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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 and
registered under the Companies Ordinance of Hong Kong)*

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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 2017 (the “Period”).

INTERIM RESULTS

The Group’s unaudited turnover for the Period was HK\$882.8 million, as compared with HK\$1,072.5 million for the last corresponding period. Consolidated profit for the Period attributable to shareholders of the Company was HK\$762.7 million, representing an increase of 25.5%, as compared with HK\$607.8 million for the last corresponding period. Basic earnings per share amounted to HK56.5 cents, as compared with HK45.0 cents for the last corresponding period.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK3 cents per share for the Period to its shareholders whose names will appear on the Registers of Members of the Company on 6 December 2017. The interim dividend will be paid on 20 December 2017. No interim 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 5 and 6 December 2017 for the interim dividend. On both days, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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, Wanchai, Hong Kong not later than 4:30 p.m. on 4 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>NOTES</i>	For the six months ended	
		30 September	
		2017	2016
		<i>HK\$'M</i>	<i>HK\$'M</i>
		(unaudited)	(unaudited)
Turnover	3	882.8	1,072.5
Cost of sales		<u>(603.2)</u>	<u>(757.8)</u>
Gross profit		279.6	314.7
Other income		60.4	67.8
Administrative expenses		(190.4)	(178.2)
Other gains and losses		33.0	13.6
Change in fair value of investment properties			
Realised gains on disposals		11.1	–
Unrealised gains		939.8	268.3
Finance costs	4	(98.9)	(94.2)
Share of results of joint ventures		<u>(71.9)</u>	<u>344.4</u>
Profit before taxation	5	962.7	736.4
Taxation	6	<u>(119.8)</u>	<u>(44.6)</u>
Profit for the period		<u><u>842.9</u></u>	<u><u>691.8</u></u>
Profit for the period attributable to:			
Owners of the Company		762.7	607.8
Non-controlling interests		<u>80.2</u>	<u>84.0</u>
		<u><u>842.9</u></u>	<u><u>691.8</u></u>
Earnings per share	8		
Basic (HK cents)		<u>56.5</u>	<u>45.0</u>
Diluted (HK cents)		<u>56.5</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2017	2016
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(unaudited)	(unaudited)
Profit for the period	<u>842.9</u>	<u>691.8</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	249.9	(197.0)
Exchange differences arising from translation of other foreign operations	183.5	(71.3)
Available-for-sale financial assets:		
Fair value changes during the period	16.5	(5.2)
Reclassified to profit or loss upon disposal	(12.5)	(0.8)
Deferred tax arising from fair value changes	<u>0.2</u>	<u>(0.1)</u>
Other comprehensive income (expense) for the period (net of tax)	<u>437.6</u>	<u>(274.4)</u>
Total comprehensive income for the period	<u>1,280.5</u>	<u>417.4</u>
Total comprehensive income attributable to:		
Owners of the Company	1,200.3	333.4
Non-controlling interests	<u>80.2</u>	<u>84.0</u>
	<u>1,280.5</u>	<u>417.4</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	30 September 2017 HK\$'M (unaudited)	31 March 2017 HK\$'M (audited)
Non-current assets			
Investment properties		10,066.9	8,688.3
Property, plant and equipment		2,230.0	2,181.9
Interests in associates		–	–
Interests in joint ventures		8,688.6	8,364.2
Held-to-maturity investments		98.8	107.6
Available-for-sale financial assets		90.9	87.9
Other assets		142.7	144.3
Deferred tax assets		3.4	3.1
		21,321.3	19,577.3
Current assets			
Inventories		47.2	47.6
Properties held for sale		1,130.5	1,161.9
Properties held for/under development for sale		5,352.7	4,755.5
Trade receivables	9	31.1	32.7
Deposits, prepayments and other financial assets		548.8	609.1
Amounts due from associates		8.2	8.1
Loan to a joint venture		–	665.3
Amounts due from joint ventures		173.1	166.6
Taxation recoverable		7.8	9.9
Held-to-maturity investments		43.6	48.3
Bank balances and cash		2,520.5	2,548.3
		9,863.5	10,053.3
Current liabilities			
Trade payables, provision and accrued charges	10	960.4	879.6
Deposits received and other financial liabilities		1,400.8	800.8
Taxation payable		84.8	75.9
Bank and other loans due within one year		1,418.3	1,564.4
Other liabilities due within one year		0.5	0.7
		3,864.8	3,321.4
Net current assets		5,998.7	6,731.9
Total assets less current liabilities		27,320.0	26,309.2

	30 September 2017 HK\$'M (unaudited)	31 March 2017 HK\$'M (audited)
Non-current liabilities		
Bank and other loans due after one year	6,075.4	6,229.5
Other liabilities due after one year	1,025.6	1,051.6
Deferred tax liabilities	339.4	274.5
	<u>7,440.4</u>	<u>7,555.6</u>
	<u>19,879.6</u>	<u>18,753.6</u>
Capital and reserves		
Share capital	337.5	337.5
Reserves	17,156.4	16,048.3
	<u>17,493.9</u>	<u>16,385.8</u>
Equity attributable to owners of the Company	2,385.7	2,367.8
Non-controlling interests	<u>19,879.6</u>	<u>18,753.6</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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 (the “Listing Rules”) 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 property 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 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017. In addition, the Group has applied the following accounting policy during the current interim period which became relevant to the Group.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in annual improvements to HKFRS 2014 - 2016 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.

Amendments to HKAS 7 “Disclosure initiative”

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption will result in relevant disclosures in the Group’s annual consolidated financial statements for the year ending 31 March 2018.

3. SEGMENT INFORMATION

The Group is organised into five operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations and healthcare (provision of medical and dental care services, comprising chronic disease management centres, Chinese medicine centres, dental clinics, a centre for diagnosis and treatment of cancer and multi-specialty outpatient centres). 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>	Total <i>HK\$'M</i>
Six months ended 30 September 2017						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and a joint venture	174.1	665.2	232.6	136.1	142.4	1,350.4
Excluding turnover of an associate and a joint venture	(0.1)	(467.5)	–	–	–	(467.6)
Consolidated turnover, as reported	<u>174.0</u>	<u>197.7</u>	<u>232.6</u>	<u>136.1</u>	<u>142.4</u>	<u>882.8</u>
RESULTS						
Segment results - total realised results of the Group, associates and joint ventures (<i>note a</i>)	(26.0)	152.3	32.4	(6.9)	0.1	151.9
Excluding realised results of associates and joint ventures not shared by the Group	8.8	(19.3)	–	–	–	(10.5)
Results attributable to the Group	<u>(17.2)</u>	<u>133.0</u>	<u>32.4</u>	<u>(6.9)</u>	<u>0.1</u>	141.4
Unallocated other income						27.5
Unallocated corporate expenses						(47.9)
Finance costs and corporate level exchange difference						(73.4)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)						878.0
Net unrealised losses on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax credit						(82.7)
Profit for the period						842.9
Non-controlling shareholders' share of profit for the period						(80.2)
Profit for the period attributable to owners of the Company						<u>762.7</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>	Total <i>HK\$'M</i>
Six months ended 30 September 2016						
TURNOVER						
Segment revenue – sales to external customers derived by the Group and an associate	398.1	161.3	230.8	143.1	139.3	1,072.6
Excluding turnover of an associate	(0.1)	–	–	–	–	(0.1)
Consolidated turnover, as reported	<u>398.0</u>	<u>161.3</u>	<u>230.8</u>	<u>143.1</u>	<u>139.3</u>	<u>1,072.5</u>
RESULTS						
Segment results - total realised results of the Group, associates and joint ventures (<i>note a</i>)	36.6	(15.1)	44.4	1.2	(4.1)	63.0
Excluding realised results of associates and joint ventures not shared by the Group	9.1	49.8	–	–	–	58.9
Results attributable to the Group	<u>45.7</u>	<u>34.7</u>	<u>44.4</u>	<u>1.2</u>	<u>(4.1)</u>	121.9
Unallocated other income						5.9
Unallocated corporate expenses						(38.5)
Finance costs and corporate level exchange difference						(65.3)
Net unrealised gains on fair value change of investment properties (<i>note b</i>)						264.7
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						403.1
Profit for the period						691.8
Non-controlling shareholders' share of profit for the period						(84.0)
Profit for the period attributable to owners of the Company						<u>607.8</u>

Notes:

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the unrealised gains or losses on fair value change of investment properties net of deferred tax charge or credit 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 2017 of HK\$878.0 million (six months ended 30 September 2016: HK\$264.7 million) represented the unrealised gain on fair value change of investment properties of HK\$939.8 million (six months ended 30 September 2016: HK\$268.3 million) net of deferred tax charge arising from change in fair value of HK\$61.8 million (six months ended 30 September 2016: HK\$3.6 million).

4. FINANCE COSTS

	For the six months ended	
	30 September	
	2017	2016
	<i>HK\$'M</i>	<i>HK\$'M</i>
Interest on		
Bank and other loans	79.2	73.3
Advance from a non-controlling shareholder	4.0	4.3
	<hr/>	<hr/>
	83.2	77.6
Less: Amounts included in the cost of properties under development for sale	(4.0)	(4.3)
	<hr/>	<hr/>
	79.2	73.3
Bank and other loans arrangement fees	19.7	20.9
	<hr/>	<hr/>
	98.9	94.2
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2017	2016
	<i>HK\$'M</i>	<i>HK\$'M</i>
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	(23.8)	(33.9)
Gain on disposal of property, plant and equipment	(6.6)	(14.3)
Net exchange (gain) loss	(6.6)	1.2
Release of prepaid lease payments	–	0.1
Depreciation	76.2	73.9
Reversal of impairment loss recognised on held-to-maturity investments	(7.3)	–
Impairment loss recognised on trade receivables	–	0.3
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

For the six months ended

30 September

2017

2016

HK\$'M

HK\$'M

The taxation charge comprises:

Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	13.5	26.9
Overseas tax calculated at rates prevailing in respective jurisdictions	34.1	14.8
Land appreciation tax ("LAT")	10.5	–
	<hr/>	<hr/>
	58.1	41.7
Deferred taxation for current period	61.7	2.9
	<hr/>	<hr/>
	119.8	44.6
	<hr/> <hr/>	<hr/> <hr/>

The LAT is levied at progressive rates on the appreciation of land value, being the proceeds of the sales of properties less the deductible expenditures, including the cost of land use rights and relevant property development expenditures.

7. DIVIDENDS

For the six months ended

30 September

2017

2016

HK\$'M

HK\$'M

Final dividend paid for the financial year ended
31 March 2017 of HK7 cents per share
(six months ended 30 September
2016: No final dividend was paid
for the financial year ended 31 March 2016)

94.5	–
<hr/> <hr/>	<hr/> <hr/>

The directors of the Company declared an interim dividend of HK3 cents per share (six months ended 30 September 2016: nil) totalling not less than HK\$40.5 million for the six months ended 30 September 2017.

8. EARNINGS PER SHARE

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

	For the six months ended	
	30 September	
	2017	2016
	HK\$'M	HK\$'M
Earnings		
Earnings for the purposes of calculating basic and diluted earnings (six months ended 30 September 2016: basic earnings) per share (Profit for the period attributable to owners of the Company)	<u>762.7</u>	<u>607.8</u>
	For the six months ended	
	30 September	
	2017	2016
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	<u>1,350,274,367</u>	<u>1,350,274,367</u>
Effect of dilutive potential ordinary share: Adjustment in relation to share options issued by the Company	<u>691,429</u>	
Number of ordinary shares in issue during the period for the purpose of calculating diluted earnings per share	<u><u>1,350,965,796</u></u>	

No diluted earnings per share had been presented for the six months ended 30 September 2016 because there were no potential ordinary shares outstanding during the period.

9. TRADE RECEIVABLES

The credit periods allowed by the Group to its customers are dependent on the general practices in the industries 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 2017 <i>HK\$'M</i>	31 March 2017 <i>HK\$'M</i>
Not yet due	9.1	9.5
Overdue:		
0 – 60 days	18.5	18.9
61 – 90 days	1.3	2.0
Over 90 days	2.2	2.3
	<hr/> 31.1 <hr/>	<hr/> 32.7 <hr/>

10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2017, included in trade payables, provision and accrued charges were trade payables of HK\$151.1 million (31 March 2017: HK\$251.5 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2017 <i>HK\$'M</i>	31 March 2017 <i>HK\$'M</i>
Not yet due	98.7	129.3
Overdue:		
0 – 60 days	36.3	92.0
61 – 90 days	0.7	0.8
Over 90 days	15.4	29.4
	<hr/> 151.1 <hr/>	<hr/> 251.5 <hr/>

BUSINESS REVIEW

Unless otherwise stated, all projects and operations are 100% owned by the Group.

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

Hong Kong

Discovery Bay

To further enhance facilities for residents, our subsidiary, Hong Kong Resort Company Limited, is upgrading the Discovery Bay bus terminus and extending the DB Plaza retail podium. Construction is scheduled for completion in 2019.

Meanwhile, there are a number of residential projects in the pipeline and we are in close liaison with the HKSAR Government about the new developments in Discovery Bay.

The Group holds a 50% interest in the Discovery Bay development.

La Cresta, Sha Tin

La Cresta, a 50:50 joint venture development between the Group and Nan Fung Development Limited, consists of three high-end residential towers and a number of villas with a total gross floor area (“GFA”) of approximately 12,500 square metres. A sale in the form of tender has been launched in October 2017.

The project will be completed in the financial year of 2017/2018.

2GETHER, Tuen Mun

This residential development project comprises a tower of premium apartments and a retail podium with a total GFA of approximately 12,300 square metres. The project was launched in October 2016, and nearly all residential units had been sold as at 30 September 2017. The project will be completed in the financial year of 2017/2018.

The Group owns a 75% interest in the development.

Kap Pin Long Project, Sai Kung

A modern luxury house, with a total GFA of approximately 350 square metres and spectacular sea view and a spacious garden, was completed.

Tai Po Town Lots Nos. 223 and 229

In November 2016, the Group with a joint venture partner, Hysan Development Company Limited, at the ratio of 40:60 was awarded tenders for two government sites in Tai Po at the consideration of approximately HK\$3,400 million. The land will be developed into a luxurious low-density residential development, which will be completed in 2021.

DB Plaza and DB North Plaza, Discovery Bay

As at 30 September 2017, DB Plaza and DB North Plaza continued to generate a steady rental income and achieved a fairly high occupancy rate of 92% and 97% respectively.

The Group holds a 50% interest in both DB Plaza and DB North Plaza.

CDW Building, Tsuen Wan

The renovation and conversion of CDW Building (with 27 storeys and a total GFA of 90,600 square metres) from an industrial building to a commercial building was completed in May 2017. The current occupancy rate of the retail podium named 8½ and the office space on top was 55%.

West Gate Tower, Cheung Sha Wan

During the Period, West Gate Tower has achieved an average occupancy rate of 93% and generated a stable rental income for the Group.

Tuen Mun Central Square Public Car Park, Tuen Mun

The 325 parking spaces continued to generate satisfactory rental income.

Mainland China

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is one of Shanghai's most prestigious and sought-after commercial properties. The complex has a total GFA of approximately 322,000 square metres, including two premium Grade A office towers (HKRI Centres One and Two), two boutique hotels, a serviced apartment building and a high-end shopping mall with extensive parking facilities. The two office towers and shopping mall are home to many multinational and key domestic tenants. At the end of September 2017, the two office towers have reached 74% occupancy and the shopping mall has achieved a high occupancy rate of over 90%.

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

City One, Jiaxing City, Zhejiang Province

City One comprises 577 apartment units and 20 villas, with a total GFA of approximately 83,000 square metres. As at 30 September 2017, 98% of units were sold.

Riviera One, Jiaxing City, Zhejiang Province

With a total GFA of approximately 102,000 square metres, Riviera One is a prime residential project adjacent to City One in Jiaxing City. This luxurious project, upon completion in late 2018, will provide approximately 700 low-rise and high-rise apartment units.

Oasis One, Hangzhou, Zhejiang Province

Situated in Zhejiang Hangzhou Future Sci-Tech City, Oasis One, upon completion in late 2018, will provide 396 units of low-rise apartments and villas. A pre-sale of first-batch units has kick-started in March 2017, and over 92% of the launched units were sold as at 30 September 2017.

The Exchange, Tianjin

The Exchange is the Group's 15%-owned investment property in Tianjin and has a total GFA of over 152,000 square metres. During the Period, the two office towers and Hotel Nikko Tianjin maintained occupancy rates of 88% and 74% respectively and continued to generate stable rental income. The Exchange's mall, Heping Joy City - Tianjin, achieved an occupancy rate of over 87% and is a popular destination for young shoppers.

Elite House, Shanghai

This 30-storey residential building is located in Shanghai's Changning District, close to Zhongshan Park. It comprises 120 units and has a total GFA of approximately 21,700 square metres. The building has been recently upgraded for a strata title sale.

Thailand

The Sukhothai Residences, Bangkok

This luxury condominium tower, located on Sathorn Road, is a leader in Bangkok's high-end residential market and over 95% of its 196 units have been sold.

Wireless Road Project, Bangkok

The Group's freehold land on Bangkok's Wireless Road covers a site area of approximately 12,600 square metres. The Group holds a 49% interest in this project.

Rama 3 Road Project, Yannawa District, Bangkok

The project is located at Rama 3 Road by the Chaophraya River in the Bang Phongphang Subdistrict, which is part of Bangkok's Yannawa District, and will provide some 1,500 residential units. The design of the development is currently in progress and construction will start in 2018.

Japan

Proud Roppongi, Tokyo

The Group and Nomura Real Estate Development Co., Ltd. have jointly redeveloped Proud Roppongi, a premium residential project at Roppongi 4-chome in Tokyo. Nearly all 35 units were sold and handed over in October/November 2017. The Group holds a 51% interest in the project.

Niseko Project, Hokkaido

The Group holds residential plots at Niseko, located close to the Niseko Annupuri ski area in Hokkaido. The plots have a total site area of approximately 60,000 square metres and are presently held as land bank.

Investment Properties in Tokyo

In July 2017, the Group acquired a new investment property, Haluwa Shibakoen, a 15-storey residential building located in Minato-ku, Tokyo. The property achieved an occupancy rate of 98% as at 30 September 2017. The Group also owns four other properties in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally-located office building; Souei Park Harajuku, an en-bloc residential apartment building in Shibuya; and Veneo Minami-Azabu, an en-bloc residential apartment building in Minato-ku. As at 30 September 2017, Horizon Place Akasaka achieved an occupancy rate of 96% while the other three properties all recorded 100% occupancy.

SERVICES PROVIDED

The four clubs in Discovery Bay - Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena are currently undergoing various upgrades to provide members and guests with enhanced facilities and services. The Group's subsidiaries operate various transportation services in Discovery Bay, including ferry, land transport and tunnel. Replacement of the single decker buses with a more environmental-friendly model in the bus fleet will be continued to improve the service quality of the land transport.

The Group's property management services in Discovery Bay, and elsewhere in Hong Kong, continued to operate at a normal pace during the Period.

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

HOSPITALITY

Hong Kong

Auberge Discovery Bay Hong Kong

The market has remained competitive, especially after the opening of the new Disney Explorers Lodge. Nevertheless, Auberge Discovery Bay Hong Kong maintained an average occupancy rate of 78% throughout the Period. The hotel also received several honours from the travel and leisure industry, including the "Most Liked Fairytale Wedding" in the *Wedding Message* Most Liked Awards 2017.

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

Thailand

The Sukhothai Bangkok

During the Period, the hotel's average occupancy was 58%, mainly due to the closure of the Terrace Wing, Health Club and swimming pool for renovation since May 2017. The hotel continued to reap awards from industry partners, including the 19th Bangkok's Best Restaurant Awards for Celadon, La Scala and Colonnade, and consistently earned the TripAdvisor "Certificate of Excellence". Now a member of Design Hotels™, the hotel will further leverage this brand in its global marketing initiatives.

HEALTHCARE

GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary, operates a comprehensive healthcare service network. With the motto of providing general public with "Longer Happier Lives", GenRx established chronic disease management centres (Qualigenics Medical), Chinese medicine centres (Discovery TCM Centre), dental clinics (Health & Care Dental Clinic), a centre for diagnosis and treatment of cancer (AmMed Cancer Center), and multi-specialty outpatient centres (Healthway Medical) across Hong Kong, Macau and Manila.

With the exception of dental clinics which involve third-party interests of 43%, businesses under the GenRx umbrella are wholly-owned by the Group.

HUMAN RESOURCES

As at 30 September 2017, the Group had a total of 2,436 employees in Hong Kong and overseas. The Group understands the importance of providing employees with a supportive and positive working environment and has been continuously reviewing the human resources policies and staff benefits of the Group. To maintain our competitive edge in the human capital market, the Group made enhancements to the paternity leave, maternity leave, early release practice and other benefits for family members etc.

The Group continues to provide learning and development opportunities to colleagues to support business needs.

INFORMATION TECHNOLOGY

The Group continued to invest in advanced IT platforms to improve efficiency and information visibility. A new cloud-based Leasing Management System was implemented to improve leasing administration and portfolio management.

OUTLOOK

Global market conditions continue to be challenging on several fronts, with the macroeconomic environment remaining unstable. The US Federal Reserve recently announced its plan to reduce the balance sheet, while the UK struggles on with its Brexit negotiations. These and other still developing geopolitical factors will continue to impact capital flows in the market.

However, recent economic news suggests that US economic growth will continue at a moderate pace with the Federal Reserve likely to raise interest rates gradually. Although it has raised the benchmark rate three times within the last few months, there is currently little incentive for Hong Kong banks to raise their prime rates. There is strong monetary liquidity and a fiercely competitive mortgage market.

Meanwhile, there is little noticeable impact from the latest property cooling measures by the HKSAR Government and the residential market has regained its momentum. The upward price cycle, though slowing down, is expected to sustain due to a robust demand.

In mainland China, economic growth is slackening off. The Central Government's policy to boost domestic demand while maintaining a stable property market is making headway. The flurry of new government curbs introduced so far this year have reigned in property prices to a more sustainable level. This will in turn benefit the property market as a whole.

The market is no doubt volatile and quite vulnerable. The Group will closely monitor related risks and developments in the market as they arise. However, we remain cautiously optimistic for future growth. We have a diversified business portfolio across a number of Asian markets, giving the Group a solid base to further grow its businesses.

Our property development business continued to perform well. Our latest residential projects in Hong Kong, 2GETHER and La Cresta, have received good response. Meanwhile, Riviera One in Jiaxing is highly-anticipated by the market. We have a firm foothold and will continue our business strategy to seek new opportunities for further residential development in Hong Kong and mainland China.

In property investment, our flagship project in mainland China, HKRI Taikoo Hui, and the revitalised CDW Building in Hong Kong, celebrated their respective grand openings in the second half of 2017. We strive to offer a highly-curated lifestyle experience in these commercial complexes, allowing them to stand out from others. With that we have every confidence that they will continue to generate stable long term rental income for the Group in the future.

The hospitality business has remained stable, with Auberge Discovery Bay Hong Kong and The Sukhothai Bangkok continued to perform well. We anticipate the opening of our third hotel, The Sukhothai Shanghai, will take place in early 2018, further strengthening our Sukhothai brand.

2017 is a special year for the Group as we celebrate the 40th anniversary. The last 40 years have been a remarkable journey, which filled the Group with excitement and satisfaction. Looking ahead we will continue our business strategies leveraging our creativity and pursuit of excellence. The Group remains committed to taking a measured approach while looking for suitable opportunities and partners for projects with high development potential across all markets, and seeking the highest return possible for our shareholders.

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

During the Period, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules save for a deviation of E.1.2 (Chairman of the Board's attendance of the annual general meeting). Due to other business engagements, Mr Payson CHA, the Chairman of the Board could not attend the annual general meeting of the Company held on 4 September 2017 (the "AGM") and Mr Victor CHA, the Deputy Chairman of the Board and Managing Director of the Company (and Member of the Remuneration Committee) chaired the AGM. All other Executive Directors and Mr Alfred TANG (Independent Non-executive Director, Chairman of the Audit Committee and Member of Nomination Committee) were present at the AGM and available to answer questions.

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 Sing Payson
Chairman

Hong Kong, 15 November 2017

As at the date of this announcement, the Directors of the Company are:

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

Mr FAN Hung Ling

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang