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HKR

INTERNATIONAL LTD.
香港興業國際集團

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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the “Board” or the “Directors”) of HKR International Limited (the “Company”) announces the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011 (the “Period”).

INTERIM RESULTS

The Group’s unaudited consolidated profit attributable to shareholders of the Company for the Period was HK\$242.4 million, compared with HK\$776.0 million (restated) for the corresponding period last year. Earnings per share were HK18.0 cents, compared with HK57.5 cents (restated) for the corresponding period last year.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend to its shareholders for the Period. An interim dividend of HK7 cents per share was paid by the Company to its shareholders for the corresponding period last year.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
	<i>NOTES</i>	2011 <i>HK\$'M</i> (unaudited)	2010 <i>HK\$'M</i> (unaudited and restated)
Turnover	3	835.6	868.0
Cost of sales		<u>(547.5)</u>	<u>(589.2)</u>
Gross profit		288.1	278.8
Other income		57.4	36.8
Administrative expenses		(198.7)	(188.7)
Other gains and losses		(15.3)	112.5
Change in fair value of investment properties			
Realised gains on disposals		1.3	1.0
Unrealised gains		306.5	549.7
Finance costs	4	(26.0)	(20.3)
Share of results of associates		37.8	99.7
Share of results of jointly controlled entities		<u>(84.2)</u>	<u>48.9</u>
Profit before taxation	5	366.9	918.4
Taxation	6	<u>(41.9)</u>	<u>(52.4)</u>
Profit for the period		<u>325.0</u>	<u>866.0</u>
Attributable to:			
Owners of the Company		242.4	776.0
Non-controlling interests		<u>82.6</u>	<u>90.0</u>
		<u>325.0</u>	<u>866.0</u>
Earnings per share	8		
Basic (HK cents)		<u>18.0</u>	<u>57.5</u>
Diluted (HK cents)		<u>N/A</u>	<u>57.1</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2011	2010
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(unaudited)	(unaudited and restated)
Profit for the period	<u>325.0</u>	<u>866.0</u>
Other comprehensive (expense) income:		
Exchange differences arising from translation of foreign operations	(21.6)	134.4
Share of exchange reserve of jointly controlled entities and associates	165.5	91.9
Available-for-sale financial assets:		
Fair value changes during the period	(23.9)	(13.9)
Reclassified to profit or loss upon disposal	—	(9.2)
Deferred tax arising from fair value change	<u>0.1</u>	<u>(0.3)</u>
Other comprehensive income for the period (net of tax)	<u>120.1</u>	<u>202.9</u>
Total comprehensive income for the period	<u><u>445.1</u></u>	<u><u>1,068.9</u></u>
Total comprehensive income attributable to:		
Owners of the Company	367.8	975.2
Non-controlling interests	<u>77.3</u>	<u>93.7</u>
	<u><u>445.1</u></u>	<u><u>1,068.9</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	30 September 2011 <i>HK\$'M</i> (unaudited)	31 March 2011 <i>HK\$'M</i> (audited)
Non-current assets			
Investment properties		6,487.5	6,133.1
Property, plant and equipment		2,455.1	2,460.1
Prepaid lease payments		35.1	35.8
Interests in associates		541.8	514.1
Interests in jointly controlled entities		6,363.9	6,011.2
Amount due from an associate		111.0	104.2
Held-to-maturity investments		75.9	84.2
Available-for-sale financial assets		36.5	60.6
Other assets		126.9	129.4
Deferred tax assets		8.5	7.6
		16,242.2	15,540.3
Current assets			
Inventories		159.2	160.7
Properties held for sale		17.5	17.5
Trade receivables	9	83.6	110.8
Deposits, prepayments and other financial assets		174.1	180.4
Properties held for/under development for sale		2,948.8	2,727.4
Amounts due from associates		80.1	91.1
Amount due from a jointly controlled entity		46.4	36.3
Taxation recoverable		17.8	23.8
Held-to-maturity investments		124.2	62.6
Financial assets at fair value through profit or loss		0.2	0.2
Pledged bank deposits		2.8	2.9
Bank balances and cash		2,281.0	2,379.9
		5,935.7	5,793.6
Current liabilities			
Trade payables, provision and accrued charges	10	789.2	919.8
Deposits received and other financial liabilities		599.7	621.2
Amount due to an associate		19.6	5.5
Taxation payable		71.8	58.6
Bank and other loans due within one year		3,721.1	1,521.1
Other liabilities due within one year		22.7	6.3
		5,224.1	3,132.5
Net current assets		711.6	2,661.1
Total assets less current liabilities		16,953.8	18,201.4

	30 September 2011 HK\$'M (unaudited)	31 March 2011 HK\$'M (audited)
Non-current liabilities		
Bank and other loans due after one year	345.8	2,002.0
Other liabilities due after one year	1,299.9	1,177.9
Deferred tax liabilities	152.3	144.7
	<u>1,798.0</u>	<u>3,324.6</u>
	<u>15,155.8</u>	<u>14,876.8</u>
Capital and reserves		
Share capital	337.5	337.5
Reserves	13,529.5	13,234.2
	<u>13,867.0</u>	<u>13,571.7</u>
Equity attributable to owners of the Company	1,288.8	1,305.1
Non-controlling interests	<u>15,155.8</u>	<u>14,876.8</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011 except as described below.

- (a) In the current interim period, the Group has applied, for the first time, a number of new or revised Standards and Interpretations (“new and revised HKFRSs”) issued by the HKICPA, including:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosure
HK(IFRIC) — INT 19 (Amendments)	Extinguishing financial liabilities with equity instruments

The adoption of these new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

- (b) Early adoption of HKAS 12 (Amendments) Income taxes

In the preparation of the annual financial statements for the year ended 31 March 2011, the Group early adopted the amendments to HKAS 12 “Income taxes” (the “Amendments”) which was issued in December 2010 by the HKICPA, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 “Investment property”. In the preparation of the condensed consolidated financial information for the six months ended 30 September 2010, the Group had not adopted such Amendments.

As a result of this change in policy, the Group now measures any deferred tax liability in respect of the Group’s investment properties with reference to the tax liability that would arise if the investment properties were disposed of at their carrying amounts at the end of the reporting period, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use.

This change in accounting policy has been applied retrospectively and accordingly the comparative figures in the condensed consolidated income statement have been restated. The effects in respect of the six months ended 30 September 2010 are shown as follows:

	As previously reported <i>HK\$'M</i>	Effect of adoption of amendments to HKAS 12 <i>HK\$'M</i>	As restated <i>HK\$'M</i>
Condensed consolidated income statement for the six months ended 30 September 2010:			
Share of results of associates	93.1	6.6	99.7
Taxation	(120.8)	68.4	(52.4)
Profit for the period	791.0	75.0	866.0
Attributable to:			
Owners of the Company	711.0	65.0	776.0
Non-controlling interests	<u>80.0</u>	<u>10.0</u>	<u>90.0</u>
Earnings per share			
Basic (HK cents)	52.7	4.8	57.5
Diluted (HK cents)	<u>52.4</u>	<u>4.7</u>	<u>57.1</u>
Condensed consolidated statement of changes in equity as of 30 September 2010:			
Investment property revaluation reserve	<u>1,738.7</u>	<u>214.5</u>	<u>1,953.2</u>

3. SEGMENT INFORMATION

The Group is currently organised into seven operating divisions: property development, property investment, services provided (clubs operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, dental clinics, diabetic and cardiovascular centres, imaging centre and multi-specialty outpatient centres), manufacturing (manufacturing and sales of bathroom products) and securities investment. Each of the operating divisions represents an operating and reportable segment. The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operation <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Manufacturing <i>HK\$'M</i>	Securities investment <i>HK\$'M</i>	Total <i>HK\$'M</i>
Six months ended 30 September 2011								
TURNOVER								
Segment revenue — sales to external customers derived by the Group and associates	437.6	177.5	213.1	181.2	168.9	122.6	—	1,300.9
Excluding turnover of associates	(437.3)	(17.9)	—	—	—	—	—	(455.2)
Excluding sale proceeds of certain investment properties (<i>note 1</i>)	—	(10.1)	—	—	—	—	—	(10.1)
Consolidated turnover, as reported	<u>0.3</u>	<u>149.5</u>	<u>213.1</u>	<u>181.2</u>	<u>168.9</u>	<u>122.6</u>	<u>—</u>	<u>835.6</u>
RESULTS								
Segment results — total realised results of the Group, associates and jointly controlled entities (<i>note 2</i>)	8.1	106.0	39.6	6.0	(16.9)	(16.1)	2.6	129.3
Excluding realised results of associates and jointly controlled entities not shared by the Group	0.1	(18.3)	—	—	—	—	—	(18.2)
Results attributable to the Group	<u>8.2</u>	<u>87.7</u>	<u>39.6</u>	<u>6.0</u>	<u>(16.9)</u>	<u>(16.1)</u>	<u>2.6</u>	111.1
Unallocated corporate expenses								(29.0)
Finance costs and corporate level exchange difference								(10.4)
Net unrealised gains on fair value change of investment properties (<i>note 3</i>)								305.5
Net unrealised loss on fair value change of investment properties attributable to the Group's interest in a jointly controlled entity and associates, net of deferred tax								(52.2)
Profit for the period								325.0
Non-controlling shareholders' share of profit for the period								(82.6)
Profit for the period attributable to the owners of the Company								<u>242.4</u>

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Securities investment HK\$'M	Total HK\$'M
Six months ended 30 September 2010								
TURNOVER								
Segment revenue — sales to external customers derived by the Group and associates	421.8	225.4	190.6	144.0	217.9	110.2	9.2	1,319.1
Excluding turnover of associates	(385.1)	(42.1)	—	—	—	—	—	(427.2)
Excluding sale proceeds of certain investment properties (<i>note 1</i>)	—	(14.7)	—	—	—	—	—	(14.7)
Excluding sale proceeds of securities investment	—	—	—	—	—	—	(9.2)	(9.2)
Consolidated turnover, as reported	<u>36.7</u>	<u>168.6</u>	<u>190.6</u>	<u>144.0</u>	<u>217.9</u>	<u>110.2</u>	<u>—</u>	<u>868.0</u>
RESULTS								
Segment results — total realised results of the Group, associates and jointly controlled entities (<i>note 4</i>)	178.0	217.8	30.8	(8.8)	(10.3)	(7.4)	12.2	412.3
Excluding realised results of associates and jointly controlled entities not shared by the Group	(113.5)	2.8	—	—	—	—	—	(110.7)
Results attributable to the Group	<u>64.5</u>	<u>220.6</u>	<u>30.8</u>	<u>(8.8)</u>	<u>(10.3)</u>	<u>(7.4)</u>	<u>12.2</u>	301.6
Unallocated corporate expenses								(35.4)
Finance costs and corporate level exchange difference								(17.5)
Net unrealised gains on fair value change of investment properties (<i>note 5</i>)								525.3
Net unrealised gain on fair value change of investment properties attributable to the Group's interest in a jointly controlled entity and associates, net of deferred tax								92.0
Profit for the period								866.0
Non-controlling shareholders' share of profit for the period								(90.0)
Profit for the period attributable to the owners of the Company								<u>776.0</u>

Notes:

- (1) For property investment segment, revenue included rental income generated from investment properties and the sale proceeds arising from disposal of particular investment property in Shanghai, the People's Republic of China. Such disposal proceeds were excluded for consolidated turnover for reporting purpose.
- (2) The segment results of the Group represent the total results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the six months ended 30 September 2011 included realised gains on fair value change of investment properties of HK\$1.3 million, deferred tax credit on disposal of investment properties of HK\$2.9 million and recognition of current tax upon disposal of investment properties of HK\$2.9 million.
- (3) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2011 of HK\$305.5 million represented the unrealised gain on fair value change of investment properties of HK\$306.5 million net of the deferred tax arising from change in fair value of HK\$1.0 million.
- (4) The segment results of the Group represent the total results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the six months ended 30 September 2010 included realised gains on fair value change of investment properties of HK\$1.0 million, deferred tax credit on disposal of investment properties of HK\$4.9 million and recognition of current tax upon disposal of investment properties of HK\$4.9 million.
- (5) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2010 of HK\$525.3 million represented the unrealised gain on fair value change of investment properties of HK\$549.7 million net of the deferred tax arising from change in fair value of HK\$24.4 million.

4. FINANCE COSTS

	For the six months ended 30 September	
	2011	2010
	<i>HK\$'M</i>	<i>HK\$'M</i>
Interest on		
Bank and other loans wholly repayable within five years	20.2	8.9
Other borrowings wholly repayable within five years	5.9	1.1
Convertible bonds — liability component wholly repayable within five years	—	3.8
	26.1	13.8
Less: Amounts included in the cost of properties held for/under development for sale	(5.9)	(1.0)
	20.2	12.8
Bank loan arrangement fees	5.8	7.5
	26.0	20.3

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2011	2010
	<i>HK\$'M</i>	<i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Bank and other interest income	(17.5)	(11.8)
(Gain) loss on disposal of property, plant and equipment	(0.1)	0.1
Interest income from provision of financial services	(0.3)	(0.7)
Net exchange loss (gain)	15.3	(18.8)
Reversal of provision for loans to an investee	—	(85.3)
Release of prepaid lease payments	0.5	0.6
Depreciation		
Owned assets	75.4	75.7
Assets under finance leases	0.2	0.1
	75.6	75.8
Net gains from financial assets/liabilities		
Net realised gains on available-for-sale financial assets	—	(9.2)
Net losses on derivative financial instruments	—	0.8
	—	(8.4)

6. TAXATION

	For the six months ended 30 September	
	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (restated)
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the period	23.8	20.4
Overseas tax calculated at rates prevailing in respective jurisdictions	<u>12.2</u>	<u>6.9</u>
	36.0	27.3
Deferred taxation for current period (<i>note</i>)	<u>5.9</u>	<u>25.1</u>
	<u><u>41.9</u></u>	<u><u>52.4</u></u>

Note:

An analysis of current period deferred taxation is as follows:

	For the six months ended 30 September	
	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i> (restated)
Deferred tax charge arising during the period in respect of unrealised gain on fair value change of investment properties	1.0	24.4
Deferred tax credit on disposal of investment properties	(2.9)	(4.9)
Others	<u>7.8</u>	<u>5.6</u>
	<u><u>5.9</u></u>	<u><u>25.1</u></u>

7. DIVIDENDS

	For the six months ended 30 September	
	2011 <i>HK\$'M</i>	2010 <i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2011 of HK11 cents (2010: for the financial year ended 31 March 2010 of HK12 cents) per share	<u><u>148.5</u></u>	<u><u>162.0</u></u>
No interim dividend was declared for the interim reporting period (Interim dividend for six months ended 30 September 2010: HK7 cents per share)	<u><u>—</u></u>	<u><u>94.5</u></u>

8. EARNINGS PER SHARE

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

	For the six months ended	
	30 September	
	2011	2010
	HK\$'M	HK\$'M
		(restated)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>242.4</u>	776.0
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	N/A	<u>3.8</u>
Earnings for the purpose of calculating diluted earnings per share	N/A	<u>779.8</u>
	For the six months ended	
	30 September	
	2011	2010
Number of shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,350,274,367</u>	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds	N/A	<u>15,126,491</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	N/A	<u>1,365,400,858</u>

No diluted earnings per share has been presented for the six months ended 30 September 2011 because there were no potential ordinary shares outstanding during the period.

9. TRADE RECEIVABLES

The credit period allowed by the Group to its customers is dependent on the general practice in the industry concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sales of properties are normally completed upon the execution of legally binding, unconditional and irrevocable contracts and the sale prices are usually fully paid when the properties are assigned to the purchasers. Deferred payment terms are sometimes offered to purchasers at a premium. Property rentals are receivable in advance. Payments for healthcare, clubs and hotel services are receivable on demand. The general credit terms allowed for customers of manufactured goods range from 30 to 90 days.

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

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Not yet due	14.6	39.5
Overdue:		
0-60 days	63.8	59.3
61-90 days	4.7	5.2
Over 90 days	0.5	6.8
	<u>83.6</u>	<u>110.8</u>

10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2011, included in trade payables, provision and accrued charges were trade payables of HK\$222.7 million (31 March 2011: HK\$226.7 million), an aged analysis of which is as follows:

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Not yet due	161.5	174.6
Overdue:		
0-60 days	44.5	39.7
61-90 days	3.7	5.2
Over 90 days	13.0	7.2
	<u>222.7</u>	<u>226.7</u>

The trade payables, provision and accrued charges included provisions for certain construction obligations of HK\$226.5 million (31 March 2011: HK\$234.1 million). In the course of the property development activities, the Group is obliged to construct certain common or public facilities within the development projects in accordance with the development plans approved by the relevant authorities. Provision for such construction costs has been made when a reliable estimate can be made of the amount of this obligation.

BUSINESS REVIEW

Property Development and Property Investment

Discovery Bay, Hong Kong

The construction works of Amalfi, Phase 14 of Discovery Bay comprising 3 mid-rise blocks of 16 storeys each with 164 luxury units of totaling approximately 169,300 square feet gross floor area (“GFA”) were basically completed, and a sale launch is planned in the first quarter of 2012.

The construction works of Phase 15 with a total GFA of approximately 187,600 square feet are in good progress and the sale launch is anticipated to start in the first quarter of 2013.

The Group has a 50% interest in Discovery Bay development project.

Dazhongli (under construction), Shanghai

The Schematic Design and underground Design Development submissions have been approved. Foundation works are planned to commence by the end of 2011.

With a planned GFA of approximately 323,000 square metres, the Dazhongli project will be developed into a world class mixed use project comprising a retail centre, 2 super Grade-A office towers, 3 luxury hotels and ample car parking spaces located at Jingan district, a prime business and residential district in Puxi, Shanghai with direct access to Nanjing Xi Lu Station of Shanghai metro line 13 which is under construction. The project is scheduled for completion by phases between 2015 and 2016.

The Group has a 50% interest in the Dazhongli project.

The Sukhothai Residences, Thailand

Construction works on The Sukhothai Residences, the Group’s high-end freehold residential development in Bangkok, were slightly delayed due to the adverse weather conditions in Thailand, workers affected by floods and quality control rectification. Completion is expected in early 2012 and delivery of sold units to flat owners will then commence.

As at 30 September 2011, 139 units out of the 196 units were sold at an average price of THB 226,494 per square metre (approximately HK\$5,260 per square foot). The remaining units are scheduled for re-launch in early 2012.

Industrial and/or commercial properties, Hong Kong

The Group’s 100% interested West Gate Tower in Cheung Sha Wan, CDW Building in Tsuen Wan and Joyce Building in Wong Chuk Hang continued to maintain average high occupancy rates of 92%, 92% and 100% respectively during the Period. Such investments generated considerable recurrent rental income for the Group during the Period.

The Group’s 50% interested DB Plaza, privileged with the famous dining destination “D Deck”, and DB North Plaza in Discovery Bay, the up-market commercial centre equipped with shops and offices in Yi Pak opened last year, have achieved 97% and 65% average occupancy rates respectively during the Period which generated stable rental income for the Group.

The 2-storey commercial centre and 480 residential car parking spaces in Coastal Skyline, Tung Chung achieved average occupancy rates of 85% and 98% respectively which also generated good rental income during the Period. The Group has a 31% interest in the above properties.

Residential properties, Japan

During the Period, the Group completed the acquisition of an en-bloc 17-unit residential building namely, Chelsea Garden, in Tokyo, Japan, through an associated real estate fund, of which the Group has a 20% interest, at a consideration of JPY 3,006.5 million.

Together with Chelsea Garden, the Group holds 4 residential properties in Japan for investment purpose. The other three residential properties, all are of 100% interested by the Group, located in Tokyo and Sapporo respectively namely, Horizon Place Akasaka (a 94-unit block in Akasaka), Homat Sun (a 18-unit block in Roppongi) and DIA Palace Sapporo Higashi Actio (a 39-unit block in Sapporo). While efforts being taken to tackle the challenging economic environment in Japan after the devastating earthquake and tsunami in March 2011, the properties generated steady rental income for the Group. Various value-added and leasing marketing strategies have been implemented or planned to improve the investment performance of these four properties.

Sathorn Road and Wireless Road, Thailand

During the Period, the Group, through a jointly controlled entity set up with a Thai partner, acquired another piece of freehold land with a site area of approximately 5,156 square metres located at Sathorn Road, Bangkok central business district, close to The Sukhothai hotel and The Sukhothai Residences, at a total consideration of approximately THB 1.35 billion (approximately HK\$356 million) for residential development. The property is currently under planning and construction is expected to commence in the third quarter of 2012.

The above land together with another piece of freehold land with a site area of approximately 12,600 square metres located at Wireless Road, Bangkok, previously acquired by the Group through another jointly controlled entity in September 2010, will enhance the land bank of the Group in Bangkok.

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

Nos. 2-6 Fui Yiu Kok Street, Tsuen Wan, Hong Kong

Redevelopment works for a new industrial building in Tsuen Wan with approximately 93,600 square feet GFA are in good progress.

Kap Pin Long, Sai Kung, Hong Kong

In October 2011, the Group acquired a piece of government land with a site area of approximately 18,600 square feet located at Kap Pin Long, Sai Kung, New Territories at a consideration of HK\$55 million for residential development.

Chelsea Residence, Shanghai

As at 30 September 2011, 5 units of Chelsea Residence in Shanghai remained available for sale.

The Exchange, Tianjin

The Exchange in Tianjin comprising a total GFA of over 152,000 square metres with a retail mall, 2 office towers and a hotel continued to generate stable rental income. During the Period, the average occupancy rates of the retail mall, 2 office towers and the hotel were 100%, 98% and 60% respectively.

The Group has a 15% interest in The Exchange.

Services Provided

The four clubs in Discovery Bay namely, Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena showed moderate improvement in turnover during the Period. The four clubs will continue to provide customer-oriented and quality-driven services to their members and guests.

During the Period, patronage of bus as well as the tunnel throughput rose slightly as the need of bus services for commuters, shoppers and diners picked up gradually after the opening of DB North Plaza and the continuous success of “D Deck” in Tai Pak. The need for external bus services is anticipated and the application for taxi services is underway.

The Group’s property management services companies in Discovery Bay and elsewhere in Hong Kong continued to operate well during the Period.

The Group has a 50% interest in such service providers in Discovery Bay.

Hospitality

In Singapore, The Sentosa Resort & Spa achieved an average occupancy rate of 65% during the Period, lower than expected due to significant discounting from the nearby integrated resort casino and introductory offers from a re-opened competitor.

In Bangkok, The Sukhothai hotel achieved an average occupancy rate of 54% during the Period, lower than expected due to continued weakness in the Bangkok luxury hotel market following political unrest in Thailand last year and aggravated by new five-star hotel supply, however, The Sukhothai hotel performance was competitive with market peers. Siri Sathorn serviced apartments achieved an average occupancy rate of 64% during the Period.

Fitting out progress on the deluxe waterfront resort hotel in Discovery Bay remains on schedule with completion expected at the end of 2011 and soft opening in mid-2012. The purpose built seaside wedding chapel will open for business together with the hotel.

Except for the resort hotel in Discovery Bay of which the Group has a 50% interest, the rest of the Group’s hospitality businesses are wholly owned by the Group.

Healthcare

The business of GenRx Holdings Limited (“GenRx”), the Group’s wholly owned subsidiary, is in the healthcare services and its comprehensive services network comprises cancer centres, dental clinics, diabetic and cardiovascular centres, imaging centre and multi-specialty outpatient centres located in major cities across Asia, inter alia, Hong Kong, Macau and Manila. During the Period, GenRx recorded a decrease in turnover mainly due to the reduction of contribution from the cancer treatment business upon completion of the operation agreement with a local hospital. However, the turnover has been picking up gradually after the launch of the new PET/CT service in our Central clinic in October 2011.

Except dental centre, diabetic centre and the hospital cancer treatment centre (operation terminated subsequently after the Period) that involve third parties interest, other businesses under GenRx are 100% owned by the Group.

Manufacturing

The shortage of skilled labour, especially in the casting sector, and the rising of labour, energy and transportation costs coupled with the appreciation of RMB have caused an increase in the production costs, which resulting in the reduction of orders and a slowdown in the production of the Group's manufacturing business in the PRC.

To cope with the difficulties and further develop the Western Europe and the United States markets, where the sanitaryware business is recovering, the Group acquired a piece of land together with plant and machinery in Middlewich, Cheshire, United Kingdom at a consideration of Euro 6 million (approximately HK\$65 million) in November 2011 for the manufacturing of sanitaryware products in Europe. Operation is targeted to commence in the first quarter of 2012.

Securities Investment

The Group's investment in securities, including mainly fixed income portfolio and available-for-sale financial asset, contributed HK\$2.6 million to the Group's net profit during the Period. Profit from investment in securities mainly comprises interest and dividend incomes.

As at 30 September 2011, the Group had 10,265,500 shares in Sino-Ocean Land Holdings Limited which is classified as available-for-sale financial asset.

Construction

Hanison Construction Holdings Limited, the Group's 49% interested associated group engaging primarily in construction, interior and renovation, building materials and property investment and development, recorded a decrease in profit during the Period. This is mainly due to the decline in revaluation gain of investment properties and no sale of property was recorded during the Period.

OUTLOOK

The global economy remains full of uncertainties especially in some European countries and the United States due to the sovereign debt crisis, which generated concerns over the global economy and is likely to hit some Asian markets with a slowdown in economic growth. The tightening policies launched by the PRC government towards property section, as a part of its efforts to adjust economic structure, control inflation, and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market. The March earthquake and tsunami in Northern-east of Japan came with the recent worst floods in five decades in Bangkok inevitably affect the Group's investments, hotel business and project development progress in the areas. Given such constraints, the Group's results for the remaining period of the financial year will be materially impacted by the date of completion of our property development projects in Discovery Bay and in Bangkok.

However, the Group remains optimistic about the global recovery in the long run and has confidence in the growth momentum in the PRC and Hong Kong. Yet with calibrated macroeconomic policies in place, economy of the PRC, with GDP growth recorded at 9.6% for the first half year, is expected to sustain a healthy and impressive growth on a firmer footing. Hong Kong also remains well positioned to benefit from the PRC's continuing growth and development, particularly given its positioning and advantages, during the National 12th Five Year Plan period. For investments in Thailand and Japan, the Group will closely monitor the situation and take appropriate action when necessary in order to mitigate any adverse impact and to grasp the opportunity on market rebound.

As in the past, the Group will stay in alerted caution, solidify its financial and asset positions, and continue to look for business opportunities to grow locally and regionally in Asia-Pacific.

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 Period.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period, 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 be appointed for a specific term) and E.1.2 (chairman of the board to attend annual general meeting). Details of the deviations and considered reasons relating to the code provisions A.2.1 and A.4.1 have been duly set out in the Corporate Governance Report in the 2010/2011 Annual Report of the Company published in July 2011.

The code provision E.1.2 provides that the chairman of the board of directors should attend the annual general meeting and arrange for the chairman or members of the audit and remuneration committees to be available to answer questions at the annual general meeting. At the annual general meeting of the Company held on 8 September 2011, Mr CHA Mou Sing Payson, the Chairman of the Board of the Company and Dr CHENG Kar Shun Henry, the chairman of the audit committee and remuneration committee of the Company were unable to attend. However, Mr CHA Mou Zing Victor, the Deputy Chairman of the Board and Managing Director of the Company, took the chair of that meeting and one member of the audit committee and one member of the remuneration committee were present thereat to be available to answer any question.

The Company is looking into the revised CG Code and associated rules under the Listing Rules, of which amended and new provisions and rules will come into effect from 1 January 2012 and onwards, to work out any necessary revamp and modification to cope with the changes in rules, CG Code provisions and any recommended best practices shortly.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have not been audited, but have been reviewed by the audit committee of the Company and the Group's auditor, Messrs Deloitte Touche Tohmatsu.

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

Hong Kong, 23 November 2011

As at the date of this announcement, the board of directors of the Company comprises:

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHA Yiu Chung Benjamin

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Mr CHEUNG Tseung Ming

Mr CHEUNG Wing Lam Linus

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Ms HO Pak Ching Loretta

Dr QIN Xiao

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