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HKRI

香港興業國際集團有限公司*

HKR International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 2015 (the “Period”).

INTERIM RESULTS

The Group’s unaudited turnover for the Period was HK\$2,800.2 million, as compared with HK\$3,245.4 million for the last corresponding period. Consolidated profit for the Period attributable to owners of the Company was HK\$662.7 million, representing an increase of 4.5%, as compared with HK\$634.4 million for the last corresponding period. Basic earnings per share amounted to HK49.1 cents, as compared with HK47.0 cents for the last corresponding period.

INTERIM DIVIDEND

On 13 October 2015, the Board has declared the payment of an interim dividend by distribution in specie of all the shares in Hanison Construction Holdings Limited (“Hanison”) held by the Company to its shareholders on a pro-rata basis of 1.21639 Hanison shares for every 5 Company shares held by its shareholders whose names appeared on the registers of members of the Company on the record date of 29 October 2015. The shares in Hanison were duly transferred and the relevant share certificates of Hanison have been despatched to the Company’s shareholders.

The Board has resolved not to declare any further interim dividend to the shareholders of the Company for the Period. An interim dividend of HK6 cents per share in cash was paid by the Company to its shareholders for the last corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>NOTES</i>	For the six months ended	
		30 September	
		2015	2014
		<i>HK\$'M</i>	<i>HK\$'M</i>
		(unaudited)	(unaudited)
Turnover	3	2,800.2	3,245.4
Cost of sales		<u>(1,940.1)</u>	<u>(2,132.9)</u>
Gross profit		860.1	1,112.5
Other income		76.2	79.4
Administrative expenses		(284.8)	(250.3)
Other gains and losses		(24.6)	26.9
Change in fair value of investment properties			
Realised gains on disposals		32.7	7.6
Unrealised gains		396.6	383.2
Finance costs	4	(83.5)	(102.9)
Share of results of associates		(0.2)	13.8
Share of results of joint ventures		<u>120.5</u>	<u>(48.5)</u>
Profit before taxation	5	1,093.0	1,221.7
Taxation	6	<u>(108.0)</u>	<u>(165.5)</u>
Profit for the period		<u><u>985.0</u></u>	<u><u>1,056.2</u></u>
Profit for the period attributable to:			
Owners of the Company		662.7	634.4
Non-controlling interests		<u>322.3</u>	<u>421.8</u>
		<u><u>985.0</u></u>	<u><u>1,056.2</u></u>
Earnings per share	8		
Basic (HK cents)		<u>49.1</u>	<u>47.0</u>
Diluted (HK cents)		<u>49.0</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2015	2014
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(unaudited)	(unaudited)
Profit for the period	<u>985.0</u>	<u>1,056.2</u>
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from translation of foreign operations	(181.8)	0.8
Share of exchange reserve of joint ventures	(217.1)	0.3
Share of exchange reserve of an associate	0.1	(0.2)
Release of exchange reserve upon deregistration of a foreign associate	(2.4)	–
Available-for-sale financial assets:		
Fair value changes during the period	7.6	1.0
Reclassified to profit or loss upon disposal	–	(0.4)
Deferred tax arising from fair value changes	<u>0.6</u>	<u>(0.4)</u>
	(393.0)	1.1
<i>Item that will not be reclassified to profit or loss</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	<u>21.6</u>	–
Other comprehensive (expenses) income for the period (net of tax)	<u>(371.4)</u>	1.1
Total comprehensive income for the period	<u>613.6</u>	<u>1,057.3</u>
Total comprehensive income attributable to:		
Owners of the Company	283.6	635.1
Non-controlling interests	<u>330.0</u>	<u>422.2</u>
	<u>613.6</u>	<u>1,057.3</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2015 <i>NOTES</i> <i>HK\$'M</i> (unaudited)	31 March 2015 <i>HK\$'M</i> (audited)
Non-current assets		
Investment properties	8,011.5	7,703.5
Property, plant and equipment	2,179.5	2,233.3
Prepaid lease payments	6.5	7.0
Interests in associates	3.4	45.4
Interests in joint ventures	7,459.2	7,561.8
Held-to-maturity investments	166.4	196.4
Available-for-sale financial assets	109.1	90.8
Deposit paid for acquisition of a subsidiary	99.8	–
Other assets	139.3	143.5
Pledged bank deposits	82.6	83.7
Deferred tax assets	3.6	3.6
	18,260.9	18,069.0
Current assets		
Inventories	61.4	68.9
Properties held for sale	1,477.1	1,930.6
Properties held for/under development for sale	2,460.4	2,247.2
Trade receivables	9 207.4	407.1
Amounts receivable on contract work	111.4	134.8
Progress payments receivable	10 179.1	96.7
Retention money receivable	209.2	187.8
Deposits, prepayments and other financial assets	630.9	368.3
Amounts due from associates	24.3	40.4
Amounts due from joint ventures	133.5	122.1
Taxation recoverable	6.3	9.9
Held-to-maturity investments	61.1	40.9
Bank balances and cash	5,207.6	5,520.0
	10,769.7	11,174.7
Assets classified as held for sale	10.1	–
	10,779.8	11,174.7

		30 September 2015	31 March 2015
	<i>NOTE</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
		(unaudited)	(audited)
Current liabilities			
Trade payables, provision and accrued charges	<i>11</i>	1,433.2	1,490.6
Amounts payable on contract work		310.5	243.4
Deposits received and other financial liabilities		426.5	325.9
Taxation payable		288.3	221.7
Bank and other loans due within one year		1,844.9	2,433.6
Other liabilities due within one year		0.5	76.9
		4,303.9	4,792.1
Net current assets		6,475.9	6,382.6
Total assets less current liabilities		24,736.8	24,451.6
Non-current liabilities			
Bank and other loans due after one year		3,382.9	3,396.4
Other liabilities due after one year		1,045.3	1,031.3
Deferred tax liabilities		244.0	241.3
		4,672.2	4,669.0
		20,064.6	19,782.6
Capital and reserves			
Share capital		337.5	337.5
Reserves		16,574.5	16,390.2
Equity attributable to owners of the Company		16,912.0	16,727.7
Non-controlling interests		3,152.6	3,054.9
		20,064.6	19,782.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

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 that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

3. SEGMENT INFORMATION

The Group is organised into six operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations, healthcare (provision of medical and dental care services, comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres) and Hanison together with its subsidiaries (“Hanison group” which are engaged in construction, interior and renovation works, supply and installation of building materials, property investment and development, provision of property agency and management services and sales of health products). 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 and reportable 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 operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison group <i>HK\$'M</i>	Total <i>HK\$'M</i>
Six months ended 30 September 2015							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	802.1	159.6	247.4	144.0	141.6	1,305.6	2,800.3
Excluding turnover of associates	(0.1)	–	–	–	–	–	(0.1)
Consolidated turnover, as reported	<u>802.0</u>	<u>159.6</u>	<u>247.4</u>	<u>144.0</u>	<u>141.6</u>	<u>1,305.6</u>	<u>2,800.2</u>
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	308.0	54.2	48.7	4.1	(5.9)	113.2	522.3
Excluding realised results of associates and joint ventures not shared by the Group	0.6	17.7	–	–	–	–	18.3
Results attributable to the Group	<u>308.6</u>	<u>71.9</u>	<u>48.7</u>	<u>4.1</u>	<u>(5.9)</u>	<u>113.2</u>	540.6
Other income							6.6
Unallocated corporate expenses							(43.1)
Finance costs and corporate level exchange difference							(57.0)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)							396.6
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax							141.3
Profit for the period							985.0
Non-controlling shareholders' share of profit for the period							(322.3)
Profit for the period attributable to the owners of the Company							<u>662.7</u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison group <i>HK\$'M</i>	Total <i>HK\$'M</i>
Six months ended 30 September 2014							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	1,819.2	174.4	236.5	142.5	140.9	734.5	3,248.0
Excluding turnover of associates	(0.1)	(2.5)	–	–	–	–	(2.6)
Consolidated turnover, as reported	<u>1,819.1</u>	<u>171.9</u>	<u>236.5</u>	<u>142.5</u>	<u>140.9</u>	<u>734.5</u>	<u>3,245.4</u>
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	631.1	119.0	28.7	(4.2)	(6.5)	45.7	813.8
Excluding realised results of associates and joint ventures not shared by the Group	0.1	(22.4)	–	–	–	–	(22.3)
Results attributable to the Group	<u>631.2</u>	<u>96.6</u>	<u>28.7</u>	<u>(4.2)</u>	<u>(6.5)</u>	<u>45.7</u>	<u>791.5</u>
Other income							14.7
Unallocated corporate expenses							(42.6)
Finance costs and corporate level exchange difference							(50.8)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)							378.8
Net unrealised losses on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax							(35.4)
Profit for the period							1,056.2
Non-controlling shareholders' share of profit for the period							(421.8)
Profit for the period attributable to the owners of the Company							<u>634.4</u>

Notes:

- (a) The segment results of the Group represent the total results of the Group, associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2015 of HK\$396.6 million (six months ended 30 September 2014: HK\$378.8 million) represented the unrealised gain on fair value change of investment properties of HK\$396.6 million (six months ended 30 September 2014: HK\$383.2 million) net of deferred tax charge arising from change in fair value of nil amount (six months ended 30 September 2014: HK\$4.4 million).

4. FINANCE COSTS

	For the six months ended 30 September	
	2015	2014
	<i>HK\$'M</i>	<i>HK\$'M</i>
Interest on		
Bank and other loans wholly repayable within five years	65.8	60.9
Advances from non-controlling shareholders wholly repayable within five years	3.2	11.4
Other loans not wholly repayable within five years	—	17.9
	<u>69.0</u>	<u>90.2</u>
Less: Amounts included in the cost of properties held for/under development for sale	(4.9)	(5.7)
	<u>64.1</u>	<u>84.5</u>
Bank and other loans arrangement fees	19.4	18.4
	<u>83.5</u>	<u>102.9</u>

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2015	2014
	<i>HK\$'M</i>	<i>HK\$'M</i>
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	(33.0)	(38.0)
Gain on disposal of subsidiaries	(0.2)	—
Gain on disposal of property, plant and equipment	(1.6)	(3.4)
Net exchange loss (gain)	28.8	(2.2)
Release of prepaid lease payments	0.3	0.1
Impairment loss recognised on property, plant and equipment	—	26.6
Depreciation	80.5	84.8
Gain on disposal of property interest (<i>note</i>)	—	(40.1)
	<u>—</u>	<u>(40.1)</u>

Note: In April 2014, the Group disposed of 49% of its property interest in the ownership of a property located in Tokyo, Japan. The Group has retained 51% of property interests in that property and formed a joint operation with a Japanese project partner to develop that property project.

6. TAXATION

	For the six months ended 30 September	
	2015	2014
	HK\$'M	HK\$'M
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	100.4	160.0
Overseas tax calculated at rates prevailing in respective jurisdictions	4.1	9.4
	<u>104.5</u>	<u>169.4</u>
Deferred taxation charge (credit) for current period (<i>note</i>)	3.5	(3.9)
	<u>108.0</u>	<u>165.5</u>

Note:

An analysis of deferred taxation charge (credit) for current period is as follows:

	For the six months ended 30 September	
	2015	2014
	HK\$'M	HK\$'M
Deferred tax charge arising during the period in respect of unrealised gain on fair value change of investment properties	–	4.4
Deferred tax credit on realised gain upon disposal of investment properties	(3.5)	(27.4)
Others	7.0	19.1
	<u>3.5</u>	<u>(3.9)</u>

7. DIVIDENDS

	For the six months ended 30 September	
	2015	2014
	HK\$'M	HK\$'M
Final dividend paid for the financial year ended 31 March 2015 of HK7 cents (2014: for the financial year ended 31 March 2014 of HK12 cents) per share	94.5	162.0
No cash interim dividend declared for the interim period ended 30 September 2015 (2014: for the interim period ended 30 September 2014 of HK6 cents per share)	–	81.0

On 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of Hanison to the Company's shareholders. The distribution is made by way of allocating 1.21639 shares in its listed subsidiary, Hanison, for every 5 shares held by the Company's shareholders (Note 12).

8. EARNINGS PER SHARE

The calculation of 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	
	2015	2014
	HK\$'M	HK\$'M
Earnings		
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to the owners of the Company)	662.7	<u>634.4</u>
Adjustment to earnings in relation to Hanison's share options (<i>note</i>)	<u>(0.4)</u>	
Earnings for the purpose of calculating diluted earnings per share	<u>662.3</u>	
	For the six months ended 30 September	
	2015	2014
Number of shares		
Number of ordinary shares in issue during the period for the purposes of calculating basic and diluted earnings per share (2014: basic earnings per share)	<u>1,350,274,367</u>	<u>1,350,274,367</u>

Note: Hanison's share options are granted on 26 November 2014. No diluted earnings per share was presented for the six months ended 30 September 2014 as 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. Property rentals are receivable in advance. Payments for healthcare, clubs and hotel services are receivable on demand.

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

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Not yet due	174.5	365.2
Overdue:		
0 – 60 days	28.0	37.6
61 – 90 days	1.1	2.0
Over 90 days	3.8	2.3
	<u>207.4</u>	<u>407.1</u>

10. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable from third parties, after deduction of retention money, for construction contract work, interior and renovation contracts and contracts for installation of building materials which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Within 30 days	114.1	96.7
31 – 60 days	54.9	–
61 – 90 days	9.2	–
Over 90 days	0.9	–
	<u>179.1</u>	<u>96.7</u>

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2015, included in trade payables, provision and accrued charges were trade payables of HK\$224.9 million (31 March 2015: HK\$243.1 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Not yet due	185.8	185.7
Overdue:		
0 – 60 days	14.9	34.2
61 – 90 days	0.7	1.7
Over 90 days	23.5	21.5
	<u>224.9</u>	<u>243.1</u>

12. EVENT AFTER THE REPORTING PERIOD

Pursuant to a resolution of the Board on 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of Hanison to the Company's shareholders. The distribution is made by way of allocating 1.21639 shares in its listed subsidiary, Hanison, for every 5 shares held by the Company's shareholders. As at 30 September 2015, the consolidated total assets and consolidated total liabilities of Hanison group were approximately HK\$3,113.8 million and HK\$1,221.7 million respectively and the non-controlling interest in Hanison group was approximately HK\$977.3 million. Results of Hanison group for the interim period have been presented in the segment results in Note 3.

The distribution in specie by the Company is accounted for at the carrying amount of the assets and liabilities of Hanison group as the directors of the Company consider that the Hanison shares being distributed are ultimately under the control of the same parties before and after the distribution. Upon the distribution, Hanison group ceased to be subsidiaries of the Company. Details of the distribution in specie have been disclosed in the announcement of the Company dated 13 October 2015.

BUSINESS REVIEW

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

Property Development and Property Investment

Hong Kong, Residential Properties

Discovery Bay

During the Period, 11 out of the 18 remaining units of Positano in Discovery Bay have been sold. Its show flats received another design award – the InteriorBeauté Residential Design and Home Products Brand Award 2015 (showflat category) in May 2015.

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

Kau To, Sha Tin

The project, comprising three high-end residential towers and some villas with a total gross floor area (“GFA”) of approximately 134,000 square feet, is a 50:50 joint development by the Group and Nan Fung Development Limited. Site formation and foundation works were completed in May 2015 with project completion expected in mid-2017.

Wu On Street, Tuen Mun

This 75%-owned development project, comprising a residential block of premium apartment units and a retail podium with a total GFA of approximately 134,000 square feet, is in progress for completion in 2017.

Kap Pin Long, Sai Kung

Construction works of the idyllic garden house with a GFA of approximately 3,700 square feet are in progress and the project is expected to complete in early 2016.

Industrial and/or Commercial Investment Properties

Refurbishment works for CDW Building in Tsuen Wan commenced in April 2015 and are expected to complete in phases by 2016/2017. As anticipated, average occupancy rate and corresponding rental income were substantially affected. The Group is confident that CDW Building will gradually pick up and its rental income and asset value could be maximised when refurbishment is completed.

West Gate Tower in Cheung Sha Wan achieved an average occupancy rate of 94% during the Period and generated stable rental income for the Group.

The shopping and dining destinations in Discovery Bay, DB Plaza and DB North Plaza, achieved the occupancy rates of 97% and 90% respectively as at 30 September 2015 and continued to generate stable rental income for the Group. The Group has a 50% interest in both DB Plaza and DB North Plaza.

The 325 parking spaces in Tuen Mun Central Square public carpark continued to generate satisfactory rental income to the Group during the Period.

Mainland China

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui, with a planned GFA of approximately 323,000 square metres, will turn into a world-class mixed-use commercial complex comprising two super Grade-A office towers, three luxury hotels and serviced apartments, a high-end retail mall and ample car parking spaces.

Construction and fitting out works of the office towers, retail mall and hotels are in full swing. Nanjing Road West Station of Metro Line 13, which is directly connected to the retail mall, is planned to be in operation by end of the year. The project is expected to complete in phases from 2016 and is poised to become a landmark in Shanghai and one of the city's most sought-after commercial and leisure properties.

The Group has a 50% interest in HKRI Taikoo Hui.

City One, Jiaxing City, Zhejiang Province

City One is the first project by a Hong Kong based developer in Jiaxing. The development comprises around 600 units with a GFA of approximately 83,000 square metres. The project is planned for completion in early 2016.

Future Sci-Tech City Project, Hangzhou, Zhejiang Province

In June 2015, the Group acquired a low density residential site of approximately 51,000 square metres in Hangzhou Future Sci-Tech City. The site will be handed over to the Company in June 2016.

The Exchange, Tianjin

The Exchange is the Group's 15%-owned investment property in Tianjin with a total GFA of over 152,000 square metres. The retail mall will be re-branded to enhance its asset value.

Elite House, Shanghai

Elite House is a 30-floor residential building in Changning District, Shanghai. It comprises 120 units with a total GFA of approximately 21,700 square metres. It achieved 89% occupancy rate as at 30 September 2015 and continued to generate stable rental income to the Group.

Thailand

The Sukhothai Residences, Bangkok

Over 90% of the 196-unit ultra-luxury condominium tower at Sathorn Road in Bangkok were sold. Construction of phase 2 is under active planning.

Wireless Road, Bangkok

The Group's freehold land at Wireless Road, Bangkok has a site area of approximately 12,600 square metres. Master planning is underway.

The Group has a 49% interest in the Wireless Road project.

Japan, Development and Investment Properties

The Group and Nomura Real Estate Development Co., Ltd. which acquired 49% interest in the site at Roppongi 4 Chome (formerly Homat Sun) in Tokyo, are in joint arrangement to develop the site into premium residential premises. Construction of the main building has commenced.

As at 30 September 2015, the Group's two investment properties, namely Horizon Place Akasaka, a high-rise residential block in Akasaka, and Graphio Nishi-Shinjuku, an office building in the central Shinjuku area of Tokyo, achieved occupancy rates of 88% and 100% respectively.

In September 2015, the Group acquired another investment property – Souei Park Harajuku in Tokyo. It is a 22-unit en-bloc residential apartment building in Shibuya with an occupancy rate of 92% as at 30 September 2015.

The Group holds residential plots at Niseko, Hokkaido near the Niseko Annupuri ski village with a total site area of approximately 60,000 square metres as land bank.

Services Provided

The Group's subsidiaries operate transport services in Discovery Bay, including ferry, land transport and tunnel services. To further enhance the service, six double decker buses were acquired and deployed to service from August 2015. More double decker buses are planned to be acquired in the near future to further improve bus services.

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

The four clubs in Discovery Bay, namely Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena recorded flat to moderate increases in turnover during the Period. The clubs continued working for various facility upgrades to ensure members and guests are provided with the best possible facilities and services. During the Period, Discovery Bay Marina Club has again being accorded the 5 Gold Anchors Award from The Yacht Harbour Association.

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

Hospitality

Hong Kong, Auberge Discovery Bay Hong Kong

The 325-room Auberge Discovery Bay Hong Kong recorded an improved average occupancy rate of approximately 75% during the Period despite the drop in mainland China visitors to Hong Kong. The hotel caters largely to leisure or long stay travelers and remains a popular venue for a wide range of events with its unique seaside pavilion and European horse-drawn carriage.

The Group has a 50% interest in Auberge Discovery Bay Hong Kong.

Thailand, The Sukhothai Bangkok

Despite the political disturbance in August 2015, The Sukhothai Bangkok still recorded improvements in its average occupancy rate and achieved 60% during the Period. The Sukhothai Bangkok has also received several awards from travel and leisure partners, including a Certificate of Excellence 2015 from *TripAdvisor*, 2015 The Best of Thailand Awards from Tourism Authority of Thailand as the Top 10 Best Luxury Hotel Voted by Chinese Tourists, as well as accolades for its food and beverage operations from various media.

Healthcare

GenRx Holding Limited, the Group's wholly-owned subsidiary, operates a comprehensive health care service network comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres in Hong Kong, Macau and Manila. During the Period, the operations in different locations recorded flat to moderate increases in turnover. The operation in Manila, under the brand name of "Healthway Medical", won the Gold Award – Trusted Brand in the Ambulatory Service Category from *Reader's Digest* magazine in June 2015.

The dental clinics and diabetic and cardiovascular centres involve third parties' interests of 43% and 20% respectively.

Hanison Group

The unaudited consolidated turnover of the 49%-owned Hanison group for the Period increased significantly to HK\$1,307.8 million as compared with the unaudited consolidated turnover of HK\$759.1 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of Hanison for the Period was HK\$160.8 million, representing an increase of 21.7%, as compared with the unaudited consolidated profit attributable to its owners of HK\$132.1 million for the same period in 2014.

The increase in the unaudited consolidated profit attributable to owners of Hanison was mainly due to substantial contribution from the increase in sales of property of Hanison group.

Upon transfer of Hanison shares from the Company to its shareholders on 3 November 2015, Hanison group ceased as a subsidiary group of the Company.

OUTLOOK

The global economy is likely to remain challenging in the near future. In response, the Group will keep on adjusting its development plans in the places where it has and plans to have investment.

In Hong Kong, the Group remains cautiously optimistic about the local property market outlook. Going forward, the Group will continue with the existing projects of its flagship development, Discovery Bay, and other ongoing projects around town that are to be launched starting from 2016. And, in anticipation of the adjustment in the selling price of residential property as a result of the increasing supply in the near future, the Group will continue to revise and adjust its development plans, marketing schemes and pricing strategies to best respond to the challenges ahead.

For mainland China, despite the slowdown in its economic momentum, the Group is confident that its economic prospect will continue to be positive. The recent One Belt One Road initiative and the launch of the Asian Infrastructure Investment Bank are expected to strengthen China's economic cooperation and co-development with different regions in Asia, Europe and Africa and enhance its economic growth in the long-term. In anticipation of China's continuous economic growth, the Group is optimistic in the medium-to-long term outlook of its property market. The Group has further acquired a low density residential site in Hangzhou in June 2015 for the development of another premium residential project. The Group will continue its business strategies to explore suitable investment opportunities in mainland China.

As for the future prospects of hospitality operation, the Group anticipated that the performance of its two hotels will be improved in the second half of the financial year. Construction of the new luxury hotel in HKRI Taikoo Hui, Shanghai is also progressing well and certainly will become another remarkable development of the Group's hotel operation.

As always, to achieve sustainable growth and create maximum value for its shareholders, the Group will remain prudent and constantly review and restructure its investment portfolio and adjust its sales strategies to best cope with the ever changing market and economic environment.

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 is in compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report 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.

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, 18 November 2015

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 CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang

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