

HKR

INTERNATIONAL LTD.

香港興業國際集團

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2011/12

Interim Report 中期報告



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Business and Financial Highlights

BUSINESS HIGHLIGHTS

EVENTS DURING AND SUBSEQUENT TO THE PERIOD UNDER REVIEW

- May – The Group's information technology department awarded with a Certificate of Merit on Hong Kong ICT Awards 2011, titled "Best Ubiquitous Networking – Mobile Enterprise Solution", as organised by the Hong Kong Wireless Technology Industrial Association
- June – The Group announced its 2010/2011 final results
- July – The Group, through a jointly controlled entity, acquired a piece of freehold land of approximately 5,156 square metres on Sathorn Road in Bangkok, Thailand for residential development
- August – Hong Kong Resort Company Limited, the developer of Discovery Bay won two property awards: "Best Developer – Green Development 最佳發展商 – 環保綠化發展" and "Best Developer – Urban Design & Master Planning 最佳發展商 – 城市設計及總體規劃大獎" presented by CAPITAL Magazine
- September – The Group held its annual general meeting
- October – The Group acquired a piece of government land with a site area of approximately 18,600 square feet in Sai Kung for residential development
- November – The Group acquired a piece of land together with plant and machinery in Middlewich, Cheshire, United Kingdom for the manufacturing of sanitaryware products

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Year ended 31 March
	2011 HK\$'M	2010 HK\$'M (restated)	2011 HK\$'M
Results			
Turnover	835.6	868.0	1,800.7
Profit attributable to owners of the Company	242.4	776.0	1,647.9
Dividends paid	148.5	162.0	256.5
Earnings per share (HK cent)	18.0	57.5	122.0
	30 September		31 March
	2011 HK\$'M	2010 HK\$'M (restated)	2011 HK\$'M
Financial Position			
Total assets	22,177.9	20,757.1	21,333.9
Total liabilities	7,022.1	6,908.4	6,457.1
Equity attributable to owners of the Company	13,867.0	12,597.5	13,571.7
Net asset value per share (HK\$)	10.3	9.3	10.1

Management Discussion and Analysis

INTERIM RESULTS

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

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

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend to its shareholders for the Period. An interim dividend of HK7 cents per share was paid by the Company to its shareholders for the corresponding period last year.

BUSINESS REVIEW

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

Discovery Bay, Hong Kong

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

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

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

Dazhongli (under construction), Shanghai

The schematic design and the underground design development of the Dazhongli project have been approved. Foundation works are planned to commence by the end of 2011.

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

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

The Sukhothai Residences, Thailand

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

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

Management Discussion and Analysis

Industrial and/or commercial properties, Hong Kong

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

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

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

Residential properties, Japan

In late March 2011, the Group completed the acquisition of an en-bloc 17-unit residential building namely, Chelsea Garden in Tokyo, Japan, through an associated real estate fund, in which the Group has a 20% interest, at a consideration of JPY 3,006.5 million.

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

Sathorn Road and Wireless Road, Thailand

During the Period, the Group, through a jointly controlled entity set up with a Thai partner, acquired another piece of freehold land with a site area of approximately 5,156 square metres located at Sathorn Road, Bangkok central business district, close to The Sukhothai hotel and The Sukhothai Residences, at a total consideration of approximately THB 1.35 billion (approximately HK\$356.0 million) for residential development. The property is currently under planning and construction is expected to commence in the third quarter of 2012.

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

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

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

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

Kap Pin Long, Sai Kung, Hong Kong

In October 2011, the Group acquired a piece of government land with a site area of approximately 18,600 square feet located at Kap Pin Long, Sai Kung, New Territories at a consideration of HK\$55.0 million for residential development.

Chelsea Residence, Shanghai

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

Management Discussion and Analysis

The Exchange, 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 100%, 98% and 60% respectively.

The Group has a 15% interest in The Exchange.

SERVICES PROVIDED

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

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

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

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

HOSPITALITY

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

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

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

Except for the resort hotel in Discovery Bay of which the Group has a 50% interest, the rest of the Group's hospitality businesses are 100% owned by the Group.

HEALTHCARE

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

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

Management Discussion and Analysis

MANUFACTURING

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

To cope with the difficulties and further develop the Western Europe and the United States markets, where the sanitaryware business is recovering, the Group acquired a piece of land together with plant and machinery in Middlewich, Cheshire, United Kingdom at a consideration of Euro 6.0 million (approximately HK\$65.0 million) in November 2011 for the manufacturing of sanitaryware products in Europe. Operation is targeted to commence in the first quarter of 2012.

SECURITIES INVESTMENT

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

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

CONSTRUCTION

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

OUTLOOK

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

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

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

HUMAN RESOURCES

As at 30 September 2011, the total number of employees of the Group in Hong Kong and overseas was 3,273. During the Period, the Group continued to build an engaged and competent workforce through ongoing training and staff communication programs. The Group has also done a series of cultural promotions across the organization in response to the recent launch of the new Vision, Mission and Values statements.

Management Discussion and Analysis

INFORMATION TECHNOLOGY

The Group has continued to enhance its competitiveness and operational efficiency through updated information technology ("IT") infrastructure and application systems.

During the Period, the Group has started working on server consolidation to improve systems availability, boost resources efficiency and drive down running costs. New cloud computing solutions to improve business and IT agility are being reviewed. File exchange service has been introduced that allows employees in headquarter and overseas to collaborate on the same project irrespective of location.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 30 September 2011, the shareholders' funds of the Group increased by HK\$295.3 million to HK\$13,867.0 million (31 March 2011: HK\$13,571.7 million). The increase was mainly due to an upward fair value revaluation of investment properties and profit contribution from operating units. The overall gross profit margin for the Group was 34.5% (31 March 2011: 28.5%).

MAJOR CASH FLOWS TO/ FROM INVESTING ACTIVITIES

During the Period, the Group invested HK\$167.8 million in a property development project in Thailand, in which the Group has a 49% interest. In Hong Kong, the Group acquired a piece of land in Sai Kung at a total consideration of HK\$55.0 million in October 2011.

In addition, the companies for the projects in Tung Chung, in which the Group has 31% interest, repaid HK\$19.5 million shareholders' loan to the Group during the Period.

The Group also disposed of certain residential investment properties located in Hong Kong and Shanghai, the PRC that contributed a total of HK\$18.5 million cash to the Group.

MAJOR CASH FLOWS FROM OPERATING ACTIVITIES

All the investment properties of the Group generated approximately HK\$114.0 million operating cash during the Period.

FINANCIAL LIQUIDITY

As at 30 September 2011, the Group had total cash and securities investment of HK\$2,520.6 million (31 March 2011: HK\$2,590.4 million) whilst total bank borrowings and other loans were HK\$4,066.9 million (31 March 2011: HK\$3,523.1 million). The major changes in bank borrowings and other loans were reflected in the capitalisation of certain development projects and acquisitions located in Hong Kong and Thailand.

GEARING

The Group's gearing ratio maintained at a low level of 12.9% (31 March 2011: 8.4%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 30 September 2011.

BANKING FACILITIES

As at 30 September 2011, the Group had adequate internal cash and banking facilities, both secured and unsecured, to finance its development projects and operations. As at 30 September 2011, the unutilised credit facilities stood at approximately HK\$2,877.9 million (31 March 2011: HK\$3,420.3 million).

The maturity profile of bank borrowings and other loans were 91.5% (31 March 2011: 43.2%) falling within one year, 0.1% (31 March 2011: 47.7%) falling between one to two years, and 8.4% (31 March 2011: 9.1%) falling between two to five years as at 30 September 2011.

Management Discussion and Analysis

TREASURY POLICY

The Group has centralised treasury functions and adopted a conservative approach for its treasury management. With majority of assets and liabilities denominated in HK dollars and US dollars, the Group has limited exposure to foreign currencies. To manage foreign currency exposure in certain investments overseas, the Group has maintained naturally hedged positions and made currency swap arrangements as appropriate. The Group's banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short to medium term borrowings when appropriate and necessary.

It is the policy of the Group to restrict the use of financial derivatives for speculative purpose.

PLEDGE OF ASSETS

As at 30 September 2011, the Group had pledged property, plant and equipment with a carrying value of HK\$9.3 million (31 March 2011: HK\$9.2 million), and bank deposits of HK\$2.8 million (31 March 2011: HK\$2.9 million) to secure banking facilities granted to the Group.

In addition, the Group had pledged income and deposits of one of its subsidiaries to secure banking facility to that particular subsidiary.

CONTINGENT LIABILITIES

The Group's contingent liabilities relating to a corporate guarantee given, to the extent of the Group's proportionate share, in respect of banking facility granted to an investee company, increased by HK\$4.3 million to HK\$164.7 million as at 30 September 2011 (31 March 2011: HK\$160.4 million).

Saved as the aforesaid disclosure, the Group did not have other contingent liabilities as at 30 September 2011.

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests or short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") adopted by the Company were as follows:

(1) THE COMPANY

Long positions in shares of HK\$0.25 each

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate Percentage of Issued Share Capital
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
CHA Mou Sing Payson	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,113,113	–	2,624,600 (Note a)	633,137,861 (Note b)	638,875,574	47.31
CHA Mou Zing Victor	Beneficial owner and beneficiary of discretionary trusts	760,253	–	–	629,498,383 (Note b)	630,258,636	46.68
CHA Mou Daid Johnson	Beneficiary of discretionary trusts	–	–	–	628,200,885 (Note b)	628,200,885	46.52
CHA Yiu Chung Benjamin	Beneficiary of discretionary trusts	–	–	–	618,895,387 (Note b)	618,895,387	45.83
WONG CHA May Lung Madeline	Founder and/or beneficiary of discretionary trusts	–	–	–	627,487,463 (Notes c & d)	627,487,463	46.47
Ronald Joseph ARCULLI	Beneficiary of a trust	241,472	–	–	–	241,472	0.02
CHUNG Sam Tin Abraham	Beneficial owner	315,084	–	–	–	315,084	0.02
HO Pak Ching Loretta	Beneficial owner	85,600	–	–	–	85,600	0.01
TANG Moon Wah	Beneficial owner	135,200	–	–	–	135,200	0.01

Notes:

- (a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.
- (b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees, and the relevant directors were among the members of the classes of discretionary beneficiaries.
- (c) 577,842,756 shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees, and the director was among the members of the classes of discretionary beneficiaries.
- (d) The director was, under two separate discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts were deemed to be interested in 49,644,707 shares in aggregate.

(2) ASSOCIATED CORPORATION – HANISON CONSTRUCTION HOLDINGS LIMITED

Long positions in shares of HK\$0.10 each

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate Percentage of Issued Share Capital
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
CHA Mou Sing Payson	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	668,830	–	563,877 (Note a)	107,836,435 (Note b)	109,069,142	22.37
CHA Mou Zing Victor	Beneficial owner and beneficiary of discretionary trusts	163,336	–	–	107,150,201 (Note b)	107,313,537	22.01
CHA Mou Daid Johnson	Beneficiary of discretionary trusts	–	–	–	107,150,200 (Note b)	107,150,200	21.98
CHA Yiu Chung Benjamin	Beneficiary of discretionary trusts	–	–	–	105,150,973 (Note b)	105,150,973	21.57
WONG CHA May Lung Madeline	Founder and/or beneficiary of discretionary trusts	–	–	–	106,996,924 (Notes c & d)	106,996,924	21.95
Ronald Joseph ARCULLI	Beneficiary of a trust	51,878	–	–	–	51,878	0.01
CHUNG Sam Tin Abraham	Beneficial owner	58,018	–	–	–	58,018	0.01
HO Pak Ching Loretta	Beneficial owner	11,690	–	–	–	11,690	0.002

Notes:

- (a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.
- (b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees and the relevant directors were among the members of the classes of discretionary beneficiaries.
- (c) 105,150,973 shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the corporate trustees, and the director was among the members of the classes of discretionary beneficiaries.
- (d) The director was, under another discretionary trust of which LBJ Regents Limited was the corporate trustee, the founder and member of the classes of discretionary beneficiaries thereof. Such trust was deemed to be interested in 1,845,951 shares.

Save as disclosed above and for certain directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at 30 September 2011, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, the following persons (other than a director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Company's shares of HK\$0.25 each

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate Percentage of Issued Share Capital
CCM Trust (Cayman) Limited	Corporate trustee	560,153,905 (Note a)	41.48
LBJ Regents Limited	Corporate trustee	106,137,275 (Note b)	7.86
Invesco Hong Kong Limited	Investment manager/advisor of various accounts	95,032,578 (Note c)	7.04

Notes:

- (a) 560,153,905 shares were held by CCM Trust (Cayman) Limited as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue.
- (b) 106,137,275 shares were held by LBJ Regents Limited as corporate trustee for certain but not identical discretionary trusts, of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi Ming's issue.
- (c) The long position interest in 95,032,578 shares were held by Invesco Hong Kong Limited as investment manager and/or advisor of various accounts.

Save as disclosed above, as at 30 September 2011, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The existing share option scheme of the Company was approved and adopted by shareholders of the Company on 8 September 2011 ("2011 Scheme"). The listing status of shares to be granted under the 2011 Scheme was granted by the Listing Committee of the Stock Exchange on 9 September 2011. Under the 2011 Scheme, options may be granted, inter alia, to directors of the Company and the total number of shares of the Company available for grant of options under the 2011 Scheme is 135,027,436 shares which represents 10% of the issued share capital of the Company at the date of this interim report (i.e. 23 November 2011).

Upon the adoption of the 2011 Scheme, the share option scheme adopted in 2002 ("2002 Scheme") was terminated on 8 September 2011. No option was granted under the 2002 Scheme and as at the date of this report, no option has been granted under the 2011 Scheme.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

There was no grant to, and no exercise by, the Directors of the Company of any option scheme of the Company during the Period.

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period, except for certain deviations from the code provisions A.2.1 (division of responsibilities between the chairman and chief executive officer be clearly established and set out in writing), A.4.1 (non-executive directors be appointed for a specific term) and E.1.2 (chairman of the board to attend annual general meeting). Details of the deviations and considered reasons relating to the code provisions A.2.1 and A.4.1 have been duly set out in the Corporate Governance Report in the 2010/2011 Annual Report of the Company published in July 2011.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (including amendments as made effective from time to time) as its own code of conduct to regulate securities transactions by Directors of the Company and specified employees who, by reference to their positions and duties, are likely to be in possession of unpublished price-sensitive information of the Group. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

CHANGE IN THE INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the following Directors of the Company have changed their particulars after the date of the Company's 2010/2011 Annual Report as required to be disclosed:-

Mr CHEUNG Wing Lam Linus ceased as an independent non-executive director of Taikang Life Insurance Co. Ltd. in July 2011.

Mr CHA Mou Zing Victor and Ms WONG CHA May Lung Madeline are directors of the United Nigerian Textiles PLC which was privatised and delisted from the Nigerian Stock Exchange in October 2011.

Other Information

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

In accordance with the continuing obligation set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 30 September 2011 pursuant to rule 13.18 thereof. There exists no reporting obligation by the Company under rules 13.17 and 13.19 of the Listing Rules accordingly.

The Company is the borrower of a loan agreement entered into on 18 September 2007 (the “Loan Agreement”) for a transferable revolving credit facility in an aggregate principal amount of HK\$2,500.0 million with final maturity date falling five years after the date of the Loan Agreement.

The Loan Agreement provides that the existing controlling shareholder of the Company as defined below as Cha Family, being a single largest shareholder (direct or indirect shareholding) in the Company on the date of the Loan Agreement together with his associate(s) shall be the Company’s single largest beneficial shareholder at any time until the final maturity date and/or so long as the loan remains outstanding.

As at the date of the Loan Agreement, CCM Trust (Cayman) Limited, LBJ Regents Limited and CDW Holdings Limited (all being substantial shareholders of the Company within the meaning of the SFO), Mingly Asia Capital Limited (not being a substantial shareholder within the meaning of the SFO) and Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline (all being Directors of the Company) together had an aggregate interest in 686,284,267 shares in the Company, representing approximately 50.83% of the issued share capital of the Company and collectively treated as a single controlling shareholder of the Company under the term “Cha Family”. The term Cha Family extends to include the interest of Mr CHA Yiu Chung Benjamin after he became a director of the Company in September 2010.

As at the date of this report, Cha Family holds an aggregate interest in 672,789,146 shares representing approximately 49.83% of the issued share capital of the Company and it remains a single largest beneficial shareholder of the Company.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In accordance with the requirements of rule 13.22 of Chapter 13 of the Listing Rules, the following are the details of financial assistance and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2011 pursuant to rule 13.16 thereof.

- (1) As at 30 September 2011, the Group advanced to Tung Chung Station Development Company Limited (“TCSDDL”) an aggregate amount of HK\$869.6 million.

TCSDDL is engaged in the development of Tung Chung Station Package II Project in Lantau Island, Hong Kong in which the Group has 31% interest. The last phase of the development was completed in 2009 and TCSDDL is currently interested in the 2-storey commercial centre and 480 residential car parking spaces. The advances were provided by the Group in the form of shareholder’s loans in proportion to the Group’s shareholding interest in TCSDDL, for the purpose of funding the working capital requirements of TCSDDL. The advances are unsecured, non-interest bearing and have no fixed term of repayments.

Other Information

- (2) As at 30 September 2011, the Group advanced to Dazhongli Properties Limited and its subsidiaries (“Dazhongli Group”) an aggregate amount of HK\$4,543.9 million.

Dazhongli Group is engaged in the development of certain properties in Jingan District, Shanghai, the PRC in which the Group has a 50% interest. The advances were provided by the Group in the form of equity and loans in proportion to its shareholding interest therein, for the purpose of financing the development expenditure of Dazhongli Group. The advances are unsecured, non-interest bearing and have no fixed terms of repayments.

- (3) As at 30 September 2011, the Group also advanced to several affiliated companies at an aggregate amount of HK\$499.3 million.

As at 30 September 2011, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK\$5,912.8 million and represented 42.6% of the consolidated net tangible assets of the Group of HK\$13,867.0 million as at 30 September 2011.

A pro forma combined balance sheet of these affiliated companies and the Group’s attributable interest in these affiliated companies as at 30 September 2011 were as follows:

	Pro forma combined balance sheet HK\$M	The Group’s attributable interest HK\$M
Non-current assets	14,471.9	7,064.0
Current assets	2,474.8	1,097.9
Current liabilities	1,618.9	735.7
Net current assets	855.9	362.2
Non-current liabilities	13,480.0	6,188.6
Shareholders’ surplus	1,847.8	1,237.6

REVIEW OF INTERIM REPORT

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

On behalf of the Board

CHA Mou Zing Victor

Deputy Chairman & Managing Director

Hong Kong, 23 November 2011

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 15 to 37, which comprises the condensed consolidated statement of financial position of HKR International Limited (the “Company”) and its subsidiaries as of 30 September 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 November 2011

Condensed Consolidated Income Statement

For the six months ended 30 September 2011

	NOTES	For the six months ended 30 September	
		2011 HK\$'M (unaudited)	2010 HK\$'M (unaudited and restated)
Turnover	3	835.6	868.0
Cost of sales		(547.5)	(589.2)
Gross profit		288.1	278.8
Other income		57.4	36.8
Administrative expenses		(198.7)	(188.7)
Other gains and losses		(15.3)	112.5
Change in fair value of investment properties			
Realised gains on disposals	10	1.3	1.0
Unrealised gains	10	306.5	549.7
Finance costs	4	(26.0)	(20.3)
Share of results of associates		37.8	99.7
Share of results of jointly controlled entities		(84.2)	48.9
Profit before taxation	5	366.9	918.4
Taxation	6	(41.9)	(52.4)
Profit for the period		325.0	866.0
Attributable to:			
Owners of the Company	7	242.4	776.0
Non-controlling interests		82.6	90.0
		325.0	866.0
Earnings per share	9		
Basic (HK cents)		18.0	57.5
Diluted (HK cents)		N/A	57.1

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2011

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

Condensed Consolidated Statement of Financial Position

At 30 September 2011

	NOTES	30 September 2011 HK\$'M (unaudited)	31 March 2011 HK\$'M (audited)
Non-current assets			
Investment properties	10	6,487.5	6,133.1
Property, plant and equipment	11	2,455.1	2,460.1
Prepaid lease payments		35.1	35.8
Interests in associates		541.8	514.1
Interests in jointly controlled entities	12	6,363.9	6,011.2
Amount due from an associate		111.0	104.2
Held-to-maturity investments		75.9	84.2
Available-for-sale financial assets		36.5	60.6
Other assets		126.9	129.4
Deferred tax assets		8.5	7.6
		16,242.2	15,540.3
Current assets			
Inventories		159.2	160.7
Properties held for sale		17.5	17.5
Trade receivables	13	83.6	110.8
Deposits, prepayments and other financial assets		174.1	180.4
Properties held for/under development for sale		2,948.8	2,727.4
Amounts due from associates		80.1	91.1
Amount due from a jointly controlled entity		46.4	36.3
Taxation recoverable		17.8	23.8
Held-to-maturity investments		124.2	62.6
Financial assets at fair value through profit or loss		0.2	0.2
Pledged bank deposits		2.8	2.9
Bank balances and cash		2,281.0	2,379.9
		5,935.7	5,793.6
Current liabilities			
Trade payables, provision and accrued charges	14	789.2	919.8
Deposits received and other financial liabilities		599.7	621.2
Amount due to an associate		19.6	5.5
Taxation payable		71.8	58.6
Bank and other loans due within one year	15	3,721.1	1,521.1
Other liabilities due within one year	16	22.7	6.3
		5,224.1	3,132.5
Net current assets		711.6	2,661.1
Total assets less current liabilities		16,953.8	18,201.4

Condensed Consolidated Statement of Financial Position

At 30 September 2011

	NOTES	30 September 2011 HK\$'M (unaudited)	31 March 2011 HK\$'M (audited)
Non-current liabilities			
Bank and other loans due after one year	15	345.8	2,002.0
Other liabilities due after one year	16	1,299.9	1,177.9
Deferred tax liabilities		152.3	144.7
		1,798.0	3,324.6
		15,155.8	14,876.8
Capital and reserves			
Share capital		337.5	337.5
Reserves		13,529.5	13,234.2
Equity attributable to owners of the Company		13,867.0	13,571.7
Non-controlling interests		1,288.8	1,305.1
		15,155.8	14,876.8

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Attributable to the owners of the Company												
	Share capital HK\$'M	Accumulated profits HK\$'M	Investment property revaluation reserve HK\$'M (note a)	General reserve HK\$'M (note b)	Share premium HK\$'M	Asset revaluation reserve HK\$'M	Investment revaluation reserve HK\$'M	Distributable reserve HK\$'M (note c)	Exchange reserve HK\$'M	Capital redemption reserve HK\$'M (note d)	Total HK\$'M	Non-controlling interests HK\$'M	Total HK\$'M
At 1 April 2010 (audited)	337.5	7,221.5	1,404.8	78.3	1,537.9	132.1	58.4	450.7	560.0	3.1	11,784.3	1,157.5	12,941.8
Profit for the year	-	1,647.9	-	-	-	-	-	-	-	-	1,647.9	136.0	1,783.9
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	216.7	-	216.7	11.6	228.3
Share of exchange reserve of jointly controlled entities and associates	-	-	-	-	-	-	-	-	208.0	-	208.0	-	208.0
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	(19.1)	-	-	-	(19.1)	-	(19.1)
Reclassified to profit or loss upon disposal of available-for-sale financial assets	-	-	-	-	-	-	(9.2)	-	-	-	(9.2)	-	(9.2)
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Total comprehensive income (expense) for the year	-	1,647.9	-	-	-	-	(28.7)	-	424.7	-	2,043.9	147.6	2,191.5
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the year	-	(810.4)	810.4	-	-	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the year	-	(126.5)	126.5	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	(256.5)	-	-	-	-	-	-	-	-	(256.5)	-	(256.5)
Transfer upon disposal of a subsidiary	-	658.3	-	(78.3)	-	(129.3)	-	(450.7)	-	-	-	-	-
At 31 March 2011 (audited)	337.5	8,334.3	2,341.7	-	1,537.9	2.8	29.7	-	984.7	3.1	13,571.7	1,305.1	14,876.8

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Attributable to the owners of the Company										
	Share capital HK\$'M	Accumulated profits HK\$'M	Investment property revaluation reserve HK\$'M (note a)	Share premium HK\$'M	Asset revaluation reserve HK\$'M	Investment revaluation reserve HK\$'M	Exchange reserve HK\$'M	Capital redemption reserve HK\$'M (note d)	Total HK\$'M	Non-controlling interests HK\$'M	Total HK\$'M
At 1 April 2011 (audited)	337.5	8,334.3	2,341.7	1,537.9	2.8	29.7	984.7	3.1	13,571.7	1,305.1	14,876.8
Profit for the period	–	242.4	–	–	–	–	–	–	242.4	82.6	325.0
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	(16.3)	–	(16.3)	(5.3)	(21.6)
Share of exchange reserve of jointly controlled entities and associates (note e)	–	–	–	–	–	–	165.5	–	165.5	–	165.5
Fair value changes on available-for-sale financial assets	–	–	–	–	–	(23.9)	–	–	(23.9)	–	(23.9)
Deferred tax arising from fair value changes on available-for-sale financial assets	–	–	–	–	–	0.1	–	–	0.1	–	0.1
Total comprehensive income (expense) for the period	–	242.4	–	–	–	(23.8)	149.2	–	367.8	77.3	445.1
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period	–	(204.6)	204.6	–	–	–	–	–	–	–	–
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period	–	6.9	(6.9)	–	–	–	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	76.0	–	–	–	–	–	–	76.0	(93.6)	(17.6)
Dividends paid	–	(148.5)	–	–	–	–	–	–	(148.5)	–	(148.5)
At 30 September 2011 (unaudited)	337.5	8,306.5	2,539.4	1,537.9	2.8	5.9	1,133.9	3.1	13,867.0	1,288.8	15,155.8

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2011

	Attributable to the owners of the Company											Total HK\$'M	Non- controlling interests HK\$'M	Total HK\$'M
	Share capital HK\$'M	Accumulated profits HK\$'M	Investment property revaluation reserve HK\$'M (note a)	General reserve HK\$'M (note b)	Share premium HK\$'M	Asset revaluation reserve HK\$'M	Investment revaluation reserve HK\$'M	Distributable reserve HK\$'M (note c)	Exchange reserve HK\$'M	Capital redemption reserve HK\$'M (note d)	Total HK\$'M			
At 1 April 2010 (audited)	337.5	7,221.5	1,404.8	78.3	1,537.9	132.1	58.4	450.7	560.0	3.1	11,784.3	1,157.5	12,941.8	
Profit for the period (restated)	-	776.0	-	-	-	-	-	-	-	-	776.0	90.0	866.0	
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	130.7	-	130.7	3.7	134.4	
Share of exchange reserve of jointly controlled entities (note e)	-	-	-	-	-	-	-	-	91.9	-	91.9	-	91.9	
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	(13.9)	-	-	-	(13.9)	-	(13.9)	
Reclassified to profit or loss upon disposal of available-for-sale financial assets	-	-	-	-	-	-	(9.2)	-	-	-	(9.2)	-	(9.2)	
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)	
Total comprehensive income (expense) for the period	-	776.0	-	-	-	-	(23.4)	-	222.6	-	975.2	93.7	1,068.9	
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period (restated)	-	(557.0)	557.0	-	-	-	-	-	-	-	-	-	-	
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (restated)	-	8.6	(8.6)	-	-	-	-	-	-	-	-	-	-	
Dividends paid	-	(162.0)	-	-	-	-	-	-	-	-	(162.0)	-	(162.0)	
At 30 September 2010 (unaudited and restated)	337.5	7,287.1	1,953.2	78.3	1,537.9	132.1	35.0	450.7	782.6	3.1	12,597.5	1,251.2	13,848.7	

Notes:

- (a) Investment property revaluation reserve represents the Group's accumulated post-tax unrealised net fair value gain on the investment properties of the subsidiaries, jointly controlled entities and associates recognised in profit or loss, and then transferred from accumulated profits to investment property revaluation reserve. Upon the relevant investment property being disposed of and the fair value gain becoming realised, the relevant net fair value gain will be transferred to accumulated profits. Following the early adoption of HKAS 12 (Amendments) "Income taxes", the net amount of transfer of investment property revaluation reserve during the six months ended 30 September 2010 was restated to reflect the change of deferred tax charge upon revaluation of investment properties.
- (b) General reserve mainly represents reserve created by way of capital reduction in a scheme of arrangement of the Group under its former listed vehicle namely HKR Properties Limited pursuant to a special resolution passed at the Extraordinary General Meeting (the "Scheme of Arrangement") in 1988. The general reserve was transferred to accumulated profits upon disposal of DP Properties Limited (formerly HKR Properties Limited) during the year ended 31 March 2011.
- (c) Distributable reserve was arisen from the cancellation of the share capital and the share premium account of HKR Properties Limited in the financial year of 1989/1990 under the Scheme of Arrangement. The distributable reserve was transferred to accumulated profits upon disposal of DP Properties Limited during the year ended 31 March 2011.
- (d) Capital redemption reserve is the amount equivalent to the nominal value of the shares cancelled upon repurchase of the Company's shares which was transferred from accumulated profits. The reserve may be applied by the Company in paying up its unissued shares to be allotted to members of the Company as fully paid bonus shares in accordance with the articles of association of the Company and the Companies Law of the Cayman Islands.
- (e) Share of exchange reserve of jointly controlled entities during the period included an amount of HK\$42.8 million (six months ended 30 September 2010: HK\$18.8 million) arising from translation of interests in jointly controlled entities and an amount of HK\$123.0 million (six months ended 30 September 2010: HK\$73.1 million) exchange gain arising from loans that form part of net investment in foreign operations.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2011

	For the six months ended 30 September	
	2011 HK\$'M (unaudited)	2010 HK\$'M (unaudited)
Net cash used in operating activities	(183.6)	(103.7)
Net cash used in investing activities		
Proceeds from disposal of investment properties	18.5	26.9
Repayment of loans from associates	19.5	8.7
Loans to jointly controlled entities	(267.6)	(671.1)
Investment in a jointly controlled entity	(6.3)	(6.3)
Additions of property, plant and equipment	(102.1)	(31.1)
Additions of investment properties	(9.8)	(777.1)
Other investing cash flows	(74.6)	53.6
	(422.4)	(1,396.4)
Net cash generated from financing activities		
New bank borrowings raised	624.9	2,528.0
Repayment of bank borrowings	(109.9)	(142.8)
Dividends paid	(148.5)	(162.0)
Acquisition of additional interest in a subsidiary	(17.6)	–
Redemption of convertible bonds	–	(834.3)
Other financing cash flows	137.0	98.5
	485.9	1,487.4
Net decrease in cash and cash equivalents	(120.1)	(12.7)
Cash and cash equivalents at beginning of the period	2,379.9	2,055.4
Effect of foreign exchange rate changes	21.2	62.4
Cash and cash equivalents at end of the period	2,281.0	2,105.1
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	2,281.0	2,105.1

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

(b) EARLY ADOPTION OF HKAS 12 (AMENDMENTS) INCOME TAXES

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) EARLY ADOPTION OF HKAS 12 (AMENDMENTS) INCOME TAXES *(Continued)*

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION (Continued)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

3. SEGMENT INFORMATION *(Continued)*

Notes:

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

4. FINANCE COSTS

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

5. PROFIT BEFORE TAXATION

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

6. TAXATION

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

6. TAXATION *(Continued)*

Note:

An analysis of current period deferred taxation is as follows:

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

7. PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M
Profit for the period attributable to owners of the Company comprises:		
(i) Net unrealised gains (losses) on change in fair value of investment properties during the period		
– The Group	306.5	549.7
Less: Deferred tax	(1.0)	(24.4)
Attributable to non-controlling interests	(48.7)	(60.3)
	256.8	465.0
– Jointly controlled entity, net of deferred tax (Note 12(a)(ii))	(81.2)	51.7
– Associates, net of deferred tax	29.0	40.3
	204.6	557.0
(ii) Accumulated net realised gains of investment properties disposed of during the period		
Realised gain on disposal of investment properties (Note 10)	1.3	1.0
Accumulated gains on change in fair value of disposed investment properties recognised in prior years (Note 10)	9.8	13.5
Write-back of deferred tax relating to fair value change of disposed investment properties recognised in prior years	2.9	4.9
Less: PRC income tax arising from disposal of investment properties	(2.9)	(4.9)
	11.1	14.5
(iii) Reversal of provision for loans to an investee	–	85.3
(iv) Other profits	36.5	132.7
Subtotal	252.2	789.5
Less: Accumulated gains on change in fair value of disposed investment properties recognised in prior years	(9.8)	(13.5)
Profit for the period attributable to the owners of the Company	242.4	776.0

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

8. DIVIDENDS

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

9. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M (restated)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	242.4	776.0
Effect of dilutive potential ordinary shares: Interest on convertible bonds	N/A	3.8
Earnings for the purpose of calculating diluted earnings per share	N/A	779.8

	For the six months ended 30 September	
	2011	2010
Number of shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	1,350,274,367	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds	N/A	15,126,491
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	N/A	1,365,400,858

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

10. INVESTMENT PROPERTIES

During the six months ended 30 September 2011, the Group spent approximately HK\$9.8 million (six months ended 30 September 2010: HK\$777.1 million) on the acquisition of investment properties.

During the period, the Group disposed of certain investment properties. Details of which are as follows:

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M
Sale proceeds received	18.5	26.9
Original cost of acquisitions	(7.4)	(12.4)
Accumulated gains on change in fair value recognised in prior years	(9.8)	(13.5)
Realised gain upon disposals recognised during the period	1.3	1.0

The investment properties were revalued as at 30 September 2011, giving rise to an unrealised fair value gain of approximately HK\$306.5 million (six months ended 30 September 2010: HK\$549.7 million) which has been recognised in the condensed consolidated income statement for the period.

The fair values of the Group's investment properties as at 30 September 2011 have been derived by the following independent firms of qualified professional valuers with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by reference to net rental income allowing for reversionary income potential using the applicable market yields for the respective locations and types of properties as the discount rates.

Name of valuer	Location of investment properties
DTZ Debenham Tie Leung Limited	Hong Kong and PRC
DTZ Debenham Tie Leung Limited (note)	Japan
N&A Appraisal Company Limited	Thailand

Note: DTZ Debenham Tie Leung Limited has engaged DTZ Debenham Tie Leung KK, its member firm in Japan to carry out the valuation of the Group's properties in Japan.

11. PROPERTY, PLANT AND EQUIPMENT

Details of movements of property, plant and equipment are set out below:

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M
Net carrying value:		
At 1 April	2,460.1	2,410.8
Currency realignment	(30.1)	69.6
Additions	102.1	31.1
Disposals	(1.4)	(1.2)
Depreciation	(75.6)	(75.8)
At 30 September	2,455.1	2,434.5

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The interests in jointly controlled entities include the Group's 50% equity interest in Dazhongli Properties Limited ("Dazhongli"). An analysis is as follows:

	30 September 2011 HK\$M	31 March 2011 HK\$M
Interests in:		
Dazhongli (note a)	5,867.3	5,676.5
Other jointly controlled entities (note b)	496.6	334.7
	6,363.9	6,011.2

Notes:

(a) Dazhongli

Dazhongli and its subsidiaries ("Dazhongli Group") are engaged in the development of investment properties and hotel properties in the Jingan District of Shanghai in the PRC.

	30 September 2011 HK\$M	31 March 2011 HK\$M
Cost of unlisted shares	0.1	0.1
Share of reserves (note i)	640.6	474.5
Share of post acquisition gains (note ii)	729.1	813.5
	1,369.8	1,288.1
Loans to Dazhongli	4,497.5	4,388.4
	5,867.3	5,676.5

The loans to Dazhongli are unsecured, non-interest bearing and have no fixed terms of repayment. The Group has no intention to exercise its right to demand repayment of these loans within the next twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investment in Dazhongli Group as the proceeds of the loans have been substantially used by Dazhongli Group to inject as registered capital into its PRC subsidiaries. Accordingly, the amount is classified as non-current asset and included in the Group's interests in jointly controlled entities for the purpose of presentation in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Notes: *(Continued)*

(a) Dazhongli *(Continued)*

The summarised financial information in respect of Dazhongli Group as at 30 September 2011 is set out below:

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Non-current assets		
Investment properties under construction	11,518.6	11,166.6
Hotel properties under construction and equipment	552.1	538.1
Other non-current assets	104.3	142.8
	12,175.0	11,847.5
Current assets		
Bank balances and cash	434.0	394.5
Other current assets	95.9	77.7
	529.9	472.2
Current liabilities		
Loans from shareholders	(8,995.1)	(8,776.8)
Other current liabilities	(408.0)	(369.3)
	(9,403.1)	(9,146.1)
Net current liabilities	(8,873.2)	(8,673.9)
Total assets less current liabilities	3,301.8	3,173.6
Non-current liability		
Deferred tax liabilities	(562.2)	(597.4)
Net assets	2,739.6	2,576.2
Group's share of net assets	1,369.8	1,288.1

Notes:

- (i) The share of reserves of Dazhongli during the six months ended 30 September 2011 represented an exchange gain on translation of interest in Dazhongli and exchange gains arising from loans to Dazhongli that form part of net investment in foreign operation during the period.
- (ii) The decrease in share of post acquisition gains of Dazhongli in the current period mainly arose from the Group's share of fair value loss on investment properties under construction of Dazhongli.

The investment properties under construction was measured at 30 September 2011 at fair value of HK\$11,518.6 million (equivalent to RMB9,392.2 million) (31 March 2011: HK\$11,166.6 million (equivalent to RMB9,405.0 million)) which was based on the valuation conducted by DTZ Debenham Tie Leung Limited, who have appropriate qualification and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to comparable sales evidence as available in the relevant market and have taken into account the expected construction costs and the cost that will be expected to complete the development. The increase in the valuation for the six months ended 30 September 2011 of investment properties under construction as stated above was partly offset by the increase in the total estimated construction costs that gave rise to a fair value loss of HK\$216.6 million (year ended 31 March 2011: gain of HK\$224.9 million). The attributable taxation credit in respect of the loss was HK\$54.1 million (year ended 31 March 2011: taxation charge of HK\$56.2 million). Thus the net fair value loss after tax amounted to HK\$162.5 million (year ended 31 March 2011: net fair value gain of HK\$168.7 million) of which the Group's 50% share of loss was HK\$81.2 million (year ended 31 March 2011: share of gain of HK\$84.3 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Notes: *(Continued)*

(a) Dazhongli *(Continued)*

The capital commitments of Dazhongli Group at 30 September 2011 were as follows:

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Contracted but not provided for	1,269.4	1,279.1
Authorised but not contracted for	7,922.1	7,292.5
	9,191.5	8,571.6

The capital commitments of the Group's interest in Dazhongli which represent 50% of the above will be financed by shareholders' loan or direct borrowings of Dazhongli Group.

(b) Other jointly controlled entities

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Cost of unlisted shares	12.6	6.3
Share of reserve	(0.4)	–
Share of post acquisition gains	0.2	–
	12.4	6.3
Loans to other jointly controlled entities (note)	484.2	328.4
	496.6	334.7

Note: The loans to jointly controlled entities are unsecured, denominated in Thai Baht, and have no fixed terms of repayment. At 30 September 2011, the loans bear interest from 3.0% to 3.5% (31 March 2011: 3.0%) per annum. The Group has no intention to exercise its right to demand repayment of these loans within the next twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future.

13. TRADE RECEIVABLES

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

14. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

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

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

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

15. BANK AND OTHER LOANS

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Bank loans (note 1)	3,723.5	3,203.5
Bonds (note 2)	343.4	319.6
	4,066.9	3,523.1
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	(3,721.1)	(1,521.1)
Amount included under non-current liabilities	345.8	2,002.0
Bank and other loans are repayable:		
On demand or within one year	3,721.1	1,521.1
Between one to two years	2.4	1,682.4
Between two to five years	343.4	319.6
	4,066.9	3,523.1
Secured	622.4	571.9
Unsecured	3,444.5	2,951.2
	4,066.9	3,523.1

Notes:

- As at 30 September 2011, all the Group's bank borrowings carry interest at an average margin of 0.54% (31 March 2011: 0.51%) plus Hong Kong Interbank Offered Rate or other relevant interbank offered rates per annum.
- During the year ended 31 March 2011, the Group issued two floating rate specified bonds amounting to Japanese Yen 3.4 billion (equivalent to HK\$343.4 million (31 March 2011: HK\$319.6 million)) to finance the acquisition of investment properties in Japan. As at 30 September 2011, the bonds carry interest at an average margin of 1.6% (31 March 2011: 1.6%) plus relevant interbank offered rates per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

15. BANK AND OTHER LOANS *(Continued)*

As at 30 September 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK\$2.4 million (31 March 2011: HK\$333.9 million) have been classified as current liabilities in accordance with Hong Kong Interpretation 5 “Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause”.

16. OTHER LIABILITIES

Other liabilities mainly represented advances from non-controlling shareholders and club debentures.

17. CONTINGENT LIABILITIES

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Guarantees given, to the extent of the Group's proportionate share, in respect of banking facilities granted to an investee company	164.7	160.4

No financial guarantee has been recognised in the condensed consolidated financial statements as, in the opinion of the directors, the fair value of the financial guarantee was insignificant.

18. COMMITMENTS

	30 September 2011 HK\$'M	31 March 2011 HK\$'M
Contracted but not provided for in the condensed consolidated financial statements		
– expenditure in respect of properties held for/under development for sale	525.6	755.3
– capital expenditure in respect of acquisition of property, plant and equipment	43.6	52.7
– others	122.3	122.3
	691.5	930.3
Authorised but not contracted for in the condensed consolidated financial statements		
– capital expenditure in respect of acquisition of investment properties	–	40.1
– expenditure in respect of properties held for/under development for sale	231.9	137.6
– capital expenditure in respect of acquisition of property, plant and equipment	94.6	67.5
	326.5	245.2
	1,018.0	1,175.5

In addition, the outstanding capital commitments in respect of the Group's interest in Dazhongli is disclosed in Note 12.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2011

19. RELATED PARTY TRANSACTIONS

During the period, other than balances with related parties as shown in condensed consolidated statement of financial position, the Group had significant transactions with related parties as follows:

- (A) Transactions with entities controlled by certain discretionary trusts of which five directors of the Company are among the discretionary beneficiaries. The trusts have controlling beneficial interests in these entities and the Company:

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M
Transactions with the entities		
Rental income received by the Group	1.2	1.0
Management service fee received by the Group	0.7	0.8
Other services provided by the Group	0.1	0.1

(B) TRANSACTIONS WITH ASSOCIATES AND JOINTLY CONTROLLED ENTITIES OF THE GROUP

During the period, the Group had significant transactions with associates and jointly controlled entities of the Group as follows:

	For the six months ended 30 September	
	2011 HK\$'M	2010 HK\$'M
Aggregate transaction value in respect of the construction service entered into by the Group with an associate, Hanison Construction Holdings Limited, and its subsidiaries	92.4	98.2
Provision of services to an associate	0.1	0.1
Management fee and other operating service fees received from associates	3.9	0.1
Management fee and other operating service fees received from a jointly controlled entity	12.1	8.9
Interest income received from an associate	0.2	0.3
Interest income received from jointly controlled entities	6.5	0.6
Carpark rental paid to an associate	–	0.2

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel during the period amounted to HK\$11.0 million (six months ended 30 September 2010: HK\$20.8 million).

Corporation Information

Board of Directors

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

[#]Also alternate to Mr CHA Mou Sing Payson

Non-executive Directors The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Mr CHEUNG Tseung Ming
Mr CHEUNG Wing Lam Linus
Ms WONG CHA May Lung Madeline

Independent Non-executive Directors Dr CHENG Kar Shun Henry
Dr The Honourable CHEUNG Kin Tung Marvin
Ms HO Pak Ching Loretta
Dr QIN Xiao

Audit Committee Dr CHENG Kar Shun Henry (*Chairman*)
The Honourable Ronald Joseph ARCULLI
Dr The Honourable CHEUNG Kin Tung Marvin
Mr CHEUNG Wing Lam Linus
Dr QIN Xiao

Remuneration Committee Dr CHENG Kar Shun Henry (*Chairman*)
Mr CHA Mou Zing Victor
Dr The Honourable CHEUNG Kin Tung Marvin
Mr CHEUNG Wing Lam Linus
Dr QIN Xiao

Company Secretary Ms MAK Sau Ching

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Auditor Deloitte Touche Tohmatsu

Principal Bankers The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Hang Seng Bank Limited

Share Registrars

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Cayman Islands Maples Corporate Services Limited
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Legal Advisors

Hong Kong Laws Reed Smith Richards Butler
Mayer Brown JSM
Kao, Lee & Yip

Cayman Islands Laws Maples and Calder

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香港興業國際集團有限公司

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