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# Business and Financial Highlights

## BUSINESS HIGHLIGHTS

### EVENTS DURING AND SUBSEQUENT TO THE PERIOD UNDER REVIEW

- June**
- Disposal of Siri Sathorn, a serviced apartments block of 111 units in Bangkok, Thailand at a consideration of THB700.0 million
  - Acquisition of the land use right of a piece of land in Jiaxing City, Zhejiang Province, the PRC with a site area of approximately 41,000 square metres at a consideration of approximately RMB185.5 million for residential development
  - 2011/2012 final results announcement
- August**
- Acquisition of a piece of residential land located at Niseko, Hokkaido, Japan with a total site area of approximately 60,690 square metres at a consideration of JPY180.0 million
  - Disposal of DIA Palace Sapporo Higashi Actio, an en-bloc residential apartments block of 39 units in Sapporo, Hokkaido, Japan, at a consideration of JPY650.0 million
  - 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
  - 2012 annual general meeting
- September**
- The Company obtained a 3-year syndicated loan in an aggregate principal amount of HK\$5.0 billion
- October**
- Amalfi, Phase 14 luxury residential project of Discovery Bay, was launched for sale

## FINANCIAL HIGHLIGHTS

	Six months ended		Year ended
	30 September		31 March
	2012	2011	2012
	HK\$'M	HK\$'M	HK\$'M
<b>Results</b>			
Turnover	<b>1,431.9</b>	835.6	1,664.1
Profit attributable to owners of the Company	<b>585.0</b>	242.4	747.2
Dividends paid	<b>108.0</b>	148.5	148.5
Earnings per share (HK cents)	<b>43.3</b>	18.0	55.3

	30 September		31 March
	2012	2011	2012
	HK\$'M	HK\$'M	HK\$'M
<b>Financial Position</b>			
Total assets	<b>23,291.7</b>	22,177.9	23,180.5
Total liabilities	<b>6,950.8</b>	7,022.1	7,364.1
Equity attributable to owners of the Company	<b>14,957.9</b>	13,867.0	14,495.8
Net asset value per share (HK\$)	<b>11.1</b>	10.3	10.7

# Management Discussion and Analysis

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

## INTERIM RESULTS

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

## INTERIM DIVIDEND

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

## CLOSURE OF REGISTERS OF MEMBERS

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

## BUSINESS REVIEW

### PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

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

Amalfi, Phase 14 luxury residential project of Discovery Bay, comprising 3 mid-rise blocks of 16 storeys each with 164 luxury units of totaling approximately 169,300 square feet gross floor area (“GFA”) was launched for sale in October 2012 and well received by home buyers and investors alike with 94 units sold within October at an average price of HK\$10,400 per square foot. Boasting uncompromising design and building quality, Amalfi is set to become the latest stylish residence in Discovery Bay.

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

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

#### *Industrial and/or Commercial Properties*

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

The Group’s 50% interested DB Plaza, privileged with the famous dining destination “D Deck”, and DB North Plaza in Discovery Bay, the up-market commercial centre equipped with shops and offices in Yi Pak Bay, had achieved the average occupancy rates of 99% and 83% respectively during the Period which generated stable rental income for the Group.

The 2-storey commercial centre and 480 residential car parking spaces in Coastal Skyline, Tung Chung achieved the average occupancy rates of 90% and 98% respectively which also generated good rental income during the Period. The Group has a 31% interest in the above properties.

# Management Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

The Exchange in Tianjin with a total GFA of over 152,000 square metres comprising a retail mall, 2 office towers and a hotel continued to generate stable rental income. During the Period, the average occupancy rates of the retail mall, 2 office towers and the hotel were 89%, 98% and 62% respectively. It is expected that the performance of the hotel operation, with many of the hotel guests are from Japan, will be adversely affected in the coming months due to the recent tension between China and Japan.

The Group has a 15% interest in The Exchange.

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

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

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

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

Another piece of freehold land with a site area of approximately 12,600 square metres located at Wireless Road, Bangkok, previously acquired by the Group through another jointly controlled entity in 2010, is in the preliminary design and planning stage.

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

# Management Discussion and Analysis

## *Japan, Residential Properties in Hokkaido and Tokyo*

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

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

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

## *Niseko, Hokkaido*

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

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

## **SERVICES PROVIDED**

The four clubs in Discovery Bay namely, Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena showed moderate improvement in turnover during the Period. The four clubs will continue to focus on improving the food and beverage standard, providing quality customer service and good standard of facilities to their members and guests.

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

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

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

## **HOSPITALITY**

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

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

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

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

# Management Discussion and Analysis

## HEALTHCARE

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

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

## MANUFACTURING

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

## CONSTRUCTION

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

## OUTLOOK

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

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

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

# Management Discussion and Analysis

## HUMAN RESOURCES

As at 30 September 2012, the total number of employees of the Group including Hong Kong, the mainland China and overseas was 3,193. During the Period, the Group continued to develop an engaged and competent workforce through creating more staff communication channels and delivering training programs for different levels of staff. At the same time, employee benefits such as medical plan were enhanced and human resources policies were updated to support changing business needs.

## INFORMATION TECHNOLOGY

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

During the Period, the Group has been leveraging on cloud computing for its prowess of agility, scalability and savings in cost. The Group has also commenced business intelligence software development which helps gaining insight into customer behaviour, identifying cross-selling and up-selling opportunities and responding quickly to business questions with faster answers. New development on eLearning with webcasting system supports training on-demand for all staff within the company network and facilitates training arrangement for staff at different geographical locations.

## FINANCIAL REVIEW

### SHAREHOLDERS' FUNDS

As at 30 September 2012, the shareholders' funds of the Group increased by HK\$462.1 million to HK\$14,957.9 million (31 March 2012: HK\$14,495.8 million). The increase was mainly due to an upward fair value revaluation of investment properties, gain from the disposal of certain investment properties and profit contribution from operating units. The overall gross profit margin for the Group was 25.4% (31 March 2012: 28.2%).

### MAJOR CASH FLOWS FROM/TO INVESTING ACTIVITIES

The disposals of the investment properties in Thailand and Japan and certain residential investment properties in Hong Kong contributed HK\$322.5 million of cash to the Group during the Period.

Additionally, the Group acquired the land use right of a piece of land in Jiaxing City, Zhejiang Province, the PRC at a consideration of HK\$229.0 million of which the first instalment of HK\$114.5 million was made in July 2012 and the balance was settled in October 2012.

### MAJOR CASH FLOWS FROM OPERATING ACTIVITIES

The sale of residential units located in The Sukhothai Residences, Bangkok, Thailand, contributed approximately HK\$431.9 million cash to the Group during the Period.

All the investment properties of the Group generated approximately HK\$106.8 million operating cash during the Period.

### FINANCIAL LIQUIDITY

As at 30 September 2012, the Group had total cash and securities investment of HK\$2,672.3 million (31 March 2012: HK\$2,927.7 million) whilst total bank borrowings and other loans were HK\$4,171.5 million (31 March 2012: HK\$4,412.8 million). The changes in bank borrowings and other loans were mainly attributable to the repayment of loan during the Period.

### GEARING

The Group's gearing ratio maintained at a low level of 12.1% (31 March 2012: 12.3%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 30 September 2012.

# Management Discussion and Analysis

## BANKING FACILITIES

The Group closely monitors its liquidity requirements and arranges refinancing of the Group's borrowings as and when appropriate. During the Period, a 3-year HK\$5.0 billion syndicated loan was obtained to refinance the previous HK\$2.5 billion syndicated loan upon its maturity in September 2012 and to provide working capital loan facility to the Group. The Group had also procured certain banking facilities which provide the Group with strong financing flexibility. As at 30 September 2012, the unutilised credit facilities were approximately HK\$4,357.9 million which increased by HK\$2,150.4 million (31 March 2012: HK\$2,207.5 million).

Together with cash and securities investment in hand and continuous cash inflow from property sales and recurrent income, the Group's liquidity position remains strong and the Group has adequate financial resources to satisfy its funding requirement for development projects and operations.

The maturity profiles of bank borrowings and other loans were 39.2% (31 March 2012: 84.0%) falling within one year, 5.5% (31 March 2012: 4.9%) falling between one to two years, and 55.3% (31 March 2012: 11.1%) falling between two to five years as at 30 September 2012.

## 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 overseas investments, 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 2012, certain subsidiaries of the Group had pledged property, plant and equipment with a carrying value of HK\$3.6 million (31 March 2012: HK\$3.7 million) and bank deposits of HK\$2.8 million (31 March 2012: HK\$3.1 million) respectively to secure banking facilities granted to that certain subsidiaries.

In addition, a fixed and floating charge was created over the assets and undertaking of one of the Group's subsidiaries (total asset value as at 30 September 2012 was HK\$73.2 million (31 March 2012: HK\$72.9 million)) to secure a banking facility being granted.

A subsidiary of the Group had subordinated the inter-company debt of HK\$40.2 million as at 30 September 2012 (31 March 2012: HK\$666.8 million) to secure banking facilities being granted.

## 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 a banking facility granted to an investee company, stayed at HK\$166.5 million as at 30 September 2012 (31 March 2012: HK\$166.5 million).

Save as disclosed above, the Group did not have other contingent liabilities as at 30 September 2012.

## Other Information

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, 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	1,140,253	–	–	629,498,383 (Note b)	630,638,636	46.70
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:

- The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.
- 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.
- 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.
- The director was, under two separate discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited were the 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.

## Other Information

### 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:

- The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr CHA Mou Sing Payson.
- 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.
- 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.
- 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 2012, 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 2012, 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:

- 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.
- 106,137,275 shares were held by LBJ Regents 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.
- 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 2012, 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 adopted on 8 September 2011 ("2011 Scheme") and 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 the Directors of the Company. 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. 21 November 2012). No option was granted under the 2011 Scheme since its inception.

### 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

## Other Information

### CORPORATE GOVERNANCE

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

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

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

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

### 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 the 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.

## Other Information

### 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 2011/2012 annual report as required to be disclosed:

Dr CHENG Kar Shun Henry was appointed the chairman and NED of Newton Resources Ltd, which is listed on the Stock Exchange, in May 2012.

The Honourable Ronald Joseph ARCULLI has stepped down from his offices as the convenor and non-official member of the Executive Council of the Government of the Hong Kong Special Administrative Region ("HKSAR") on 1 July 2012 upon the restructuring of the Executive Council. He has also acted as the chairman of The Hong Kong Arts Festival Society Limited since September 2012.

Dr CHEUNG Kin Tung Marvin has also ceased his office as a non-official member of the Executive Council of the Government of the HKSAR on 1 July 2012.

Ms HO Pak Ching Loretta has retired as a member of executive committee and the chairman as well as member of the remuneration committee of the Hong Kong Housing Society ("HKHS"). She was appointed as a member of the supervisory board of the HKHS in September 2012.

### 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 2012 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 4 September 2012 (the "Loan Agreement") for a transferable term loan and revolving credit facility in an aggregate principal amount of HK\$5.0 billion with final maturity date falling three years from the date of the Loan Agreement.

Under the Loan Agreement, among others, an event of default is triggered when the existing individual shareholder of the Company (together with his associate(s)) holding the single largest shareholding (direct or indirect) in the Company on the date of the Loan Agreement ceases to be the Company's single largest beneficial shareholder at any time during the term of the Loan Agreement.

As at the date of the Loan Agreement, Mr CHA Mou Sing Payson, the chairman of the Company, who personally and together with his associates including a controlled corporation and certain companies acting as corporate trustees of certain discretionary family trusts of which Mr Payson CHA (to his knowledge) was among the discretionary beneficiaries, held direct and indirect an aggregate interest in 638,875,574 shares in the Company, representing approximately 47.31% of the issued share capital of the Company and he was treated the then individual beneficial shareholder holding the single largest shareholding in the Company under the Loan Agreement.

As at the date of this report, the shareholding in the Company held by Mr Payson CHA remains unchanged and he is still treated as the single largest individual beneficial shareholder of the Company.

## Other Information

### 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 assistances and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2012 pursuant to rule 13.16 thereof.

1) As at 30 September 2012, the Group advanced to Tung Chung Station Development Company Limited (“TCSDCL”) an aggregate amount of HK\$849.4 million.

TCSDCL is engaged in the development of Tung Chung Station Package II Project in Lantau Island, Hong Kong in which the Group has a 31% interest. The last phase of the development was completed in 2009 and TCSDCL 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 its shareholding interest in TCSDCL, for the purpose of funding the working capital requirements of TCSDCL. The advances are unsecured, non-interest bearing and have no fixed term of repayment.

2) As at 30 September 2012, the Group advanced to Dazhongli Properties Limited and its subsidiaries (“Dazhongli Group”) an aggregate amount of HK\$4,834.3 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 2012, the Group also advanced to several affiliated companies at an aggregate amount of HK\$508.6 million. The Group has interests ranging from 31% to 49% in these affiliated companies.

As at 30 September 2012, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK\$6,192.3 million and represented 41.4% of the consolidated net tangible assets of the Group of HK\$14,957.9 million as at 30 September 2012.

A pro forma combined balance sheet of these affiliated companies and the Group’s attributable interest in these affiliated companies as at 30 September 2012 were as follows:

	Pro forma combined balance sheet HK\$’M	The Group’s attributable interest HK\$’M
Non-current assets	13,891.1	6,861.6
Current assets	1,965.0	933.2
Current liabilities	11,177.6	5,573.1
Net current liabilities	9,212.6	4,639.9
Non-current liabilities	3,509.2	1,229.5
Shareholders’ surplus	1,169.3	992.2

## Other Information

### 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, 21 November 2012

# Report on Review of Condensed Consolidated Financial Statements



## 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 condensed consolidated financial statements of HKR International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 36, which comprises the condensed consolidated statement of financial position as of 30 September 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

21 November 2012

# Condensed Consolidated Income Statement

For the six months ended 30 September 2012

	NOTES	For the six months ended 30 September	
		2012 HK\$'M (unaudited)	2011 HK\$'M (unaudited)
Turnover	3	1,431.9	835.6
Cost of sales		(1,067.6)	(547.5)
Gross profit		364.3	288.1
Other income		60.9	57.4
Administrative expenses		(203.6)	(198.7)
Other gains and losses		2.8	(15.3)
Change in fair value of investment properties			
Realised gains on disposals	10	24.1	1.3
Unrealised gains	10	304.3	306.5
Finance costs	4	(44.5)	(26.0)
Share of results of associates		71.1	37.8
Share of results of jointly controlled entities		117.4	(84.2)
Profit before taxation	5	696.8	366.9
Taxation	6	(49.5)	(41.9)
Profit for the period		647.3	325.0
Attributable to:			
Owners of the Company	7	585.0	242.4
Non-controlling interests		62.3	82.6
		647.3	325.0
Earnings per share	9		
Basic (HK cents)		43.3	18.0

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

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

# Condensed Consolidated Statement of Financial Position

At 30 September 2012

	NOTES	30 September 2012 HK\$'M (unaudited)	31 March 2012 HK\$'M (audited)
<b>Non-current assets</b>			
Investment properties	10	6,224.1	6,135.2
Property, plant and equipment	11	2,747.4	2,642.3
Prepaid lease payments		29.7	29.7
Interests in associates		584.1	535.7
Interests in jointly controlled entities	12	6,927.8	6,845.9
Amount due from an associate		134.5	122.5
Held-to-maturity investments		108.4	83.9
Available-for-sale financial assets		61.4	53.1
Other assets		127.4	125.6
Deferred tax assets		5.7	5.5
		<b>16,950.5</b>	16,579.4
<b>Current assets</b>			
Inventories		143.7	145.8
Properties held for sale		1,851.0	717.8
Trade receivables	13	109.7	82.1
Deposits, prepayments and other financial assets		387.8	186.9
Properties held for/under development for sale		1,211.4	2,546.0
Amounts due from associates		65.1	59.0
Amounts due from jointly controlled entities		65.1	58.0
Taxation recoverable		4.9	14.8
Held-to-maturity investments		142.1	158.8
Pledged bank deposits		2.8	3.1
Bank balances and cash		2,357.6	2,628.8
		<b>6,341.2</b>	6,601.1
<b>Current liabilities</b>			
Trade payables, provision and accrued charges	14	794.0	777.4
Deposits received and other financial liabilities		409.3	609.2
Amount due to an associate		–	23.0
Taxation payable		80.0	54.6
Bank and other loans due within one year	15	1,635.4	3,704.9
Other liabilities due within one year	16	12.0	14.9
		<b>2,930.7</b>	5,184.0
Net current assets		<b>3,410.5</b>	1,417.1
Total assets less current liabilities		<b>20,361.0</b>	17,996.5

# Condensed Consolidated Statement of Financial Position

At 30 September 2012

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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to the owners of the Company							Total HK\$'M			
	Share capital HK\$'M	Share 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 b)	Total HK\$'M	Non- controlling interests 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 year	-	747.2	-	-	-	-	-	-	747.2	108.5	855.7
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	39.9	-	39.9	0.6	40.5
Share of exchange reserve of jointly controlled entities and associates	-	-	-	-	-	-	217.0	-	217.0	-	217.0
Fair value changes on available-for-sale financial assets	-	-	-	-	-	(7.3)	-	-	(7.3)	-	(7.3)
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Total comprehensive income (expense) for the year	-	747.2	-	-	-	(7.5)	256.9	-	996.6	109.1	1,105.7
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the year	-	(438.4)	438.4	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the year	-	176.3	(176.3)	-	-	-	-	-	-	-	-
Acquisition of additional interest in a subsidiary	-	76.0	-	-	-	-	-	-	76.0	(93.6)	(17.6)
Dividends paid	-	(148.5)	-	-	-	-	-	-	(148.5)	-	(148.5)
At 31 March 2012 (audited)	337.5	8,746.9	2,603.8	1,537.9	2.8	22.2	1,241.6	3.1	14,495.8	1,320.6	15,816.4

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	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 b)	Total HK\$'M	Non-controlling interests HK\$'M	Total HK\$'M
At 1 April 2012 (audited)	337.5	8,746.9	2,603.8	1,537.9	2.8	22.2	1,241.6	3.1	14,495.8	1,320.6	15,816.4
Profit for the period	-	585.0	-	-	-	-	-	-	585.0	62.3	647.3
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	23.6	-	23.6	0.1	23.7
Share of exchange reserve of jointly controlled entities and associates (note c)	-	-	-	-	-	-	(46.6)	-	(46.6)	-	(46.6)
Fair value changes on available-for-sale financial assets	-	-	-	-	-	8.2	-	-	8.2	-	8.2
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	-	585.0	-	-	-	8.1	(23.0)	-	570.1	62.4	632.5
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period (Note 7(i))	-	(403.2)	403.2	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (Note 7(ii))	-	31.0	(31.0)	-	-	-	-	-	-	-	-
Dividends paid	-	(108.0)	-	-	-	-	-	-	(108.0)	-	(108.0)
At 30 September 2012 (unaudited)	337.5	8,851.7	2,976.0	1,537.9	2.8	30.3	1,218.6	3.1	14,957.9	1,383.0	16,340.9

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Attributable to the owners of the Company								Total HK\$'M		
	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 b)		Total HK\$'M	Non- controlling interests 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 c)	-	-	-	-	-	-	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 (Note 7(i))	-	(204.6)	204.6	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (Note 7(ii))	-	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

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 and loss, and then transferred from accumulated profits to investment property revaluation reserve. Upon the relevant investment property has been disposed of and the fair value gain has become realised, the relevant unrealised net fair value gain will be transferred to accumulated profits.
- b) 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.
- c) Share of exchange reserve of jointly controlled entities and associates during the period includes an amount of HK\$14.1 million exchange loss (six months ended 30 September 2011: HK\$42.8 million exchange gain) arising from translation of interests in jointly controlled entities and an amount of HK\$32.2 million exchange loss (six months ended 30 September 2011: HK\$123.0 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 2012

	For the six months ended 30 September	
	2012 HK\$'M (unaudited)	2011 HK\$'M (unaudited)
Net cash used in operating activities	(2.7)	(183.6)
Net cash generated from (used in) investing activities		
Proceeds from disposal of investment properties	322.5	18.5
Repayment of loans by associates	–	19.5
Loans to jointly controlled entities	–	(267.6)
Capital contribution to a jointly controlled entity	–	(6.3)
Additions of property, plant and equipment	(161.5)	(102.1)
Additions of investment properties	(47.6)	(9.8)
Other investing cash flows	(5.9)	(74.6)
	107.5	(422.4)
Net cash (used in) generated from financing activities		
New bank borrowings raised	4,076.7	624.9
Repayment of bank and other loans	(4,357.4)	(109.9)
Dividends paid	(108.0)	(148.5)
Acquisition of additional interest in a subsidiary	–	(17.6)
Other financing cash flows	4.8	137.0
	(383.9)	485.9
Net decrease in cash and cash equivalents	(279.1)	(120.1)
Cash and cash equivalents at beginning of the period	2,628.8	2,379.9
Effect of foreign exchange rate changes	7.9	21.2
Cash and cash equivalents at end of the period	2,357.6	2,281.0
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	2,357.6	2,281.0

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 1 BASIS OF PREPARATION

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

## 2 PRINCIPAL ACCOUNTING POLICIES

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

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

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

Amendments to HKFRS 7

Financial instruments: Disclosure – Transfers of financial assets

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 3 SEGMENT INFORMATION

In prior financial years, the Group was organised into seven operating divisions and each of the operating divisions represented an operating and reportable segment: property development, property investment, services provided (clubs operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, dental clinics, diabetic and cardiovascular centres, imaging centre and multi-specialty outpatient centres), manufacturing (manufacturing and sales of sanitary products) and securities investment. During the six months ended 30 September 2012, the chief operating decision maker no longer considered the securities investment as an operating and reportable segment and the Group is now organised into six operating divisions. Accordingly, the aggregate segment results for the six months ended 30 September 2011 has been restated. The following is an analysis of the Group's revenue and results by operating and reportable segments for the period under review:

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 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	Total HK\$'M
Six months ended 30 September 2011							
<b>TURNOVER</b>							
Segment revenue – sales to external customers derived by the Group and associates	437.6	177.5	213.1	181.2	168.9	122.6	1,300.9
Excluding turnover of associates	(437.3)	(17.9)	–	–	–	–	(455.2)
Excluding sale proceeds of certain investment properties (note 3)	–	(10.1)	–	–	–	–	(10.1)
Consolidated turnover, as reported	0.3	149.5	213.1	181.2	168.9	122.6	835.6
<b>RESULTS</b>							
Segment results – total realised results of the Group, associates and jointly controlled entities (note 4)	8.1	106.0	39.6	6.0	(16.9)	(16.1)	126.7
Excluding realised results of associates and jointly controlled entities not shared by the Group	0.1	(18.3)	–	–	–	–	(18.2)
Results attributable to the Group	8.2	87.7	39.6	6.0	(16.9)	(16.1)	108.5
Other income							2.6
Unallocated corporate expenses							(29.0)
Finance costs and corporate level exchange difference							(10.4)
Net unrealised gains on fair value change of investment properties (note 5)							305.5
Net unrealised loss on fair value change of investment properties attributable to the Group's interests in a jointly controlled entity and associates, net of deferred tax							(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 2012

## 3 SEGMENT INFORMATION (Continued)

Notes:

1) The segment results of the Group represent the total realised results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the six months ended 30 September 2012 included realised gains on fair value change of investment properties of HK\$11.3 million.

2) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2012 of HK\$304.6 million represented the unrealised gain on fair value change of investment properties of HK\$304.3 million and the deferred tax credit arising from change in fair value of HK\$0.3 million.

3) For property investment segment, revenue included rental income generated from investment properties and the sale proceeds arising from disposal of particular investment property in Shanghai, the People's Republic of China (the "PRC"). Such disposal proceeds were excluded for consolidated turnover for reporting purpose.

4) The segment results of the Group represent the total realised results of the Group, associates and jointly controlled entities, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value. The segment results of property investment business for the six months ended 30 September 2011 included realised gains on fair value change of investment properties of HK\$1.3 million, deferred tax credit on disposal of investment properties of HK\$2.9 million and recognition of current tax upon disposal of investment properties of HK\$2.9 million.

5) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2011 of HK\$305.5 million represented the unrealised gain on fair value change of investment properties of HK\$306.5 million net of the deferred tax arising from change in fair value of HK\$1.0 million.

## 4 FINANCE COSTS

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

## 5 PROFIT BEFORE TAXATION

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 6 TAXATION

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

Note:

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

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

	For the six months ended 30 September	
	2012 HK\$'M	2011 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	304.3	306.5
Deferred tax credit (charge)	0.3	(1.0)
Attributable to non-controlling interests	(50.2)	(48.7)
	254.4	256.8
– Jointly controlled entity, net of deferred tax (Note 12 (a)(ii))	118.3	(81.2)
– Associates, net of deferred tax	30.5	29.0
	403.2	204.6
(ii) Accumulated net realised gains on disposal of investment properties during the period:		
– Gain on disposal of investment properties (Note 10)	24.1	1.3
– Accumulated gains on change in fair value of disposed investment properties recognised in prior years (Note 10)	31.0	9.8
– Write-back of deferred tax relating to fair value change of disposed investment properties recognised in prior years	–	2.9
– Less: PRC income tax arising from disposal of investment properties	–	(2.9)
	55.1	11.1
(iii) Other profits	157.7	36.5
Subtotal	616.0	252.2
Less: Accumulated gains on change in fair value of disposed investment properties recognised in prior years	(31.0)	(9.8)
Profit for the period attributable to the owners of the Company	585.0	242.4

## 8 DIVIDENDS

	For the six months ended 30 September	
	2012 HK\$'M	2011 HK\$'M
Interim dividend paid for the financial year ended 31 March 2012 of HK8 cents (2011: Final dividend paid for the financial year ended 31 March 2011 of HK11 cents) per share	108.0	148.5
Interim dividend declared after the end of the interim reporting period of HK3 cents per share	40.5	–

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 9 EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2012	2011
	HK\$'M	HK\$'M
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<b>585.0</b>	242.4

	For the six months ended 30 September	
	2012	2011
<b>Number of shares</b>		
Number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,350,274,367</b>	1,350,274,367

No diluted earnings per share has been presented for the six months ended 30 September 2012 and 30 September 2011 because there were no potential ordinary shares outstanding during the periods.

## 10 INVESTMENT PROPERTIES

	For the six months ended 30 September	
	2012	2011
	HK\$'M	HK\$'M
<b>Fair value</b>		
At beginning of the period	<b>6,135.2</b>	6,133.1
Currency realignment	<b>35.4</b>	55.3
Additions	<b>47.6</b>	9.8
Disposals	<b>(322.5)</b>	(18.5)
Change in fair value recognised in profit or loss during the period		
– Realised gain on disposal	<b>24.1</b>	1.3
– Unrealised gains	<b>304.3</b>	306.5
At end of the period	<b>6,224.1</b>	6,487.5

The Group disposed of certain investment properties during the six months ended 30 September 2012 and the details of which are as follows:

	For the six months ended 30 September	
	2012	2011
	HK\$'M	HK\$'M
Sale proceeds received	<b>322.5</b>	18.5
Original cost of acquisitions	<b>(267.4)</b>	(7.4)
Accumulated gains on change in fair value recognised in prior years (Note 7)	<b>(31.0)</b>	(9.8)
Realised gain on disposals recognised during the period	<b>24.1</b>	1.3

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 10 INVESTMENT PROPERTIES (Continued)

The investment properties were revalued at 30 September 2012, giving rise to an unrealised fair value gain of approximately HK\$304.3 million (six months ended 30 September 2011: HK\$306.5 million) which has been recognised in the condensed consolidated income statement for the period.

The fair values of the Group's investment properties at 30 September 2012 and 31 March 2012 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 the PRC
DTZ Debenham Tie Leung KK	Japan
N&A Appraisal Company Limited	Thailand

## 11 PROPERTY, PLANT AND EQUIPMENT

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

	For the six months ended 30 September	
	2012 HK\$'M	2011 HK\$'M
<b>Net carrying value</b>		
At 1 April	<b>2,642.3</b>	2,460.1
Currency realignment	<b>15.5</b>	(30.1)
Additions	<b>162.2</b>	102.1
Disposals	<b>(2.9)</b>	(1.4)
Depreciation	<b>(69.7)</b>	(75.6)
At 30 September	<b>2,747.4</b>	2,455.1

## 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 2012 HK\$'M	31 March 2012 HK\$'M
Interests in:		
Dazhongli (note)	<b>6,413.4</b>	6,336.1
Other jointly controlled entities	<b>514.4</b>	509.8
	<b>6,927.8</b>	6,845.9

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 12 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Note:

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

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Cost of unlisted shares	0.1	0.1
Share of reserves (note i)	644.0	690.3
Share of post-acquisition profits (note ii)	1,000.0	883.1
	<b>1,644.1</b>	1,573.5
Loans to Dazhongli	4,769.3	4,762.6
	<b>6,413.4</b>	6,336.1

The loans to Dazhongli are unsecured, non-interest bearing and have no fixed terms of repayments. 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 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.

The summarised financial information in respect of Dazhongli Group as at 30 September 2012 is set out below:

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Non-current assets		
Investment properties under construction	12,835.4	12,267.5
Hotel properties under construction and equipment	489.2	564.2
Other non-current assets	124.2	125.1
	<b>13,448.8</b>	12,956.8
Current assets		
Bank balances and cash	547.3	704.4
Other current assets	149.9	152.1
	<b>697.2</b>	856.5
Current liabilities		
Loans from shareholders	(9,538.7)	(9,525.2)
Other current liabilities	(573.3)	(467.9)
	<b>(10,112.0)</b>	(9,993.1)
Net current liabilities	<b>(9,414.8)</b>	(9,136.6)
Total assets less current liabilities	<b>4,034.0</b>	3,820.2
Non-current liability		
Deferred tax liabilities	(745.8)	(673.2)
Net assets	<b>3,288.2</b>	3,147.0
Group's share of net assets	<b>1,644.1</b>	1,573.5

	For the six months ended 30 September 2012 HK\$'M	2011 HK\$'M
Change in fair value of investment properties under construction	315.4	(216.6)
Other operating income less expenses	(2.6)	(6.2)
Deferred taxation	(78.9)	54.1
Net profit (loss) after taxation for the period	<b>233.9</b>	(168.7)
Group's share of result for the period	<b>116.9</b>	(84.4)

Notes:

i) The share of reserves of Dazhongli during the six months ended 30 September 2012 represented an exchange loss on translation of interest in Dazhongli and exchange losses arising from loans advanced by the Group to Dazhongli which are denominated in US dollars and HK dollars, that form part of net investment in foreign operations during the period.

ii) The share of post acquisition profits of Dazhongli in the current period mainly arose from the Group's share of fair value gain on investment properties under construction of Dazhongli.

The investment properties under construction were measured at 30 September 2012 at fair value of HK\$12,835.4 million (equivalent to RMB10,496.8 million) (31 March 2012: HK\$12,267.5 million (equivalent to RMB9,944.4 million)) which was based on the valuation conducted by DTZ Debenham Tie Leung Limited that has 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 has 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 2012 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 gain of HK\$315.4 million (six months ended 30 September 2011: loss of HK\$216.6 million). The attributable taxation charge in respect of the gain was HK\$78.9 million (six months ended 30 September 2011: taxation credit of HK\$54.1 million). Thus the net fair value gain after tax amounted to HK\$236.5 million (six months ended 30 September 2011: loss of HK\$162.5 million) of which the Group's 50% share of gain was HK\$118.3 million (six months ended 30 September 2011: loss of HK\$81.2 million). The investment properties are held within a business model of the jointly controlled entity of which business objective is to consume substantively all the economic benefits embodied in the investment properties over time, rather than through sale.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 12 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Note: (Continued)

The capital commitments of Dazhongli Group at 30 September 2012 were as follows:

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Contracted but not provided for	2,582.5	2,785.2
Authorised but not contracted for	6,154.3	6,162.5
	<b>8,736.8</b>	8,947.7

The capital commitments of Dazhongli, of which the amounts attributable to the Group's interest in Dazhongli represents 50% of the amounts stated above, will be financed by shareholders' loan or direct borrowings of Dazhongli.

## 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 amounts 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 end of the reporting period:

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

## 14 TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

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

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

The trade payables, provision and accrued charges including provisions for certain construction obligations of HK\$246.5 million (31 March 2012: HK\$261.0 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 estimation can be made on the amount of this obligation.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 15 BANK AND OTHER LOANS

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Bank loans (note 1)	3,943.8	4,196.6
Bonds (note 2)	227.7	216.2
	<b>4,171.5</b>	4,412.8
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	<b>(1,635.4)</b>	(3,704.9)
Amount included under non-current liabilities	<b>2,536.1</b>	707.9
Bank and other loans are repayable:		
On demand or within one year	1,635.4	3,704.9
Between one to two years	227.7	216.2
Between two to five years	2,308.4	491.7
	<b>4,171.5</b>	4,412.8
Secured	7.8	640.0
Unsecured	4,163.7	3,772.8
	<b>4,171.5</b>	4,412.8

Notes:

1) As at 30 September 2012, the Group's bank borrowings carry interest at an average margin of 1.85% (31 March 2012: 0.75%) plus Hong Kong Interbank Offered Rate or other relevant interbank offered rates per annum.

2) As at 30 September 2012, the bond carried interest at a margin of 2.0% (31 March 2012: 2.0%) plus the relevant interbank offered rates per annum.

## 16 OTHER LIABILITIES

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

## 17 CONTINGENT LIABILITIES

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Guarantees given, to the extent of the Group's proportionate share, in respect of banking facilities granted to an investee company	166.5	166.5

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. No provision for financial guarantee contracts has been made at the end of the reporting period as the default risk is low.

## 18 COMMITMENTS

	30 September 2012 HK\$'M	31 March 2012 HK\$'M
Contracted but not provided for in the condensed consolidated financial statements		
– expenditure in respect of properties held for/under development for sale	539.5	414.3
– capital expenditure in respect of acquisition of property, plant and equipment	34.0	59.4
– others	–	159.1
	<b>573.5</b>	632.8
Authorised but not contracted for in the condensed consolidated financial statements		
– expenditure in respect of properties held for/under development for sale	134.2	149.8
– capital expenditure in respect of acquisition of property, plant and equipment	79.0	16.7
	<b>213.2</b>	166.5
	<b>786.7</b>	799.3

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2012

## 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. Such trusts have controlling beneficial interests in these entities and the Company:

	For the six months ended 30 September	
	2012 HK\$'M	2011 HK\$'M
Transactions with the entities:		
Rental income received by the Group	1.5	1.2
Management service fee received by the Group	1.0	0.7
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	
	2012 HK\$'M	2011 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	60.4	92.4
Management fee and other operating service fees received from associates	4.9	3.9
Management fee and other operating service fees received from a jointly controlled entity	9.4	12.1
Interest income received from an associate	0.1	0.2
Interest income received from jointly controlled entities	8.0	6.5
Provision of services to an associate	–	0.1

## **C) COMPENSATION OF KEY MANAGEMENT PERSONNEL**

The remuneration of key management personnel during the period amounted to HK\$11.4 million (six months ended 30 September 2011: HK\$11.0 million).

# Corporate Information and Investors' Calendar

## 公司資料及投資者日誌

### CHAIRMAN

#### 主席

CHA Mou Sing Payson  
查懋聲

### DEPUTY CHAIRMAN AND MANAGING DIRECTOR

#### 副主席兼董事總經理

CHA Mou Zing Victor  
查懋成

### EXECUTIVE DIRECTORS

#### 執行董事

CHA Yiu Chung Benjamin  
查耀中  
CHUNG Sam Tin Abraham#  
鍾心田  
TANG Moon Wah  
鄧滿華

# Also alternate to CHA Mou Sing Payson  
兼任查懋聲之替代董事

### NON-EXECUTIVE DIRECTORS

#### 非執行董事

Ronald Joseph ARCULLI  
夏佳理  
CHA Mou Daid Johnson  
查懋德  
CHEUNG Tseung Ming  
張昌明  
WONG CHA May Lung Madeline  
王查美龍

### INDEPENDENT NON- EXECUTIVE DIRECTORS

#### 獨立非執行董事

CHENG Kar Shun Henry  
鄭家純  
CHEUNG Kin Tung Marvin  
張建東  
CHEUNG Wing Lam Linus  
張永霖  
HO Pak Ching Loretta  
何柏貞  
QIN Xiao  
秦曉

### AUDIT COMMITTEE

#### 審核委員會

CHEUNG Kin Tung Marvin (*Chairman*)  
張建東(主席)  
CHEUNG Wing Lam Linus  
張永霖  
HO Pak Ching Loretta  
何柏貞

### REMUNERATION COMMITTEE

#### 薪酬委員會

CHENG Kar Shun Henry (*Chairman*)  
鄭家純(主席)  
CHA Mou Zing Victor  
查懋成  
CHEUNG Wing Lam Linus  
張永霖  
QIN Xiao  
秦曉

### NOMINATION COMMITTEE

#### 提名委員會

CHA Mou Sing Payson (*Chairman*)  
查懋聲(主席)  
CHEUNG Kin Tung Marvin  
張建東  
HO Pak Ching Loretta  
何柏貞  
QIN Xiao  
秦曉

### COMPANY SECRETARY

#### 公司秘書

MAK Sau Ching  
麥秀貞

### REGISTERED OFFICE

#### 註冊辦事處

P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### PRINCIPAL OFFICE

#### 主要辦事處

23/F, China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong  
香港干諾道中168-200號  
信德中心招商局大廈23樓

### INDEPENDENT AUDITOR

#### 獨立核數師

Deloitte Touche Tohmatsu  
德勤•關黃陳方會計師行

### PRINCIPAL BANKERS

#### 主要往來銀行

The Hongkong and Shanghai Banking  
Corporation Limited  
香港上海滙豐銀行有限公司  
Standard Chartered Bank  
渣打銀行  
Hang Seng Bank Limited  
恒生銀行有限公司

### SHARE REGISTRARS

#### 股份過戶登記處

#### HONG KONG

#### 香港

Computershare Hong Kong  
Investor Services Limited  
Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East, Hong Kong  
香港中央證券登記有限公司  
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#### CAYMAN ISLANDS

#### 開曼群島

Maples Corporate Services Limited  
P.O. Box 309, Ugland House  
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### LEGAL ADVISORS

#### 法律顧問

#### HONG KONG LAWS

#### 香港法律

Mayer Brown JSM  
孖士打律師行  
Kao, Lee & Yip  
高李葉律師行

#### CAYMAN ISLANDS LAWS

#### 開曼群島法律

Maples and Calder

### SEHK STOCK NAME

#### 聯交所股份名稱

HKR Int'l  
香港興業國際

### SEHK STOCK CODE

#### 聯交所股份代號

00480

### WEBSITE

#### 網址

www.hkri.com

### INVESTORS' CALENDAR

#### 投資者日誌

#### 2012/2013 INTERIM DIVIDEND

2012/2013年度中期股息

#### Closure of Registers

#### 暫停股份登記

6 and 7 December 2012  
2012年12月6日及7日

#### Payment Date

#### 派發日期

14 December 2012  
2012年12月14日



[www.hkri.com](http://www.hkri.com)

**香港興業國際集團有限公司**

(於開曼群島註冊成立之有限公司)

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**HKR INTERNATIONAL LIMITED**

(Incorporated in the Cayman Islands with limited liability)

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