

HKR

INTERNATIONAL LTD.
香港興業國際集團

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Interim Report
2014/15
中期報告





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BUSINESS AND FINANCIAL HIGHLIGHTS

BUSINESS HIGHLIGHTS

SIGNIFICANT EVENTS DURING THE PERIOD UNDER REVIEW

- April**
- Acquired a 30-floor en-bloc residential building, currently named Elite House, Zhongshan (formerly Block 16 of Jin Du Yuan) comprising 120 units in Shanghai for a consideration of RMB588.2 million
 - Disposal of 49% interest in the site at Roppongi 4 Chome (formerly Homat Sun) in Tokyo for a consideration of JPY2,156 million
 - Sumitomo Forestry Co., Ltd. participated in the residential and retail development project at Wu On Street, Tuen Mun with a 25% interest
- June**
- Positano, the latest luxury residential project in Discovery Bay was launched for sale
 - Announced the 2013/2014 final results
- July**
- Positano won the 2nd Place of Professional – Interior Design (Residential) in 2013 International Design Awards
 - Pre-sales launch of City One, a residential development project in Jiaxing City, Zhejiang Province
 - Dr QIN Xiao resigned as independent non-executive director
- August**
- The late Dr Marvin CHEUNG resigned as independent non-executive director
 - Held the 2014 annual general meeting
 - Positano won the 2014 Outstanding Greater China Design Awards (Spatial Design) presented by Hong Kong Art & Design Festival
- September**
- Mr TANG Kwai Chang was appointed as an independent non-executive director
 - Positano won the International Design and Architecture Awards in Asia Pacific (Residential £2.5 to 5 million) presented by design et al magazine
 - The Sukhothai Residences won the Award for Residential Architecture of International Architecture Awards 2014 presented by Australian Institute of Architects

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	HK\$'M	HK\$'M	HK\$'M
Results			
Turnover of continuing operations	3,245.4	1,840.7	4,125.1
Profit attributable to owners of the Company	634.4	219.2	834.6
Dividends paid	162.0	67.5	67.5
Earnings per share (HK cents)	47.0	16.2	61.8
	30 September		31 March
	2014	2013	2014
	HK\$'M	HK\$'M	HK\$'M
Financial Position			
Total assets	29,736.0	27,687.5	28,415.1
Total liabilities	10,262.5	9,743.3	9,828.1
Equity attributable to owners of the Company	16,669.0	15,659.3	16,195.9
Net asset value per share (HK\$)	12.3	11.6	12.0

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 2014 (the “Period”).

INTERIM RESULTS

The Group’s unaudited turnover of continuing operations for the Period was HK\$3,245.4 million, as compared with HK\$1,840.7 million for the last corresponding period. Consolidated profit attributable to owners of the Company for the Period was HK\$634.4 million, representing an increase of 189.4%, as compared with HK\$219.2 million for the last corresponding period. Earnings per share amounted to HK47.0 cents, as compared with HK16.2 cents for the last corresponding period.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK6 cents per share for the Period to its shareholders whose names appear on the registers of members of the Company on 9 December 2014. The interim dividend will be paid on 19 December 2014. No interim dividend was paid by the Company to its shareholders for the last corresponding period.

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed on 8 and 9 December 2014 for the interim dividend. On both days, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 December 2014.

BUSINESS REVIEW

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

Hong Kong, Development Properties in Discovery Bay

During the Period, 3 out of the 4 remaining units of Amalfi in Discovery Bay have been sold at an average price of approximately HK\$16,800 per square foot gross floor area (“GFA”).

The sale of Positano, a 102-unit luxury residential project which is named after a coastal town in southern Italy commenced in June 2014 and received a favourable response. As at 30 September 2014, 64 out of the 76 units available for sales were sold at an average price of approximately HK\$13,200 per square foot GFA. Subsequent to the period-end, 2 more units were sold.

The site formation work of areas 1a and 1b for building houses with a total GFA of approximately 43,000 square feet was completed. Superstructure works are scheduled for commencement in the first half of 2015.

The superstructure works of the remaining part of areas N1d and N1e comprising three mid-rise blocks with a total GFA of approximately 185,000 square feet are scheduled for commencement in the first quarter of 2016.

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

Kap Pin Long, Sai Kung

The site formation and foundation works for the Kap Pin Long site in Sai Kung have been substantially completed. The project is expected to complete in early 2016 to provide an idyllic garden house with a GFA of approximately 3,700 square feet.

Kau To, Sha Tin

A 50:50 joint development owned by the Group and Nan Fung Development Limited is planned to develop into three high-end residential towers and some villas with a total GFA of approximately 134,000 square feet. The construction works commenced in the third quarter of 2014 and the project is expected to complete in early 2017.

Wu On Street, Tuen Mun

The development project, with a total GFA of approximately 134,000 square feet owned by the Group and Sumitomo Forestry Co., Ltd. on a 75:25 basis is planned to be developed into a residential block providing premium quality apartment units with a retail shop podium. The foundation works have commenced in September 2014 and the project is expected to complete in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

DAN6, Tsuen Wan

DAN6, a re-developed 20-storey industrial building with a total GFA of approximately 93,600 square feet was completed in April 2014. All the 163 units pre-sold at an average price of approximately HK\$5,900 per square foot GFA were completed and delivered to buyers prior to the end of the Period. The Group still holds 15 units as at the end of the Period.

Industrial and/or Commercial Investment Properties

CDW Building in Tsuen Wan recorded an average occupancy rate of 78% during the Period. To unleash the potential value of CDW Building, the Group has decided to refurbish and convert the building from an industrial building into a commercial building and was in the progress of applying for the conversion of the usage at nil waiver fee under the revitalisation measures of the Government of the Hong Kong Special Administrative Region (the "Government"). The refurbishment works are scheduled to commence in the second quarter of 2015 and expected to complete in phases by 2016. During the period for refurbishment, it is anticipated to have significant drop in the rental income but in the medium term, both the rental income and the value of the building would be enhanced.

West Gate Tower in Cheung Sha Wan achieved a high average occupancy rate of 96% during the Period and generated stable rental income for the Group. The Group is also considering various options to release the full potential of West Gate Tower in light of the Government's special waiver for conversion of en-bloc industrial building.

DB Plaza, with its wide array of shops and the renowned alfresco dining hotspot D'Deck, and DB North Plaza, comprising shopping and dining outlets, offices and open piazzas achieved the occupancy rates of 98% and 82% respectively as at 30 September 2014 and continued to generate stable rental income for the Group. The Group has a 50% interest in both DB Plaza and DB North Plaza.

Mainland China, Dazhongli in Shanghai

The Dazhongli project currently under construction in Shanghai will be a world-class mixed-use development comprising two super Grade-A office towers, three luxury hotels/serviced apartments, a high-end retail mall and ample car parking spaces when completed in phases from 2016. The project has a planned GFA of approximately 323,000 square metres.

Strategically located on Nanjing Xi Lu at a prime location in Shanghai's dynamic centre for business and retail activities, the Dazhongli project enjoys superb connectivity with key metro lines and major transport hubs. They include metro line 2, which is in operation connecting the two international airports, and metro lines 12 and 13, which are currently under construction. The project is poised to become a landmark development in Shanghai and one of the city's most sought-after commercial and leisure properties.

Construction of the project is progressing well. The superstructure works for the 250-metre-high office tower are underway and targeted for completion by the end of 2014. The superstructure works of the 170-metre-high office have also commenced. The low-rise retail block abutting Nanjing Xi Lu was topped out in mid-2014 and is proceeding with façade and interior fit out work.

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

City One, Jiaxing City, Zhejiang Province

City One is the first-ever project by a Hong Kong-based developer in Jiaxing and the Group's signature project in the Yangtze River Delta area. It comprises around 600 units in seven 18-storey blocks, a 9-storey duplex-on-duplex apartment block and 20 garden houses with a maximum above ground GFA of approximately 83,000 square metres. All buildings have been topped out and pre-sales was launched in July 2014. The project is planned for completion in early 2016.

Commercial/Residential Properties

The Exchange, the Group's 15%-owned investment property in Tianjin with a total GFA of over 152,000 square metres continued to generate stable rental income. During the Period, the average occupancy rates of the retail mall, two Grade-A office towers and the 5-star hotel were 98%, 95% and 71% respectively.

In April 2014, the Group acquired a 30-floor en-bloc residential building, currently named Elite House, Zhongshan (formerly Block 16 of Jin Du Yuan) located in Changning District, Shanghai for a consideration of RMB588.2 million (equivalent to approximately HK\$729.7 million) in a public auction. The property, comprising 120 units with a total GFA of approximately 21,700 square metres is held for investment purpose. At the moment, the property is generating stable rental income. Some upgrade works are also under planning and execution.

Thailand, The Sukhothai Residences in Bangkok

As at 30 September 2014, 169 units of the 196-unit ultra luxury condominium tower located at Sathorn Road in Bangkok were sold and over 98% of the sold units have completed the ownership transfer.

Wireless Road, Bangkok

Acquired in 2010, the Group's freehold land at Wireless Road, Bangkok with a site area of approximately 12,600 square metres remains part of our land bank. The master planning for the development project is progressing on schedule.

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

Japan, Development and Investment Properties

Horizon Place Akasaka (a 94-unit high-rise residential block in Akasaka) and Graphio Nishi-Shinjuku (a 13-storey office building in Shinjuku) are two investment properties owned by the Group in the central area of Tokyo. As at 30 September 2014, both properties achieved occupancy rates of 89% and 92% respectively.

Following the disposal of 49% interest in the site at Roppongi 4 Chome (formerly Homat Sun) in Tokyo to and the execution of a joint venture agreement with Nomura Real Estate Development Co., Ltd. ("Nomura") in the first quarter of 2014, the Group is currently redeveloping the site with Nomura into a premium residential development for sale. The project is scheduled for completion in 2017 with basement demolition works commenced in the third quarter of 2014.

In June 2014, Chelsea Garden (a 17-unit low-rise apartment block in Hiroo) was sold at a consideration of JPY3,465.6 million (equivalent to approximately HK\$259.9 million).

The Group holds residential plots located at Niseko, Hokkaido near the Niseko Annupuri ski village with a total site area of approximately 60,700 square metres as land bank. Master planning for development is currently underway.

Except for Chelsea Garden and the Roppongi 4 Chome site, in which the Group has a 20% and 51% interest respectively, the rest of the aforesaid properties in Japan are 100% owned by the Group.

Save as disclosed above, all 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 recorded a flat to moderate increase in turnover during the Period. The clubs are undergoing various facilities upgrades with the aim of providing members and guests the best possible facilities and services.

During the Period, patronage of bus and ferry rose steadily as a result of the increase of visitors to Auberge Discovery Bay Hong Kong ("Auberge DB"). Although the fuel prices have dropped, the operations continued to face challenges of the rising maintenance and labour costs. To enhance environmental protection, electric bus will be introduced shortly for service within Discovery Bay. Starting from the end of October 2014, taxis and public coaches can access the designated area in Discovery Bay to serve the residents and visitors.

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

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

HOSPITALITY

Persistently affected by the political issue in Thailand with travel bans or travel advisories, The Sukhothai suffered from a continued drop in average occupancy rate and recorded at approximately 48% during the Period. However, with its remarkable services, The Sukhothai achieved a number of industry awards during the Period. Among them were the 2014 Certificate of Excellence Winner by TripAdvisor in June 2014 and a 2014 Hot 25 Leisure Hotel/Resort in Asia (Cited for Excellence) by SmartTravelAsia.Com in August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Located on the waterfront of Yi Pak in Discovery Bay, the 325-room Auberge DB achieved an average occupancy rate of approximately 69% during the Period. The resort hotel caters for a wide range of events including wedding banquets, corporate meetings, residential seminars, incentive outings and gala events, functions for airline-related businesses and exhibitions. With its first-of-its-kind seaside pavilion and supplementary services, Auberge DB is especially popular for wedding banquets and has become the venue of choice for newlyweds.

The Group has a 100% and 50% interest in The Sukhothai and Auberge DB respectively.

HEALTHCARE

GenRx Holding Limited (“GenRx”), the Group’s wholly-owned subsidiary operates a comprehensive health care service network comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres located in Hong Kong, Macau and Manila. Turnover of Hong Kong operation for the Period has dropped slightly compared to the corresponding period last year due to clinical manpower shortage, particularly, in some premium service provisions. The management has reviewed the overall engagement scheme and will take various measures to improve the situation with a view to enhance the performance for the second half of the financial year.

During the Period, the operation in Manila recorded an improvement in revenue although it continued to face challenges arising from the increasing operation costs, especially, in manpower. With remarkable service, the operation under the brand name of “Healthway Medical” won the Platinum Award for the category of Ambulatory/Multi-specialty Clinic and the Trusted Brand Marketing Excellence Award of Reader’s Digest Trusted Brand 2014 in June 2014. It is planned to leverage on the existing network of the operation to diversify the scope of premium services to further improve the revenue and operating profit.

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.

HANISON GROUP

The unaudited consolidated turnover of Hanison Construction Holdings Limited (“Hanison”) and its subsidiaries (“Hanison Group”) for the Period decreased slightly to HK\$759.1 million as compared with the unaudited consolidated turnover of HK\$763.5 million for the corresponding period last year.

The unaudited consolidated profit attributable to owners of Hanison for the Period was HK\$132.1 million, representing an upsurge of 135.1%, as compared with the unaudited consolidated profit attributable to its owners of HK\$56.2 million for the same period in 2013.

The increase in the unaudited consolidated profit attributable to owners of Hanison was mainly due to substantial contribution from the gain on change in fair value of investment properties of Hanison Group.

The Group has a 49% interest in Hanison Group.

OUTLOOK

Despite the uncertainties arising from, inter alia, the possible interest rate hike, geopolitical problems in the Middle East and Ukraine and the risk of epidemic spread from West Africa, the discontinuance of quantitative easing measure and continuous lower unemployment rate in the United States together with the stabilisation of the overall financial conditions in Euro zone, demonstrate the gradual and steady recovery of global economic environment.

Hong Kong’s economy except with the short-term influence from Occupy Central protests is very much in line with the external economic environment and is expected to stay in moderate growth. For the property market, the full digestion of the various governmental administrative measures since 2010 on residential property market complimented with the increasing flat supply has gradually picked up in first-hand sales transaction volume at relatively attractive prices by potential home buyers and investors with financial strengths built up and actual needs for upgrade of residential homes. Positano, a luxury residential project developed by the Group in Discovery Bay was highly sought after by home buyers and investors at good selling prices since its launch in June this year. Together with the relaxation of doubled ad valorem stamp duty for home upgraders, the continuous relatively low mortgage rate and average income growth, the Group remains optimistic about the prospect for Hong Kong’s residential market over the medium-to-long term and will continuously and selectively replenish its land bank and pursue existing and new projects to grasp the opportunity with good development value.

The economy in mainland China is expected to remain in a steady growth. For the property market, tightening measures introduced by the government of the People's Republic of China ("PRC") in the past few years have proved effective and evidenced by the stable growth of overall market. Despite relatively high level of inventory in the market in the short-term, with the recent relaxation of tightening measures and the credit support granted to home buyers, users' demand is expected to be stimulated and picked up gradually. In a longer-run, with the ongoing urbanisation, continuous growth in income and increase demand for quality properties, the Group remains positive to the property development prospect in the mainland China and will continue its business strategies on positioning itself for the development of high quality residential project, like City One in Jiaxing City and to explore suitable investment opportunities, particularly, in the Yangtze River Delta area.

To maximise the potential value of its various investment properties, apart from the conversion of CDW Building in Hong Kong from an industrial to an entire commercial building under the nil wavier fee policy and the re-development of Homat Sun at Roppongi, Japan, the Group is also actively considering various options available to other investment properties either in Hong Kong or overseas to help improve the revenue and/or release their potentials in order to strengthen earnings and shareholders' value.

Auberge DB achieved an encouraging performance during the Period. With its one-of-a-kind facilities and environment together with the improvement of accessibility by allowing the access of taxis and public coaches in October 2014, the Group is confident that the performance of Auberge DB will further improve in the future. Performance of the Group's other businesses including hospitality, services provided, healthcare services and construction in Hong Kong and various Asian countries is expected to be mixed but overall trend remains steady.

Moving forward, with a tradition of prudent development, decades of solid foundation and an experienced, committed management team, the Group will continue to explore new ventures cautiously, particularly, for its core businesses of property development and property investment in Hong Kong, mainland China and Asia Pacific region to achieve medium- and long-term sustainable growth and create maximum value for its shareholders.

HUMAN RESOURCES

As at 30 September 2014, the Group had a total of 3,383 employees in Hong Kong, mainland China and overseas (including full-time employees of Hanison Group). As human capital is important to an organisation's sustainability, the Group has been exploring new ways to attract, retain and develop the best possible talents.

Some recent attempts in talent attraction included engaging prospective candidates through social media networking and upgrading the employee referral programs. The Group also provided new learning and development opportunities to colleagues by rejuvenating the learning curriculum. To foster a harmonious work culture, festive gatherings and regular staff outings were also organised during the Period.

INFORMATION TECHNOLOGY

The Group continued to invest in information technology infrastructure and advanced technology to improve efficiency and maintain service reliability. Hardware and software have been upgraded for club management system. New smart-card system was also implemented to facilitate members spending and security control at the clubs in Discovery Bay. A new access control system was implemented to support taxis and public coaches accessing Discovery Bay north since 26 October 2014.

For better software distribution and license control of the desktop and notebook computers, an endpoint management system was implemented. It reduced software patching cycles from days or weeks to hours and streamlined asset discovery. It also provides real time visibility and control over all these devices.

The Group is also tapping on the benefits of cloud computing. New cloud based video conferencing service was deployed for more cost effective communication between Hong Kong and overseas locations. New property development websites such as amalfi-hk.com and www.positano.com.hk are also hosted in the Cloud. The Group's healthcare business unit GenRx has launched a new free mobile app "GenRx App", in October 2014. User can check doctor list, maintain personal health calendar and locate GenRx's clinic locations on Google Map with the app.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 30 September 2014, the shareholders' funds of the Group increased by HK\$473.1 million to HK\$16,669.0 million (31 March 2014: HK\$16,195.9 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 activities. The gross profit margin of continuing operations for the Group was 34.3% (31 March 2014: 22.3%).

MAJOR INVESTING ACTIVITIES

The Tung Chung project, in which the Group has a 31% interest, has repaid HK\$7.4 million shareholders' loan to the Group in April 2014.

In September 2014, the Group received proceeds of HK\$328.0 million from the disposal of certain industrial investment properties in Hong Kong.

MAJOR OPERATING ACTIVITIES

During the Period, sale proceeds from disposal of certain development properties in Hong Kong, Thailand and the PRC amounted to HK\$1,315.2 million, HK\$136.5 million and HK\$19.1 million respectively.

In April 2014, the Group has acquired a 30-floor en-bloc residential building in Shanghai at a consideration of HK\$729.7 million. In the same month, the Group has disposed of 49% interests in a residential project in Japan for HK\$163.9 million and also completed the disposal of 25% interests in the development site at Tuen Mun for HK\$137.8 million.

FINANCIAL LIQUIDITY

As at 30 September 2014, the Group had total cash and securities investment of HK\$6,838.2 million (31 March 2014: HK\$5,708.9 million) whilst total bank borrowings, bonds and other loans were HK\$6,394.2 million (31 March 2014: HK\$6,028.7 million).

GEARING

As at 30 September 2014, the Group had net cash of HK\$94.2 million while as at 31 March 2014, the Group's gearing ratio, calculated as a percentage of consolidated net borrowings to the shareholders' funds was 4.1%.

BANKING FACILITIES AND OTHER LOANS

The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate. As at 30 September 2014, the unutilised credit facilities were approximately HK\$4,456.4 million (31 March 2014: HK\$4,697.9 million) which decreased by HK\$241.5 million.

The maturity profile of bank borrowings, bonds and other loans were 75.3% (31 March 2014: 38.5%) falling within one year, nil (31 March 2014: 43.3%) falling between one and two years, 12.3% (31 March 2014: 5.0%) falling between two and five years and 12.4% (31 March 2014: 13.2%) falling more than five years as at 30 September 2014.

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 maintains naturally hedged positions and shall make any swap/future 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 2014, certain subsidiaries of the Company had pledged bank deposits of HK\$84.2 million (31 March 2014: HK\$51.8 million) to secure banking facilities being granted.

In addition, as at 30 September 2014, certain bank loans of the Group were secured by certain investment properties, leasehold land and buildings and properties held for/under development for sale, at the carrying value of HK\$1,316.0 million (31 March 2014: HK\$1,153.6 million).

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK\$149.9 million as at 30 September 2014 (31 March 2014: HK\$158.2 million) given to a bank in respect of the banking facilities granted to an investee company. The Group's interest in such investee company is classified under other non-current assets.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 30 September 2014.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2014, 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 (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 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:

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		
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,113,113	–	16,867,074 (Note a)	618,895,387 (Note b)	638,875,574	47.31
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,140,253	–	–	629,498,383 (Note b)	630,638,636	46.70
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	628,200,885 (Note b)	628,200,885	46.52
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	627,487,463 (Notes c & d)	627,487,463	46.47
Ronald ARCULLI	Beneficiary of a trust	241,472	–	–	–	241,472	0.02
Abraham CHUNG	Beneficial owner	315,084	–	–	–	315,084	0.02
Loretta HO	Beneficial owner	85,600	–	–	–	85,600	0.01
TANG Moon Wah	Beneficial owner	135,200	–	–	–	135,200	0.01

ASSOCIATED CORPORATION – HANISON CONSTRUCTION HOLDINGS LIMITED ("HANISON") AS SUBSIDIARY SINCE 1 APRIL 2013

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		
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	735,712	–	3,574,272 (Note a)	115,666,069 (Note b)	119,976,053	22.37
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	179,669	–	–	117,865,220 (Note b)	118,044,889	22.01
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	117,865,219 (Note b)	117,865,219	21.98
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	117,696,615 (Notes e & f)	117,696,615	21.95
Ronald ARCULLI	Beneficiary of a trust	58,000	–	–	–	58,000	0.01
Abraham CHUNG	Beneficial owner	63,819	–	–	–	63,819	0.01
Loretta HO	Beneficial owner	12,859	–	–	–	12,859	0.002

Notes:

- a) The shares were held by Accomplished Investments Limited, a corporation 100% owned by Mr Payson CHA.
- b) The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited ("CCM Trust") and LBJ Regents Limited ("LBJ Regents") 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 and LBJ Regents 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 and LBJ Regents 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.
- e) 115,666,069 shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees and the director was among the members of the classes of discretionary beneficiaries.
- f) The director was, under another discretionary trust of which LBJ Regents was the corporate trustee, the founder and member of the classes of discretionary beneficiaries thereof. Such trust was deemed to be interested in 2,030,546 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 2014, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, 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	91,894,801 (Note b)	6.81
Invesco Asset Management Limited	Investment manager/advisor of various accounts	108,828,725 (Note c)	8.06

Notes:

- a) 560,153,905 shares were held by CCM Trust 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) 91,894,801 shares were held by LBJ Regents 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.
- c) 108,828,725 shares were held by Invesco Asset Management Limited as investment manager and/or advisor of various accounts.

Save as disclosed above, as at 30 September 2014, 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.

OTHER INFORMATION

SHARE OPTION SCHEME

THE COMPANY

The existing share option scheme of the Company was adopted on 8 September 2011 (“2011 HKRI Scheme”) and the listing status of shares to be granted under the 2011 HKRI Scheme was granted by the Listing Committee of the Stock Exchange on 9 September 2011. Under the 2011 HKRI Scheme, options may be granted, inter alia, to the directors, full-time employees and any consultants of the Company, its subsidiaries and/or its associated companies. The total number of shares of the Company available for grant of options under the 2011 HKRI 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 2014). No option was granted under the 2011 HKRI Scheme since its inception.

HANISON

Hanison currently has a share option scheme adopted on 21 September 2011 (“2011 Hanison Scheme”) and the listing status of shares to be granted under the 2011 Hanison Scheme was granted by the Listing Committee of the Stock Exchange also on 21 September 2011. Under the 2011 Hanison Scheme, options may be granted, inter alia, to the directors of Hanison, full-time employees and consultants of Hanison, its subsidiaries and associates. The total number of shares of Hanison available for grant of options under the 2011 Hanison Scheme is 48,755,967 shares which represents 10% of the issued share capital of Hanison as at the date on which the 2011 Hanison Scheme was adopted. No option was granted under the 2011 Hanison 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 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.

CORPORATE GOVERNANCE

Resulted from the resignation of the late Dr Marvin CHEUNG as an independent non-executive director (“INED”) and certain committee members of the Company in August 2014 subsequent to Dr QIN Xiao’s cessation as an INED and the committee members earlier in July 2014, the Company was unable to comply with the requirement of the number of INEDs and the minimum number of members of audit committee under rules 3.10A and 3.21 of the Listing Rules and the code provision A.5.1 of the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 14 to the Listing Rules and provisions set out in the respective terms of references of certain committees in relation to the composition of the committees. The situation was remedied upon the appointment of Mr TANG Kwai Chang as an INED and chairman of the audit committee and member of the nomination committee of the Company in late September 2014. Save as disclosed above and except for certain deviations from the code provisions A.4.1 (non-executive directors (“NED”) should be appointed for a specific term), A.6.7 (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), in the opinion of the Directors, the Company has complied with the code provisions of the CG Code at the end of the Period. Details of the deviations and considered reasons relating to the code provisions A.4.1 and C.1.2 have been duly set out in the corporate governance report containing in the 2013/2014 annual report of the Company published in July 2014.

Due to other business engagements, Mr Payson CHA, the chairman of the Board and chairman of the nomination committee of the Company and all NEDs (including INEDs) could not attend the annual general meeting of the Company held on 27 August 2014. However, Mr Victor CHA, 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 other executive directors of the Company and the representative of the Group’s auditor, Messrs Deloitte Touche Tohmatsu were present thereat to answer any question of the shareholders.

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 inside 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 Chapter 13 of the Listing Rules, the following directors of the Company have changed their particulars after the date of the Company's 2013/2014 annual report as required to be disclosed.

Dr QIN Xiao resigned as an INED and a member of each of the remuneration committee and nomination committee of the Company with effect from 1 July 2014.

The late Dr Marvin CHEUNG resigned as an INED and the chairman and member of the audit committee and member of the nomination committee of the Company with effect from 19 August 2014.

Ms Madeline WONG retired as an NED of Hon Kwok Land Investment Company, Limited in August 2014.

Mr TANG Kwai Chang was appointed as an INED, chairman and member of the audit committee and member of the nomination committee of the Company with effect from 24 September 2014.

The Honourable Ronald ARCULLI was appointed as the vice chairman of the board of the West Kowloon Cultural District Authority with effect from 23 October 2014.

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 2014 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 individual beneficial shareholder at any time during the term of the Loan Agreement.

As at the date of the Loan Agreement, Mr Payson CHA, 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 were the details of financial assistances and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2014 pursuant to rule 13.16 thereof.

As at 30 September 2014, the Group advanced to Dazhongli Properties Limited and its subsidiaries ("Dazhongli Group") an aggregate amount of HK\$4,598.2 million.

Dazhongli Group is engaged in the development of certain properties in Jingan district, Shanghai, the PRC in which the Group has a 50% equity 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 repayment.

As at 30 September 2014, the Group also advanced to several affiliated companies an aggregate amount of HK\$1,594.1 million. The Group has equity interests ranging from 12% to 50% in these affiliated companies.

As at 30 September 2014, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK\$6,192.3 million representing 37.1% of the consolidated net tangible assets of the Group of HK\$16,669.0 million as at 30 September 2014.

A pro forma combined balance sheet of these affiliated companies and the Group's attributable interests in these affiliated companies as at 30 September 2014 were as follows:

	Pro forma combined balance sheet HK\$'M	The Group's attributable interest HK\$'M
Non-current assets	16,717.1	8,357.6
Current assets	2,845.9	1,312.2
Current liabilities	(12,047.9)	(5,931.7)
Net current liabilities	(9,202.0)	(4,619.5)
Non-current liabilities	(5,728.6)	(2,488.4)
Shareholders' surplus	1,786.5	1,249.7

REVIEW OF INTERIM REPORT

The interim report of the Group for the Period 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 Sing Payson
Chairman

Hong Kong
21 November 2014

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 16 to 36, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other 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 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2014

	NOTES	For the six months ended 30 September	
		2014 HK\$'M (unaudited)	2013 HK\$'M (unaudited)
Continuing operations			
Turnover	3	3,245.4	1,840.7
Cost of sales		(2,132.9)	(1,428.4)
Gross profit		1,112.5	412.3
Other income		79.4	98.0
Administrative expenses		(250.3)	(256.3)
Other gains and losses		26.9	8.6
Change in fair value of investment properties			
Realised gains on disposals	11	7.6	4.0
Unrealised gains	11	383.2	337.9
Finance costs	4	(102.9)	(88.6)
Share of results of associates		13.8	1.5
Share of results of joint ventures		(48.5)	(63.4)
Profit before taxation	5	1,221.7	454.0
Taxation	6	(165.5)	(70.0)
Profit for the period from continuing operations		1,056.2	384.0
Discontinued operations			
Loss for the period from discontinued operations	8	–	(55.4)
Profit for the period		1,056.2	328.6
Profit (loss) for the period attributable to the owners of the Company			
For continuing operations		634.4	274.6
For discontinued operations		–	(55.4)
Profit for the period attributable to the owners of the Company	7	634.4	219.2
Profit for the period attributable to non-controlling interests		421.8	109.4
For continuing and discontinued operations			
Earnings per share	10		
Basic (HK cents)		47.0	16.2
For continuing operations			
Earnings per share	10		
Basic (HK cents)		47.0	20.3

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	For the six months ended 30 September	
	2014 HK\$'M (unaudited)	2013 HK\$'M (unaudited)
Profit for the period	1,056.2	328.6
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from translation of foreign operations	0.8	(69.4)
Share of exchange reserve of joint ventures and an associate	0.1	115.4
Release of exchange reserve upon deregistration of a subsidiary	-	(39.4)
Available-for-sale financial assets:		
Fair value changes during the period	1.0	9.2
Reclassified to profit or loss upon disposal	(0.4)	-
Deferred tax arising from fair value changes	(0.4)	0.5
Other comprehensive income for the period (net of tax)	1.1	16.3
Total comprehensive income for the period	1,057.3	344.9
Total comprehensive income attributable to:		
Owners of the Company	635.1	234.8
Non-controlling interests	422.2	110.1
	1,057.3	344.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	NOTES	30 September 2014 HK\$'M (unaudited)	31 March 2014 HK\$'M (audited)
Non-current assets			
Investment properties	11	7,351.9	7,437.8
Property, plant and equipment	12	2,255.4	2,350.8
Prepaid lease payments		7.4	7.6
Interests in associates		48.7	35.1
Interests in joint ventures	13	7,463.3	7,456.4
Held-to-maturity investments		217.2	197.7
Available-for-sale financial assets		89.2	83.8
Other assets		153.4	140.7
Pledged bank deposits		84.2	49.8
Deferred tax assets		3.6	4.1
		17,674.3	17,763.8
Current assets			
Inventories		68.0	69.0
Properties held for sale		1,706.7	1,762.9
Properties held for/under development for sale		2,559.0	2,478.5
Trade receivables	14	434.2	211.2
Amounts receivable on contract work		89.8	78.8
Progress payments receivable	15	65.5	63.2
Retention money receivable	16	136.0	97.5
Deposits, prepayments and other financial assets		221.1	204.2
Sale proceeds held by stakeholders		186.5	111.2
Amounts due from associates		39.5	45.5
Amounts due from joint ventures		105.5	140.6
Taxation recoverable		2.3	11.1
Held-to-maturity investments		43.4	63.8
Pledged bank deposits		–	2.0
Bank balances and cash		6,404.2	5,311.8
		12,061.7	10,651.3
Current liabilities			
Trade payables, provision and accrued charges	17	1,391.6	1,545.1
Amounts payable on contract work		191.6	208.7
Deposits received and other financial liabilities		253.1	303.0
Taxation payable		224.8	82.1
Bank and other loans due within one year	18	4,814.0	2,321.0
Other liabilities due within one year	19	2.4	14.0
		6,877.5	4,473.9
Net current assets		5,184.2	6,177.4
Total assets less current liabilities		22,858.5	23,941.2
Non-current liabilities			
Bank and other loans due after one year	18	1,580.2	3,707.7
Other liabilities due after one year	19	1,568.0	1,406.4
Deferred tax liabilities		236.8	240.1
		3,385.0	5,354.2
		19,473.5	18,587.0
Capital and reserves			
Share capital		337.5	337.5
Reserves		16,331.5	15,858.4
Equity attributable to owners of the Company		16,669.0	16,195.9
Non-controlling interests		2,804.5	2,391.1
		19,473.5	18,587.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	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 2014 (audited)	337.5	9,614.2	3,347.9	1,537.9	2.8	31.6	1,320.9	3.1	16,195.9	2,391.1	18,587.0
Profit for the period	-	634.4	-	-	-	-	-	-	634.4	421.8	1,056.2
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	0.4	-	0.4	0.4	0.8
Share of exchange reserve of an associate	-	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Share of exchange reserve of joint ventures (note c)	-	-	-	-	-	-	0.3	-	0.3	-	0.3
Fair value changes on available-for-sale financial assets	-	-	-	-	-	1.0	-	-	1.0	-	1.0
Reclassified to profit or loss upon disposal of available-for-sale financial assets	-	-	-	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Total comprehensive income for the period	-	634.4	-	-	-	0.2	0.5	-	635.1	422.2	1,057.3
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period (Note 7(i))	-	(231.7)	231.7	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (Note 7)	-	154.4	(154.4)	-	-	-	-	-	-	-	-
Dividends paid	-	(162.0)	-	-	-	-	-	-	(162.0)	-	(162.0)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(8.8)	(8.8)
At 30 September 2014 (unaudited)	337.5	10,009.3	3,425.2	1,537.9	2.8	31.8	1,321.4	3.1	16,669.0	2,804.5	19,473.5

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to the owners of the Company								Non-controlling interests HK\$'M	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
At 1 April 2013 (audited)	337.5	8,952.3	3,242.7	1,537.9	2.8	32.4	1,383.3	3.1	15,492.0	2,183.5	17,675.5
Profit for the period	-	219.2	-	-	-	-	-	-	219.2	109.4	328.6
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(70.1)	-	(70.1)	0.7	(69.4)
Share of exchange reserve of an associate	-	-	-	-	-	-	0.3	-	0.3	-	0.3
Share of exchange reserve of joint ventures (note c)	-	-	-	-	-	-	115.1	-	115.1	-	115.1
Release of exchange reserve upon deregistration of a subsidiary	-	-	-	-	-	-	(39.4)	-	(39.4)	-	(39.4)
Fair value changes on available-for-sale financial assets	-	-	-	-	-	9.2	-	-	9.2	-	9.2
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	0.5	-	-	0.5	-	0.5
Total comprehensive income for the period	-	219.2	-	-	-	9.7	5.9	-	234.8	110.1	344.9
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period (Note 7(i))	-	(187.6)	187.6	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (Note 7)	-	106.7	(106.7)	-	-	-	-	-	-	-	-
Dividends paid	-	(67.5)	-	-	-	-	-	-	(67.5)	-	(67.5)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(8.7)	(8.7)
At 30 September 2013 (unaudited)	337.5	9,023.1	3,323.6	1,537.9	2.8	42.1	1,389.2	3.1	15,659.3	2,284.9	17,944.2

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, joint ventures and associates recognised in profit or 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 joint ventures during the period included an amount of HK\$1.4 million (six months ended 30 September 2013: HK\$34.6 million) exchange gain arising from translation of interests in joint ventures and an amount of HK\$1.1 million exchange loss (six months ended 30 September 2013: HK\$80.5 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 2014

	For the six months ended 30 September	
	2014 HK\$'M (unaudited)	2013 HK\$'M (unaudited)
Net cash generated from operating activities	605.8	919.2
Net cash generated from (used in) investing activities		
Proceeds from disposal of investment properties	366.1	12.5
Repayment of loans by joint ventures	25.0	393.4
Repayment of loans by associates	7.4	232.1
Additions of property, plant and equipment	(46.9)	(75.0)
Increase in pledged bank deposits	(32.4)	(25.4)
Capital injection to a joint venture	(32.3)	–
Additions of investment properties	(31.1)	(230.1)
Loans to joint ventures	(20.8)	(610.0)
Other investing cash flows	32.1	3.2
	267.1	(299.3)
Net cash generated from financing activities		
New bank and other loans raised	947.5	1,419.1
Advance from a non-controlling shareholder	145.1	7.4
Repayment of advances from non-controlling shareholders	–	(98.6)
Repayment of bank and other loans	(536.4)	(485.8)
Dividends paid	(162.0)	(67.5)
Dividends paid to non-controlling shareholders	(8.8)	(8.7)
Other financing cash flows	(97.2)	(85.0)
	288.2	680.9
Net increase in cash and cash equivalents	1,161.1	1,300.8
Cash and cash equivalents at beginning of the period	5,311.8	3,081.6
Effect of foreign exchange rate changes	(68.7)	(83.9)
Cash and cash equivalents at end of the period	6,404.2	4,298.5
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	6,404.2	4,298.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below which is applicable to a new joint operation during the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

INTERESTS IN JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) applicable to the particular assets, liabilities, revenues and expenses.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the IFRS Interpretations Committee

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

3. SEGMENT INFORMATION

For the six months ended 30 September 2014, the Group was organised into six operating divisions: property development, property investment, services provided (clubs operation and provision of professional property management and transportation services to the residents of Discovery Bay), hotel operations, healthcare (provision of medical and dental care services, comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres), and Hanison Construction Holdings Limited together with its subsidiaries (the “Hanison Group” which are engaged in building construction, interior and renovation works, supply and installation of building materials, sale of health products, property investment, property development and property agency and management). Each of the operating divisions represents an operating and reportable segment.

For the six months ended 30 September 2013, in addition to the above six operating and reportable segments, the Group also had an operating segment specialising in the manufacturing and sale of sanitary products, which was ceased in the second half of the financial year ended 31 March 2014. The comparative figures for the segment information reported below have been re-presented and do not include any amounts for those discontinued operations which are described in more details in Note 8.

The following is an analysis of the Group’s revenue and results from continuing operations by operating and reportable segments for the period under review:

Continuing operations

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

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	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Hanison Group HK\$'M	Total HK\$'M
Six months ended 30 September 2013							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	430.4	163.8	227.0	208.0	145.7	672.0	1,846.9
Excluding turnover of associates	(0.2)	(6.0)	–	–	–	–	(6.2)
Consolidated turnover, as reported	430.2	157.8	227.0	208.0	145.7	672.0	1,840.7
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures (note a)	55.8	76.7	61.5	17.4	(7.7)	30.3	234.0
Excluding realised results of associates and joint ventures not shared by the Group	(7.0)	1.9	–	–	–	–	(5.1)
Results attributable to the Group	48.8	78.6	61.5	17.4	(7.7)	30.3	228.9
Other income							6.2
Unallocated corporate expenses							(40.1)
Finance costs and corporate level exchange difference							(63.7)
Net unrealised gains on fair value change of investment properties (note c)							310.9
Net unrealised losses on fair value change of investment properties attributable to the Group's interests in a joint venture and an associate, net of deferred tax							(58.2)
Profit for the period							384.0
Non-controlling shareholders' share of profit for the period							(109.4)
Profit for the period attributable to the owners of the Company							274.6

Notes:

(a) The segment results of the Group represent the total results of the Group, associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.

(b) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2014 of HK\$378.8 million represented the unrealised gain on fair value change of investment properties of HK\$383.2 million net of deferred tax charge arising from change in fair value of HK\$4.4 million.

(c) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2013 of HK\$310.9 million represented the unrealised gain on fair value change of investment properties of HK\$337.9 million net of deferred tax charge arising from change in fair value of HK\$27.0 million.

4. FINANCE COSTS

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Continuing operations		
Interest on		
Bank and other loans wholly repayable within five years	60.9	59.3
Advances from non-controlling shareholders wholly repayable within five years	11.4	7.7
Other loans not wholly repayable within five years	17.9	16.3
	90.2	83.3
Less: Amounts included in the cost of properties held for/under development for sale	(5.7)	(11.7)
	84.5	71.6
Bank and other loans arrangement fees	18.4	17.0
	102.9	88.6

5. PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2014	2013
	HK\$'M	HK\$'M
Continuing operations		
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	(38.0)	(30.0)
Gain on disposal of property, plant and equipment	(3.4)	(1.9)
Interest income from provision of financial services	(0.6)	(0.2)
Net exchange (gain) loss	(2.2)	30.0
Release of prepaid lease payments	0.1	0.4
Impairment loss recognised on property, plant and equipment	26.6	–
Depreciation	84.8	90.8
Gain on disposal of property interest (note)	(40.1)	–

Note:

In April 2014, the Group disposed of 49% of its property interest in the ownership of a property located in Tokyo, Japan and retained 51% of property interest and jointly develop that property project with a Japanese project partner.

6. TAXATION

	For the six months ended	
	30 September	
	2014	2013
	HK\$'M	HK\$'M
Continuing operations		
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	160.0	18.3
Overseas tax calculated at rates prevailing in respective jurisdictions	9.4	17.1
	169.4	35.4
Deferred tax (credit) charge for current period (note)	(3.9)	34.6
	165.5	70.0

Note:

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

	For the six months ended	
	30 September	
	2014	2013
	HK\$'M	HK\$'M
Deferred tax charge arising during the period in respect of unrealised gain on fair value change of investment properties	4.4	27.0
Deferred tax credit arising from realised gain upon disposal of investment properties	(27.4)	–
Others	19.1	7.6
	(3.9)	34.6

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

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Profit for the period attributable to the owners of the Company comprises:		
(i) Net unrealised gains (losses) on change in fair value of investment properties during the period		
– The Group	383.2	337.9
Deferred tax charge	(4.4)	(27.0)
Attributable to non-controlling interests	(111.7)	(65.1)
	267.1	245.8
– Joint venture, net of deferred tax (Note 13)	(35.4)	(58.0)
– Associate, net of deferred tax	–	(0.2)
	231.7	187.6
(ii) Accumulated net realised gains on disposal of investment properties during the period		
– The Group		
Gain on disposal of investment properties (Note 11)	7.6	4.0
Taxation charge for the period	(1.1)	–
Accumulated gains on change in fair value of disposed investment properties recognised in prior years, net of deferred tax	161.6	5.3
Attributable to non-controlling interests	(0.7)	(4.8)
– Associate		
Gain on disposal of investment properties, net of tax	9.4	–
Accumulated (losses) gains on change in fair value of disposed investment properties recognised in prior years, net of deferred tax	(6.9)	104.1
	169.9	108.6
(iii) Operating profits from continuing operations	387.2	85.1
(iv) Operating losses from discontinued operations (Note 8)	–	(55.4)
Subtotal	788.8	325.9
Less: Accumulated gains on change in fair value of disposed investment properties recognised in prior years, net of deferred tax		
– The Group	(161.6)	(5.3)
– Attributable to non-controlling interests	0.3	2.7
– Associate	6.9	(104.1)
Profit for the period attributable to the owners of the Company	634.4	219.2

8. DISCONTINUED OPERATIONS

The Group had operated sanitaryware manufacturing business principally in Australia and the United Kingdom in prior interim period. The management had decided to cease the sanitaryware manufacturing operations in the second half of the financial year ended 31 March 2014 due to unfavorable business performance. The comparative figures of manufacturing operations in the condensed consolidated statement of profit or loss have been re-presented as discontinued operations.

Loss for the period from discontinued operations is analysed as follows:

	For the six months ended 30 September 2013 HK\$'M
Turnover	71.4
Cost of sales	(85.7)
Gross loss	(14.3)
Other income	3.7
Administrative expenses	(37.4)
Other gains and losses	(7.1)
Finance costs	(0.3)
Loss for the period	(55.4)

Loss for the period from discontinued operations has been arrived at after (crediting) charging:

	For the six months ended 30 September 2013 HK\$'M
Bank and other interest income	(1.0)
Net exchange loss	7.1
Depreciation	1.6

During the six months ended 30 September 2013, the sanitaryware manufacturing operations paid HK\$63.2 million in respect of the Group's net operating cash flows, HK\$6.8 million to investing activities and HK\$5.9 million in respect of financing activities.

9. DIVIDENDS

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Final dividend paid for the financial year ended 31 March 2014 of HK12 cents (2013: for the financial year ended 31 March 2013 of HK5 cents) per share	162.0	67.5
Interim dividend declared for the interim period ended 30 September 2014 of HK6 cents per share (2013: nil)	81.0	–

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For the six months ended 30 September 2014

10. EARNINGS PER SHARE FOR CONTINUING AND DISCONTINUED OPERATIONS

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	
	2014 HK\$'M	2013 HK\$'M
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	634.4	219.2

	For the six months ended 30 September	
	2014	2013
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating the basic earnings per share	1,350,274,367	1,350,274,367

No diluted earnings per share has been presented for the six months ended 30 September 2014 and 30 September 2013 because there were no potential ordinary shares outstanding during the periods.

FOR CONTINUING OPERATIONS

The calculation of the basic earnings per share from continuing operations attributable to the owners of the Company is based on the earnings figures calculated as follows:

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Profit for the period attributable to the owners of the Company	634.4	219.2
Less: Loss for the period from discontinued operations	-	55.4
Earnings for the purpose of calculating the basic earnings per share from continuing operations	634.4	274.6

The denominators used are the same as those detailed above for basic earnings per share from continuing and discontinued operations.

FOR DISCONTINUED OPERATIONS

For the six months ended 30 September 2013, the basic loss per share for discontinued operations is HK4.1 cents, based on the loss for the period from discontinued operations of HK\$55.4 million and the denominators detailed above for the basic earnings per share from continuing and discontinued operations.

11. INVESTMENT PROPERTIES

	For the six months ended 30 September	
	2014	2013
	HK\$'M	HK\$'M
Fair value		
At beginning of the period	7,437.8	6,934.1
Currency realignment	(30.9)	(11.9)
Additions	34.5	314.7
Change in fair value recognised in profit or loss		
– Realised gains on disposals	7.6	4.0
– Unrealised gains	383.2	337.9
Disposals	(509.3)	(12.5)
Transferred from (to) property, plant and equipment (Note 12)	29.0	(38.2)
Transferred to properties held for/under development for sale	–	(244.4)
At end of the period	7,351.9	7,283.7

The Group disposed of certain investment properties during the six months ended 30 September 2014 and the details of which are as follows:

	For the six months ended 30 September	
	2014	2013
	HK\$'M	HK\$'M
Sale proceeds received	509.3	12.5
Original cost of acquisitions	(312.7)	(3.2)
Accumulated gains on change in fair value recognised in prior years	(189.0)	(5.3)
Realised gains on disposal recognised during the period	7.6	4.0

The investment properties were revalued at 30 September 2014, giving rise to an unrealised fair value gain of approximately HK\$383.2 million (six months ended 30 September 2013: HK\$337.9 million) which has been recognised in the condensed consolidated statement of profit or loss for the period.

The fair values of the Group's investment properties at 30 September 2014, 31 March 2014 and the date of transfer from/to property, plant and equipment and to properties held for/under development for sale 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, or 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 and Jones Lang LaSalle Limited	Hong Kong and the People's Republic of China ("PRC")
DTZ Debenham Tie Leung KK	Japan
N&A Appraisal Company Limited	Thailand

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12. PROPERTY, PLANT AND EQUIPMENT

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

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Net carrying value		
At 1 April	2,350.8	3,087.4
Currency realignment	(1.3)	(39.1)
Additions	46.9	75.0
Disposals	(0.6)	(4.5)
Depreciation	(84.8)	(92.4)
Impairment loss recognised	(26.6)	–
Transferred (to) from investment properties (Note 11)	(29.0)	38.2
Transferred to properties held for/under development for sale	–	(0.8)
Transferred to assets classified as held for sale (note)	–	(609.7)
At 30 September	2,255.4	2,454.1

Note:

On 14 August 2013, the Group entered into sale and purchase agreements with an independent third party to dispose of its hotel property and leasehold land in Singapore. The properties were reclassified as “assets classified as held for sale” and transferred from property, plant and equipment in the condensed consolidated statement of financial position as at 30 September 2013. The disposal was completed in January 2014.

13. INTERESTS IN JOINT VENTURES

The interests in joint ventures include the Group's 50% equity interest in Dazhongli Properties Limited (“Dazhongli”). An analysis is as follows:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Interests in:		
Dazhongli (note)	6,310.8	6,348.2
Other joint ventures	1,152.5	1,108.2
	7,463.3	7,456.4

Note:

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 2014 HK\$'M	31 March 2014 HK\$'M
Cost of unlisted shares	0.1	0.1
Share of reserves (note a)	828.7	828.5
Share of post-acquisition profits (note b)	989.3	1,036.3
	1,818.1	1,864.9
Loans to Dazhongli	4,492.7	4,483.3
	6,310.8	6,348.2

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 of the Company 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 joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

The summarised consolidated financial information in respect of Dazhongli Group as at 30 September 2014 is set out below:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Non-current assets		
Investment properties under construction	15,586.2	15,072.8
Hotel properties under construction and equipment	992.5	918.1
Other non-current assets	133.3	133.1
	16,712.0	16,124.0
Current assets		
Bank balances and cash	509.9	460.6
Other current assets	11.8	174.9
	521.7	635.5
Current liabilities		
Loans from shareholders	(8,985.5)	(8,966.5)
Other current liabilities	(862.1)	(729.1)
	(9,847.6)	(9,695.6)
Net current liabilities	(9,325.9)	(9,060.1)
Total assets less current liabilities	7,386.1	7,063.9
Non-current liabilities		
Bank loans	(2,960.8)	(2,521.9)
Deferred tax liabilities	(789.1)	(812.2)
	(3,749.9)	(3,334.1)
Net assets	3,636.2	3,729.8
Group's share of net assets	1,818.1	1,864.9

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Change in fair value of investment properties under construction	(94.5)	(154.6)
Other operating income less expenses	(23.0)	(14.4)
Deferred tax credit	23.6	38.7
Net loss after taxation for the period	(93.9)	(130.3)
Group's share of result for the period	(47.0)	(65.2)

Notes:

- (a) The share of reserves of Dazhongli represented an exchange gain on translation of interest in Dazhongli and arising from translation of the 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.
- (b) The decrease in share of post-acquisition profits 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 were measured at 30 September 2014 at fair value of HK\$15,586.2 million (equivalent to RMB12,351.5 million) (31 March 2014: HK\$15,072.8 million (equivalent to RMB11,953.5 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 of completed properties as available in the relevant market and have taken into account the expended construction costs and the costs that are expected to be expended to complete the development. The increase in the valuation for the six months ended 30 September 2014 of investment properties under construction as stated above was due to the increase in the total construction costs incurred which was partly offset by the fair value loss of HK\$94.5 million (six months ended 30 September 2013: HK\$154.6 million). The attributable taxation credit in respect of the loss was HK\$23.6 million (six months ended 30 September 2013: HK\$38.7 million). Thus the net fair value loss after tax amounted to HK\$70.9 million (six months ended 30 September 2013: HK\$115.9 million) of which the Group's 50% share of loss was HK\$35.4 million (six months ended 30 September 2013: HK\$58.0 million). The investment properties are depreciable and held within a business model of the joint venture whose business objective is to consume substantively all the economic benefits embodied in the investment properties over time, rather than through sale.

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The capital commitments of Dazhongli Group at 30 September 2014 were as follows:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Contracted but not provided for	4,161.7	4,448.2
Authorised but not contracted for	2,407.7	2,428.3
	6,569.4	6,876.5

The capital commitments of Dazhongli Group, 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 Group.

14. 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 payments are settled in accordance with the terms stated in contracts. 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 based on the payment due date at the end of the reporting period:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Not yet due	396.1	170.0
Overdue:		
0–60 days	33.5	32.9
61–90 days	1.7	1.9
Over 90 days	2.9	6.4
	434.2	211.2

15. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represents the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified.

The aged analysis of progress payments receivable is as follows:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Within 30 days	65.5	52.2
31–60 days	–	11.0
	65.5	63.2

16. RETENTION MONEY RECEIVABLE

Retention money receivable in respect of construction services is settled in accordance with the terms of respective contracts.

Retention money is usually withheld from the amounts receivable for work certified. 50% of the retention money is normally due upon completion and the remaining 50% portion is due upon finalisation of the construction accounts. Retention money receivable is expected to be settled within twelve months after the finalisation of construction accounts.

17. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2014, included in trade payables, provision and accrued charges were trade payables of HK\$193.2 million (31 March 2014: HK\$217.0 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Not yet due	140.5	172.6
Overdue:		
0–60 days	23.4	20.1
61–90 days	4.6	0.7
Over 90 days	24.7	23.6
	193.2	217.0

The trade payables, provision and accrued charges included provisions for certain construction obligations of HK\$338.3 million (31 March 2014: HK\$338.8 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.

18. BANK AND OTHER LOANS

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Bank loans (note a)	5,438.3	5,064.0
Bonds and notes (note b)	955.9	964.7
	6,394.2	6,028.7
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	(4,814.0)	(2,321.0)
Amount included under non-current liabilities	1,580.2	3,707.7
Bank and other loans are repayable:		
On demand or within one year	4,814.0	2,321.0
Between one and two years	–	2,611.8
Between two and five years	787.6	303.7
More than five years	792.6	792.2
	6,394.2	6,028.7
Secured	508.1	446.3
Unsecured	5,886.1	5,582.4
	6,394.2	6,028.7

Notes:

(a) As at 30 September 2014, one of the Group's bank borrowing carried interest at a fixed rate of 7.5% per annum (31 March 2014: nil). All the remaining Group's bank borrowings carried interest at an average margin of 1.67% (31 March 2014: 1.70%) plus Hong Kong Interbank Offered Rate or other relevant interbank offered rates per annum.

(b) On 2 April 2013, the Company issued HK\$560.0 million 7-year unlisted notes at a coupon rate of 4.5% per annum. Subsequently on 10 April 2013, the Company established a US\$1.0 billion Medium Term Note Programme ("MTN Programme"). In May 2013, a total of HK\$238.0 million 7-year unlisted notes at a coupon rate of 4.3% per annum was issued under the MTN Programme. As at 30 September 2014, the remaining bond with principal amount HK\$163.3 million (31 March 2014: HK\$172.5 million) carried interest at a margin of 0.8% (31 March 2014: 0.8%) plus the relevant interbank offered rates per annum.

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19. OTHER LIABILITIES

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Advances from non-controlling shareholders	700.3	543.8
Club debentures	855.9	862.4
Others	14.2	14.2
	1,570.4	1,420.4
Less: Amount due within one year included under current liabilities	(2.4)	(14.0)
Amount due after one year	1,568.0	1,406.4

20. CONTINGENT LIABILITIES

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Guarantees given, to the extent of the Group's proportionate share, in respect of banking facilities granted to an investee company	149.9	158.2

No financial guarantee has been recognised in the condensed consolidated financial statements as, in the opinion of the directors of the Company, 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.

21. COMMITMENTS

	30 September 2014 HK\$'M	31 March 2014 HK\$'M
Contracted but not provided for in the condensed consolidated financial statements		
– expenditure in respect of properties held for/under development for sale	561.0	508.6
– capital expenditure in respect of investment properties and property, plant and equipment	89.7	81.0
– others	44.5	12.9
	695.2	602.5
Authorised but not contracted for		
– expenditure in respect of properties held for/under development for sale	569.7	344.0
– capital expenditure in respect of investment properties and property, plant and equipment	859.3	7.7
	1,429.0	351.7
	2,124.2	954.2

In addition, the outstanding capital commitments in respect of the Group's interest in Dazhongli is disclosed in Note 13.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

	Fair value as at		Fair value hierarchy (note a)
	30 September 2014 HK\$'M	31 March 2014 HK\$'M	
Financial assets			
(i) Listed equity securities classified as available-for-sale financial assets in the condensed consolidated statement of financial position (note b)	56.8	56.3	Level 1
(ii) Unlisted equity securities classified as available-for-sale financial assets in the condensed consolidated statement of financial position (note c)	32.4	27.5	Level 3
	89.2	83.8	

Notes:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) The listed equity securities are valued by the quoted bid prices in active markets as at 30 September 2014.

(c) The Group uses the key inputs of market comparable companies, which includes the valuation multiples, to determine the fair value of the unlisted equity securities as at 30 September 2014. The unobservable inputs are valuation multiples and discount for lack of marketability. Valuation multiples include enterprise value/earnings before interest and taxes, price-to-earnings multiple. The higher the valuation multiples or the lower discount of lack of marketability, the higher the fair value.

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data as the management considers that the exposure is insignificant to the Group.

There were no transfer among different levels of the fair value hierarchy in the current and prior periods.

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity securities HK\$'M
At 1 April 2014	27.5
Acquisition during the period	7.4
Proceeds from disposal	(2.6)
Total gain in other comprehensive income	0.1
At 30 September 2014	32.4

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

The Group determines the appropriate valuation techniques and inputs for Level 3 fair value measurements.

In estimating the fair value of unlisted equity securities, the Group uses market-observable data to the extent it is available. The valuation is performed at the end of each reporting period. Where there is material change in the fair value of the assets, the cause of the fluctuations will be reported to the management of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

23. RELATED PARTY TRANSACTIONS

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

(i) Connected transactions with entities controlled (or jointly controlled as joint venture) by certain discretionary trusts of which four (2013: four) directors of the Company are among the discretionary beneficiaries at the end of the reporting period. The trusts have controlling beneficial interests in these entities and the Company:

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Transactions with the entities:		
Rental income received	3.1	1.4
Management service fee received	2.7	1.3
Project management income and site supervision service income received	2.6*	3.5*
Project management income and site supervision service income received from a joint venture	0.9*	1.2*
Other services provided	0.1	0.1

	30 September	31 March
	2014 HK\$'M	2014 HK\$'M
Balance with the entity:		
Advance from a non-controlling shareholder	73.2*	71.0*

* The amounts represent transactions entered into with Hanison Group and balances with Hanison Group by related parties.

(ii) Transactions with associates and joint ventures of the Company:

	For the six months ended 30 September	
	2014 HK\$'M	2013 HK\$'M
Management fee and other operating service fees received from an associate	0.5	0.5
Management fee and other operating service fees received from a joint venture	13.6	11.5
Construction income received from joint ventures	–	1.3*
Interest income received from an associate	0.1	0.1
Interest income received from joint ventures	5.1	8.4
Waiver of management fee previously charged to an associate	–	(10.6)
Rental expenses to an associate	(0.3)*	(0.3)*

* The amounts represent transactions entered into with Hanison Group by related parties.

(iii) During the current interim period, the Company sold a residential property to a non-executive director of the Company at a consideration of HK\$40.5 million. The amount has been received in full by 30 September 2014.

(iv) Compensation of key management personnel:

The remuneration of key management personnel during the period amounted to HK\$9.5 million (six months ended 30 September 2013: HK\$19.2 million).

CORPORATE INFORMATION AND INVESTORS' CALENDAR

公司資料及投資者日誌

CHAIRMAN 主席

Mr CHA Mou Sing Payson
查懋聲先生

DEPUTY CHAIRMAN AND MANAGING DIRECTOR 副主席兼董事總經理

Mr CHA Mou Zing Victor
查懋成先生

EXECUTIVE DIRECTORS 執行董事

Mr CHUNG Sam Tin Abraham[#]
鍾心田先生[#]

Mr TANG Moon Wah
鄧滿華先生

[#] Also alternate to Mr CHA Mou Sing Payson
[#] 兼任查懋聲先生之候補董事

NON-EXECUTIVE DIRECTORS 非執行董事

The Honourable Ronald Joseph ARCULLI
夏佳理先生

Mr CHA Mou Daid Johnson
查懋德先生

Ms WONG CHA May Lung Madeline
王查美龍女士

INDEPENDENT NON- EXECUTIVE DIRECTORS 獨立非執行董事

Dr CHENG Kar Shun Henry
鄭家純博士

Mr CHEUNG Wing Lam Linus
張永霖先生

Ms HO Pak Ching Loretta
何柏貞女士

Mr TANG Kwai Chang
鄧貴彰先生

AUDIT COMMITTEE 審核委員會

Mr TANG Kwai Chang (*Chairman*)
鄧貴彰先生(主席)

Mr CHEUNG Wing Lam Linus
張永霖先生

Ms HO Pak Ching Loretta
何柏貞女士

REMUNERATION COMMITTEE 薪酬委員會

Dr CHENG Kar Shun Henry (*Chairman*)
鄭家純博士(主席)

Mr CHA Mou Zing Victor
查懋成先生

Mr CHEUNG Wing Lam Linus
張永霖先生

NOMINATION COMMITTEE 提名委員會

Mr CHA Mou Sing Payson (*Chairman*)
查懋聲先生(主席)

Ms HO Pak Ching Loretta
何柏貞女士

Mr TANG Kwai Chang
鄧貴彰先生

COMPANY SECRETARY 公司秘書

Ms MAK Sau Ching
麥秀貞女士

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

SHARE REGISTRARS 股份過戶登記處

HONG KONG 香港

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
香港中央證券登記有限公司
香港灣仔皇后大道東183號
合和中心17樓1712-1716室

CAYMAN ISLANDS 開曼群島

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

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 (Hong Kong)
Limited
渣打銀行(香港)有限公司
Hang Seng Bank Limited
恒生銀行有限公司

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
Reed Smith Richards Butler
禮德齊伯禮律師行

CAYMAN ISLANDS LAWS 開曼群島法律

Maples and Calder
邁普達律師事務所

SEHK STOCK NAME/ CODE

聯交所股份名稱/代號

HKR Int'l 香港興業國際/00480

INVESTORS' CALENDAR 投資者日誌

INTERIM DIVIDEND 中期股息

Closure of Registers 暫停股份登記

8 and 9 December 2014
2014年12月8日及9日

Payment Date 派發日期

19 December 2014
2014年12月19日

COMMUNICATION 聯絡

Website 網址: www.hkri.com

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cs@hkri.com (*Shareholders* 股東)



HKR

INTERNATIONAL LTD.
香港興業國際集團

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)

香港干諾道中168號信德中心招商局大廈23樓

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