEUNG Kin Tung Marvin
Dr QIN Xiao

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