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**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 2012**

The board of directors (the “Board” or the “Directors”) of HKR International Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 (the “Period”).

**INTERIM RESULTS**

The Group’s unaudited consolidated profit attributable to shareholders of the Company for the Period was HK\$585.0 million, compared with HK\$242.4 million for the last corresponding period. Earnings per share amounted to HK43.3 cents, compared with HK18.0 cents for the last corresponding period.

**INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK3.0 cents per share for the Period to its shareholders whose names will appear on the registers of members of the Company on 7 December 2012. The interim dividend will be paid on 14 December 2012. No dividend was paid by the Company to its shareholders for the last corresponding period.

**CLOSURE OF REGISTERS OF MEMBERS**

The main and branch registers of members of the Company will be closed on 6 and 7 December 2012 for interim dividend. During the period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 5 December 2012.

## CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 September	
	NOTES	2012	2011
		HK\$'M	HK\$'M
		(unaudited)	(unaudited)
Turnover	3	1,431.9	835.6
Cost of sales		<u>(1,067.6)</u>	<u>(547.5)</u>
Gross profit		364.3	288.1
Other income		60.9	57.4
Administrative expenses		(203.6)	(198.7)
Other gains and losses		2.8	(15.3)
Change in fair value of investment properties			
Realised gains on disposals		24.1	1.3
Unrealised gains		304.3	306.5
Finance costs	4	(44.5)	(26.0)
Share of results of associates		71.1	37.8
Share of results of jointly controlled entities		<u>117.4</u>	<u>(84.2)</u>
Profit before taxation	5	696.8	366.9
Taxation	6	<u>(49.5)</u>	<u>(41.9)</u>
Profit for the period		<u>647.3</u>	<u>325.0</u>
Attributable to:			
Owners of the Company		585.0	242.4
Non-controlling interests		<u>62.3</u>	<u>82.6</u>
		<u>647.3</u>	<u>325.0</u>
Earnings per share	8		
Basic (HK cents)		<u>43.3</u>	<u>18.0</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<i>HK\$'M</i>	<i>HK\$'M</i>
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>647.3</u>	<u>325.0</u>
Other comprehensive income (expense):		
Exchange differences arising from translation of foreign operations	23.7	(21.6)
Share of exchange reserve of jointly controlled entities and associates	(46.6)	165.5
Available-for-sale financial assets:		
Fair value changes during the period	8.2	(23.9)
Deferred tax arising from fair value changes	<u>(0.1)</u>	<u>0.1</u>
Other comprehensive (expense) income for the period (net of tax)	<u>(14.8)</u>	<u>120.1</u>
Total comprehensive income for the period	<u><b>632.5</b></u>	<u><b>445.1</b></u>
Total comprehensive income attributable to:		
Owners of the Company	570.1	367.8
Non-controlling interests	<u>62.4</u>	<u>77.3</u>
	<u><b>632.5</b></u>	<u><b>445.1</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 September 2012</b>	31 March 2012
<i>NOTES</i>	<b><i>HK\$'M</i></b>	<b><i>HK\$'M</i></b>
	<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>		
Investment properties	6,224.1	6,135.2
Property, plant and equipment	2,747.4	2,642.3
Prepaid lease payments	29.7	29.7
Interests in associates	584.1	535.7
Interests in jointly controlled entities	6,927.8	6,845.9
Amount due from an associate	134.5	122.5
Held-to-maturity investments	108.4	83.9
Available-for-sale financial assets	61.4	53.1
Other assets	127.4	125.6
Deferred tax assets	5.7	5.5
	<b>16,950.5</b>	16,579.4
<b>Current assets</b>		
Inventories	143.7	145.8
Properties held for sale	1,851.0	717.8
Trade receivables	9 109.7	82.1
Deposits, prepayments and other financial assets	387.8	186.9
Properties held for/under development for sale	1,211.4	2,546.0
Amounts due from associates	65.1	59.0
Amounts due from jointly controlled entities	65.1	58.0
Taxation recoverable	4.9	14.8
Held-to-maturity investments	142.1	158.8
Pledged bank deposits	2.8	3.1
Bank balances and cash	2,357.6	2,628.8
	<b>6,341.2</b>	6,601.1
<b>Current liabilities</b>		
Trade payables, provision and accrued charges	10 794.0	777.4
Deposits received and other financial liabilities	409.3	609.2
Amount due to an associate	–	23.0
Taxation payable	80.0	54.6
Bank and other loans due within one year	1,635.4	3,704.9
Other liabilities due within one year	12.0	14.9
	<b>2,930.7</b>	5,184.0
Net current assets	<b>3,410.5</b>	1,417.1
Total assets less current liabilities	<b>20,361.0</b>	17,996.5

	<b>30 September 2012 <i>HK\$'M</i> (unaudited)</b>	31 March 2012 <i>HK\$'M</i> (audited)
Non-current liabilities		
Bank and other loans due after one year	<b>2,536.1</b>	707.9
Other liabilities due after one year	<b>1,323.3</b>	1,315.7
Deferred tax liabilities	<b>160.7</b>	156.5
	<u><b>4,020.1</b></u>	<u>2,180.1</u>
	<u><b>16,340.9</b></u>	<u>15,816.4</u>
Capital and reserves		
Share capital	<b>337.5</b>	337.5
Reserves	<b>14,620.4</b>	14,158.3
	<u><b>14,957.9</b></u>	<u>14,495.8</u>
Equity attributable to owners of the Company	<b>1,383.0</b>	1,320.6
Non-controlling interests	<u><b>16,340.9</b></u>	<u>15,816.4</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.

Except as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7                      Financial instruments: Disclosure – Transfers of financial assets

Amendments to HKAS 12 titled “Deferred tax: Recovery of underlying assets” which is mandatorily effective for the current period has been applied in advance in the financial year ended 31 March 2012.

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

### 3. SEGMENT INFORMATION

In prior financial years, the Group was organised into seven operating divisions and each of the operating divisions represented an operating and reportable segment: 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. During the six months ended 30 September 2012, the chief operating decision maker no longer considered the securities investment as an operating and reportable segment and the Group is now organised into six operating divisions. Accordingly, the aggregate segment results for the six months ended 30 September 2011 has been restated. The following is an analysis of the Group's revenue and results by operating and reportable segments for the period under review:

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Total HK\$'M
<b>Six months ended</b>							
<b>30 September 2012</b>							
<b>TURNOVER</b>							
Segment revenue – sales to external customers derived by the Group and associates	1,451.8	170.8	217.4	169.4	153.1	102.1	2,264.6
Excluding turnover of associates	(812.0)	(20.7)	-	-	-	-	(832.7)
Consolidated turnover, as reported	<u>639.8</u>	<u>150.1</u>	<u>217.4</u>	<u>169.4</u>	<u>153.1</u>	<u>102.1</u>	<u>1,431.9</u>
<b>RESULTS</b>							
Segment results – total realised results of the Group, associates and jointly controlled entities (note 1)	187.8	120.5	25.1	(6.0)	(6.0)	(48.8)	272.6
Excluding realised results of associates and jointly controlled entities not shared by the Group	(37.0)	(11.9)	-	-	-	-	(48.9)
Results attributable to the Group	<u>150.8</u>	<u>108.6</u>	<u>25.1</u>	<u>(6.0)</u>	<u>(6.0)</u>	<u>(48.8)</u>	<u>223.7</u>
Other income							3.5
Unallocated corporate expenses							(18.5)
Finance costs and corporate level exchange difference							(14.8)
Net unrealised gains on fair value change of investment properties (note 2)							304.6
Net unrealised gain on fair value change of investment properties attributable to the Group's interests in a jointly controlled entity and associates, net of deferred tax							<u>148.8</u>
Profit for the period							647.3
Non-controlling shareholders' share of profit for the period							<u>(62.3)</u>
Profit for the period attributable to the owners of the Company							<u>585.0</u>

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operation HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Total HK\$'M
Six months ended 30 September 2011							
<b>TURNOVER</b>							
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 (note 3)	–	(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>835.6</u>
<b>RESULTS</b>							
Segment results – total realised results of the Group, associates and jointly controlled entities (note 4)	8.1	106.0	39.6	6.0	(16.9)	(16.1)	126.7
Excluding realised results of associates and jointly controlled entities not shared by the Group	<u>0.1</u>	<u>(18.3)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(18.2)</u>
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>	108.5
Other income							2.6
Unallocated corporate expenses							(29.0)
Finance costs and corporate level exchange difference							(10.4)
Net unrealised gains on fair value change of investment properties (note 5)							305.5
Net unrealised loss on fair value change of investment properties attributable to the Group's interests in a jointly controlled entity and associates, net of deferred tax							<u>(52.2)</u>
Profit for the period							325.0
Non-controlling shareholders' share of profit for the period							<u>(82.6)</u>
Profit for the period attributable to the owners of the Company							<u>242.4</u>

*Notes:*

- (1) The segment results of the Group represent the total realised 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 2012 included realised gains on fair value change of investment properties of HK\$11.3 million.
- (2) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2012 of HK\$304.6 million represented the unrealised gain on fair value change of investment properties of HK\$304.3 million and the deferred tax credit arising from change in fair value of HK\$0.3 million.

- (3) 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 ("PRC"). Such disposal proceeds were excluded for consolidated turnover for reporting purpose.
- (4) The segment results of the Group represent the total realised 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.
- (5) 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. FINANCE COSTS

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<i>HK\$'M</i>	<i>HK\$'M</i>
Interest on		
Bank and other loans wholly repayable within five years	<b>38.8</b>	20.2
Other borrowings wholly repayable within five years	<b>7.2</b>	5.9
	<b>46.0</b>	26.1
Less: Amounts included in the cost of properties held for/under development for sale/construction in progress	<b>(7.2)</b>	(5.9)
	<b>38.8</b>	20.2
Bank loan arrangement fees	<b>5.7</b>	5.8
	<b>44.5</b>	26.0

## 5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2012	2011
	<i>HK\$'M</i>	<i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Bank and other interest income	(24.9)	(17.5)
Loss (gain) on disposal of property, plant and equipment	0.4	(0.1)
Interest income from provision of financial services	(0.2)	(0.3)
Net exchange (gain) loss	(3.1)	15.3
Release of prepaid lease payments	0.5	0.5
Depreciation		
Owned assets	69.5	75.4
Assets under finance leases	0.2	0.2
	<u>69.7</u>	<u>75.6</u>

## 6. TAXATION

	For the six months ended 30 September	
	2012	2011
	<i>HK\$'M</i>	<i>HK\$'M</i>
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the period	13.2	23.8
Overseas tax calculated at rates prevailing in respective jurisdictions	32.3	12.2
	<u>45.5</u>	<u>36.0</u>
Deferred taxation for current period ( <i>note</i> )	4.0	5.9
	<u>49.5</u>	<u>41.9</u>

*Note:*

An analysis of deferred taxation for current period is as follows:

	For the six months ended 30 September	
	2012	2011
	<i>HK\$'M</i>	<i>HK\$'M</i>
Deferred tax (credit) charge arising during the period in respect of unrealised (loss) gain on fair value change of investment properties	(0.3)	1.0
Deferred tax credit on disposal of investment properties	–	(2.9)
Others	4.3	7.8
	<u>4.0</u>	<u>5.9</u>



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

	<b>30 September 2012 <i>HK\$'M</i></b>	31 March 2012 <i>HK\$'M</i>
Not yet due	34.5	17.8
Overdue:		
0–60 days	68.8	55.9
61–90 days	4.2	4.4
Over 90 days	2.2	4.0
	<u>109.7</u>	<u>82.1</u>

#### 10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2012, included in trade payables, provision and accrued charges were trade payables of HK\$154.8 million (31 March 2012: HK\$191.1 million), an aged analysis of which is as follows:

	<b>30 September 2012 <i>HK\$'M</i></b>	31 March 2012 <i>HK\$'M</i>
Not yet due	92.4	132.8
Overdue:		
0–60 days	30.0	34.0
61–90 days	18.7	5.8
Over 90 days	13.7	18.5
	<u>154.8</u>	<u>191.1</u>

## **BUSINESS REVIEW**

### **Property Development and Property Investment**

#### ***Hong Kong, Residential Properties in Discovery Bay***

Amalfi, Phase 14 luxury residential project 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”) was launched for sale in October 2012 and well received by home buyers and investors alike with 94 units sold within October at an average price of HK\$10,400 per square foot. Boasting uncompromising design and building quality, Amalfi is set to become the latest stylish residence in Discovery Bay.

Fitting out works of Phase 15 with a total GFA of approximately 187,700 square feet are progressing well and its sales launch is planned for 2013.

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

#### ***Industrial and/or commercial properties***

West Gate Tower in Cheung Sha Wan and CDW Building in Tsuen Wan continued to maintain average high occupancy rates of 95% and 86% respectively during the Period. Such investments generated considerable recurrent rental income for the Group during the Period. To maximize the potential value of CDW Building under the government’s special waiver for conversion of an entire existing industrial building, the Group is in the preliminary stage of consideration in converting it into full scale of commercial use in the near future at an estimated conversion cost around HK\$700.0 million.

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, had achieved the average occupancy rates of 99% and 83% 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 the average occupancy rates of 90% and 98% respectively which also generated good rental income during the Period. The Group has a 31% interest in the above properties.

#### ***Nos. 2–6 Fui Yiu Kok Street, Tsuen Wan***

Demolition and foundation works for the site in Tsuen Wan have been completed and piling and superstructure works are in progress. The site is to develop into a new industrial building of approximately 93,600 square feet GFA. It is anticipated to complete in 2014.

### ***Kap Pin Long, Sai Kung***

The Group has submitted the building plan for governmental approval for constructing a high-end residential house of approximately 3,700 square feet GFA in Kap Pin Long, Sai Kung. Site formation work is expected to commence in 2013.

### ***Mainland China, Dazhongli (under construction) in Shanghai***

Foundation work for one of the two office zones was completed. Basement construction is in progress. It is anticipated to commence office superstructure work of one office tower in the first quarter of 2013.

With a planned GFA of approximately 323,000 square metres, the Dazhongli project will be developed into a first 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.

### ***Jiaxing City, Zhejiang Province***

In June 2012, the Group has successfully acquired the land use right of a piece of land in Jiaxing City, Zhejiang Province, the PRC at an open auction with a site area of approximately 41,000 square metres at a consideration of approximately RMB185.5 million (equivalent to approximately HK\$229.0 million). The land was delivered to the Group in late October 2012 for residential development with a maximum GFA of approximately 82,000 square metres. The development is planned for completion in 2016.

### ***The Exchange in Tianjin***

The Exchange in Tianjin with a total GFA of over 152,000 square metres comprising 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 89%, 98% and 62% respectively. It is expected that the performance of the hotel operation, with many of the hotel guests are from Japan, will be adversely affected in the coming months due to the recent tension between China and Japan.

The Group has a 15% interest in The Exchange.

### ***Thailand, The Sukhothai Residences in Bangkok***

As at 30 September 2012, over 70% of the 196 units in The Sukhothai Residences, the Group's high-end freehold residential development in Bangkok's central business district, were sold at an average price of THB221,000 per square metre (approximately HK\$5,100 per square foot). Delivery of the sold units to buyers has commenced since April 2012. It is expected that the remaining unsold units will be launched for sale in the near future.

### ***Sathorn Road and Wireless Road, Bangkok***

The freehold land with a site area of approximately 5,200 square metres on Sathorn Road, Bangkok, which the Group acquired through a jointly controlled entity set up with a Thai partner in 2011, is planned for development into a high-end condominium offering some 280 luxury residential units. Project design and planning are underway.

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 2010, is in the preliminary design and planning stage.

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

### ***Japan, Residential properties in Tokyo***

In August 2012, the Group disposed of DIA Palace Sapporo Higashi Actio, an en-bloc residential apartments block of 39 units in Sapporo, at a consideration of JPY650.0 million (equivalent to approximately HK\$64.4 million) which generated a gain of approximately JPY86.7 million (equivalent to approximately HK\$8.6 million).

The other two residential properties located in Tokyo namely, Horizon Place Akasaka (a 94-unit block in Akasaka) and Chelsea Garden (17-unit apartments block in Hiroo) achieved satisfactory occupancy rates of 70% and 85% respectively as at 30 September 2012. During the Period, the Group was exploring the redevelopment plan of Homat Sun (a 18-unit block in Roppongi) into a luxury residential block for strata titled sale to unlock the intrinsic value of the property given its prime location in Roppongi area.

Except for Chelsea Garden of which the Group has a 20% interest, Horizon Place Akasaka and Homat Sun are 100% owned by the Group.

### ***Niseko, Hokkaido***

In August 2012, the Group acquired a piece of residential land (comprising 40 parcels) located at Niseko, Hokkaido, Japan with a total site area of approximately 60,690 square metres at a consideration of JPY180.0 million (equivalent to approximately HK\$17.8 million). The site is located within a stone's throw of the famous Niseko Annupuri ski village. The Group is considering various options available to maximize the land value.

Save as disclosed above, all the property development and property investment projects are 100% owned by the Group.

## **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 focus on improving the food and beverage standard, providing quality customer service and good standard of facilities to their members and guests.

During the Period, patronage of bus remained stable while the ferry operation and tunnel throughput recorded slightly decrease due to the high fuel cost fluctuation and the drop of goods vehicle traffic. Application for new airport bus service is underway and electric bus will also be introduced shortly for the environmental protection purpose.

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**

Turnover of The Sentosa Resort & Spa in Singapore remained steady with a moderate growth of average occupancy rate at over 70% which is in line with the Singapore market despite stiff competition in the marketplace with new hotel openings.

In Bangkok, the luxury hotel market remained competitive with new hotel openings and significant price competition. During the Period, the average occupancy rate of The Sukhothai hotel remained at 50%. In June 2012, the Group disposed of Siri Sathorn, a serviced apartments block of 111 units, together with the existing tenancy leases at a consideration of THB700.0 million (equivalent to approximately HK\$172.2 million) which generated a gain of approximately THB38.0 million (equivalent to approximately HK\$9.3 million).

The fitting out works of Auberge Discovery Bay Hong Kong, the Group's deluxe waterfront resort hotel in Yi Pak Bay, Discovery Bay are in final stage with its soft opening plans to be held in early 2013. The 20-storey hotel with 325 rooms alongside with Hong Kong's first ceremonial pavillion will cater to all types of functions, corporate training and wedding banquets for large gala event.

Except Auberge Discovery Bay Hong Kong of which the Group has a 50% interest, the rest of the Group's hospitality businesses are 100% owned by the Group.

## **Healthcare**

The business of GenRx Holdings Limited (“GenRx”), the Group’s wholly-owned subsidiary, provides comprehensive health care service network comprising cancer centres, dental clinics, diabetic and cardiovascular centres, imaging centre and multi-specialty outpatient centres located in Hong Kong, Macau and Manila. During the Period, GenRx recorded a moderate improvement in revenue through restructuring and streamlining its healthcare businesses. Going forward, apart from continuing its reorganisation exercise, GenRx is also exploring appropriate opportunity vigorously for the expansion of its medical network and services offer for further improvement of its performance.

Except dental clinics and diabetic centres that involve third parties’ interests of 43% and 20% respectively, other businesses under GenRx are 100% owned by the Group.

## **Manufacturing**

The turnover of sanitary products has recorded a decline during the Period which is mainly due to the contraction in the Australian market. To cope with the difficulties, the Group has taken a series of initiatives to reduce the operating costs with aim to improve the performance towards the year ending 31 March 2013. With the commencement of the operation of the UK manufacturing plant in the first quarter of 2012, which was acquired by the Group in November 2011, the revenue is expected to turn around in 2013.

## **Construction**

Hanison Construction Holdings Limited, the Group’s 49% interested associated group engaging primarily in construction, interior and renovation, supply of building materials and property investment and development, recorded a significant increase in turnover and profit during the Period. The increase in turnover was mainly attributable to the improvement of core businesses’ performance, in particular, the construction division and property development division. The increase in profit was mainly attributable to the recognition of profit from the sale of 3 units of a development property, Eight College, and the increase in revaluation gain of the investment properties during the Period.

## **OUTLOOK**

While the global economic environment remains challenging as uncertainties in the Euro zone with sovereign debt crisis persist, the impact on the implementation of the third round of quantitative easing in the United States (“US”) continues, the successful re-election of the US president coupled with the smooth Chinese leadership hand-over after the 18th National Congress of the Communist Party of China compromise no drastic policy changes, the Asian economy is set to regain its bearing. The Group is optimistic about the long term development of the property market in Asia particularly, the mainland China and Hong Kong, where the core property development projects of the Group are located. In the mainland China, the economy, though slowing, continues to grow at a controlled rate and the fundamentals of its property market remain strong owing to the expected continued economic growth, rising affluence, urbanisation trend and desire for better living of the middle class. In Hong Kong, although the newly launched tax measures on residential flats to buyers will inevitably cause adverse impact to the residential property market in the short run, the underlying housing demand is anticipated to remain strong due to the continuing demographic development, low mortgage rates and limited supply of new units. Going forward, to better position ourselves to cope with the uncertainties on global economy and changing local and mainland , the Group will gear up in seeking appropriate opportunities to acquire quality lands for high-end residential development in our known markets. In parallel, the Group will keep on revising and adjusting its development plans, marketing strategies and pricing policies to tackle the changes in the market conditions.

The opening of Auberge Discovery Bay Hong Kong by early 2013 will mark a new era of the Group’s hospitality business. With the continuing upward trend of tourist arrivals from the mainland China together with its unique wedding facilities in Hong Kong, the Group is confident that the new hotel will perform well. Performances of our other overseas hotels, property investment, healthcare services and sanitaryware manufacturing will likely be mixed, but the overall trend is expected to remain steady.

As in the past, the Group will stay in alerted caution, solidify its financial and asset positions, and continue to intensify our diversification strategy in Asia for expanding our reach to markets that offer good opportunities and returns.

## **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 Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the Period, except for certain deviations from the code provisions A.4.1 (non-executive directors (“NEDs”) should be appointed for a specific term), A.6.7 (independent non-executive directors (“INEDs”) and other NEDs should attend general meetings), C.1.2 (management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail) and E.1.2 (chairman of the Board should attend annual general meeting). Details of the deviation and considered reason relating to the code provision A.4.1 have been duly set out in the corporate governance report containing in the 2011/2012 annual report of the Company published in July 2012.

Due to other business engagements, Mr CHA Mou Sing Payson, the chairman of the Board and the chairman of the nomination committee of the Company, Dr CHENG Kar Shun Henry, the chairman of the remuneration committee of the Company and some other NEDs (including INEDs) could not attend the annual general meeting of the Company held on 31 August 2012. However, Mr CHA Mou Zing Victor, the deputy chairman of the Board and managing director of the Company, who is also a member of the remuneration committee, took the chair of that meeting and all executive directors (“EDs”) and three NEDs (including one INED), with one of them is also a member of the nomination committee, were present thereat to be available to answer any question and enable the Board to develop a balanced understanding of the views of the shareholders.

Instead of monthly updates, management of the Company has decided to provide bi-monthly updates to all members of the Board given that all EDs are participating in the daily operation of the Group and the management has provided and will provide to all NEDs (including INEDs), in a timely manner, updates on any material changes to the position and prospects of the Company with sufficient background or explanatory information for matters brought before the Board. In this connection, it is considered that bi-monthly updates should be sufficient to provide general updates of the Company’s performance, position and prospects to NEDs (including INEDs) and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

The Directors acknowledged all the new requirements of the CG Code which came into effect from 1 April 2012 including but not limited to the provision of a record of training they received to the Company. More details in relation to the compliance with the CG Code for the year ending 31 March 2013 will be set out in the corporate governance report containing in the 2012/2013 annual report of the Company.

## 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, 21 November 2012

*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*

*Ms WONG CHA May Lung Madeline*

***Independent Non-executive Directors***

*Dr CHENG Kar Shun Henry*

*Dr CHEUNG Kin Tung Marvin*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Dr QIN Xiao*

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