

HKRI

香港興業國際集團有限公司
HKR International Limited

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INTERIM REPORT
2015/16
中期報告



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BUSINESS AND FINANCIAL HIGHLIGHTS

BUSINESS HIGHLIGHTS

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD UNDER REVIEW

- Apr** – Relunched the sales of the remaining units of DAN6 at Fui Yiu Kok Street, Tsuen Wan
- May** – Held the extraordinary general meeting for the disposal of the interest in an en-bloc building, namely CentreHollywood located at No.151 Hollywood Road by a subsidiary of Hanison Construction Holdings Limited (“Hanison”), a non-wholly owned subsidiary of the Company, at a total consideration of HK\$550.0 million, which Hanison has 60% interest. The disposal was completed in July 2015
- Jun** – Won the public tender for the land use right of a piece of land located at Yuhang District, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “PRC”) with a site area of approximately 51,000 square metres at a consideration of RMB543.0 million
- Launched the new corporate logo
- Announced the 2014/2015 final results
- Jul** – Entered into a sale and purchase agreement to dispose of the interests in various land lots in Demarcation District No.129, Lau Fau Shan, Yuen Long by a subsidiary of Hanison at a total consideration of HK\$710.0 million and pending completion
- Aug** – Held the 2015 annual general meeting
- Sep** – Obtained a 5-year syndicated loan in an aggregate principal amount of HK\$8.0 billion
- Entered into a sale and purchase agreement to acquire the interest in an en-bloc building, namely Park Building located at No.476 Castle Peak Road, Cheung Sha Wan by a subsidiary of Hanison at a consideration of HK\$998.0 million. The acquisition was completed in October 2015
- Oct** – Declared an interim dividend by distribution in specie of shares in Hanison, representing the Company’s entire interest in Hanison
- mid-Nov** – Completion of the distribution in specie of Hanison’s shares and Hanison ceased as a subsidiary of the Company

FINANCIAL HIGHLIGHTS

	Six months ended		Year ended
	30 September		31 March
	2015	2014	2015
	HK\$'M	HK\$'M	HK\$'M
Results			
Turnover	2,800.2	3,245.4	5,421.9
Profit attributable to owners of the Company	662.7	634.4	910.0
Basic earnings per share (HK cents)	49.1	47.0	67.4
Financial Position			
Total assets	29,040.7	29,736.0	29,243.7
Total liabilities	8,976.1	10,262.5	9,461.1
Equity attributable to owners of the Company	16,912.0	16,669.0	16,727.7
Net asset value per share (HK\$)	12.5	12.3	12.4

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 2015 (the “Period”).

INTERIM RESULTS

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

INTERIM DIVIDEND

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

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

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT

Hong Kong, Residential Properties

Discovery Bay

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

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

Kau To, Sha Tin

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

Wu On Street, Tuen Mun

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

Kap Pin Long, Sai Kung

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

Industrial and/or Commercial Investment Properties

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Mainland China

HKRI Taikoo Hui, Shanghai

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

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

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

City One, Jiaxing City, Zhejiang Province

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

Future Sci-Tech City Project, Hangzhou, Zhejiang Province

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

The Exchange, Tianjin

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

Elite House, Shanghai

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

Thailand

The Sukhothai Residences, Bangkok

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

Wireless Road, Bangkok

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

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

Japan

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

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

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

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

SERVICES PROVIDED

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

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

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

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

HOSPITALITY

Hong Kong, Auberge Discovery Bay Hong Kong

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

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

Thailand, The Sukhothai Bangkok

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

HEALTHCARE

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

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

HANISON GROUP

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

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

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

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

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

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

HUMAN RESOURCES

As at 30 September 2015, the total number of employees in the Group including Hong Kong and overseas was 3,243 (including full time employees of Hanison group). The Group understands the importance of providing its employees with a harmonious and supportive working environment. Ongoing efforts have been spent on reviewing the human resources policies and staff benefits of the Group. To encourage more interactive communication, the Group also launched "Idea480", a suggestion box for all staff, to give opinions and suggestions to the management.

From April 2015 onwards, the Group gradually implemented new human resources information system to automate key human resource processes such as workforce management, payroll services, employee self-services as well as time and attendance management. Supported by the new platform, the Group aims to bring in more operational efficiency in its people management.

INFORMATION TECHNOLOGY

The Group continues to invest in information technology infrastructure and advanced technology to improve efficiency and maintain service reliability. In order to strengthen system security, the Group has upgraded the firewall with higher threat prevention and filtering throughput. Captcha and two-factor authentication were also implemented for online and remote access to provide extra level of protection.

The Group's "DB Transport" mobile app version 2 was launched in June 2015 and a major update to replace version 1 which was launched in 2013. The new version comes with improved graphics, icons and information layout together with Google Map Directions to suggest the best route for visitors coming to Discovery Bay.

A new property project monitoring web-based platform was developed to facilitate the sharing of project status and work in progress. Photos, videos, progress charts and related documents for projects in different locations can be shared and viewed on the same platform.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 30 September 2015, the shareholders' funds of the Group increased by HK\$184.3 million to HK\$16,912.0 million (31 March 2015: HK\$16,727.7 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 for the Group for the Period was 30.7% (for the year ended 31 March 2015: 29.0%).

MAJOR INVESTING ACTIVITIES

In June 2015, the Group acquired a low density residential site in Hangzhou, Zhejiang Province at a consideration of HK\$678.8 million, of which the first instalment HK\$339.4 million was made in July 2015 and the remaining balance will be settled in June 2016.

During the Period, the Group acquired an investment property in Hong Kong and a residential building in Japan at a consideration of HK\$253.3 million and HK\$86.2 million respectively.

In July 2015, the Group had a net cash inflow of HK\$242.9 million from the disposal of an investment property 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\$767.2 million, HK\$54.9 million and HK\$148.9 million respectively.

FINANCIAL LIQUIDITY

As at 30 September 2015, the Group had total cash and securities investment of HK\$5,626.8 million (31 March 2015: HK\$5,931.8 million) whilst total bank borrowings, bonds and other loans were HK\$5,227.8 million (31 March 2015: HK\$5,830.0 million).

GEARING

As at 30 September 2015, the Group had net cash of HK\$62.4 million while as at 31 March 2015, the Group's gearing ratio, calculated as a percentage of consolidated net borrowings to the shareholders' funds was 1.4%.

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. In September 2015, the Group arranged a 5-year revolving credit and term loan facility of HK\$8.0 billion to refinance the previous HK\$5.0 billion syndicated loan upon its maturity and to fund the Group's general working capital requirements.

As at 30 September 2015, the unutilised credit facilities were approximately HK\$9,964.6 million (31 March 2015: HK\$5,043.7 million) which increased by HK\$4,920.9 million mainly due to the new HK\$8.0 billion syndicated loan entered into in September 2015.

The maturity profile of bank borrowings, bonds and other loans were 35.3% (31 March 2015: 41.7%) falling within one year, 2.9% (31 March 2015: 2.6%) falling between one and two years, 61.8% (31 March 2015: 42.1%) falling between two and five years and nil (31 March 2015: 13.6%) falling more than five years as at 30 September 2015.

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 2015, certain subsidiaries of the Company had pledged bank deposits of HK\$82.6 million (31 March 2015: HK\$83.7 million) to secure banking facilities being granted.

In addition, as at 30 September 2015, certain bank loans of the Group were secured by certain investment properties, leasehold land and building, properties held for sale and assets classified as held for sale, at the carrying value of HK\$1,416.6 million (31 March 2015: HK\$2,007.7 million).

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to corporate guarantees on the Group's proportionate share to the extent of HK\$164.5 million as at 30 September 2015 (31 March 2015: HK\$164.9 million) given to banks in respect of the banking facilities granted to an investee company and a joint venture. The Group's interest in such investee company is classified under other non-current assets.

In addition, a subsidiary of the Company provided guarantees amounting to HK\$81.8 million (31 March 2015: HK\$19.6 million) as at 30 September 2015 in respect of mortgage facilities granted to purchasers of the Group's properties.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 30 September 2015.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2015, 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 ¹	618,895,387 ²	638,875,574	47.31
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,140,253	–	–	629,498,383 ²	630,638,636	46.70
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	628,200,885 ²	628,200,885	46.52
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	627,487,463 ^{3&4}	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

¹ The shares were held by Accomplished Investments Limited ("Accomplished"), a corporation 100% owned by Mr Payson CHA.

² 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.

³ 577,842,756 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.

⁴ 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.

ASSOCIATED CORPORATION – HANISON CONSTRUCTION HOLDINGS LIMITED (“HANISON”⁵)

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	919,639	–	4,467,840 ⁶	144,582,585 ⁷	149,970,064	22.12
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	224,586	–	–	147,331,523 ⁷	147,556,109	21.77
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	147,331,523 ⁷	147,331,523	21.74
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	147,120,767 ^{8&9}	147,120,767	21.70
Ronald ARCULLI	Beneficiary of a trust	72,500	–	–	–	72,500	0.01
Abraham CHUNG	Beneficial owner	79,773	–	–	–	79,773	0.01
Loretta HO	Beneficial owner	16,073	–	–	–	16,073	0.002

SHARE OPTION SCHEMES

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. 18 November 2015). 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, full-time employees and consultants of Hanison, its subsidiaries and/or its associated companies. 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 and represents 7.19% of the issued share capital of Hanison as at the date of this interim report.

⁵ Hanison ceased as a subsidiary and associated corporation of the Company with effect from 3 November 2015 upon transferring the Hanison shares held by the Company to its shareholders as an interim dividend by distribution in specie of shares in Hanison.

⁶ The shares were held by Accomplished.

⁷ The shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees and the relevant directors were among the members of the classes of discretionary beneficiaries.

⁸ 144,582,585 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.

⁹ 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 2,538,182 shares.

OTHER INFORMATION

On 16 September 2015, Hanison had issued bonus shares on the basis of 1 bonus share for every 4 existing shares held by its qualifying shareholders. As a result of the issuance of bonus shares, an adjustment was made to the exercise price and the number of shares to be issued upon exercise of the share options granted to its directors (some are also the directors of the Company) and employees under the 2011 Hanison Scheme which remain outstanding. As at 30 September 2015, the directors of the Company individually and other eligible participants in aggregate had the following interests in share options to subscribe shares in Hanison:

Name or category of participant	Date of grant	Exercisable price per share ¹⁰ (HK\$)	Exercisable period	Balance as at 1 April 2015	Exercised during the Period	Adjustment as a result of the issuance of bonus shares	Balance as at 30 September 2015
Payson CHA ¹¹	26 November 2014	1.08	26 November 2014 to 25 November 2019	5,360,000	–	1,340,000	6,700,000
Johnson CHA ¹¹	26 November 2014	1.08	26 November 2014 to 25 November 2019	2,680,000	–	670,000	3,350,000
Other eligible participants in aggregate ¹²	26 November 2014	1.08	26 November 2014 to 25 November 2019	20,736,000	5,830,000	3,726,500	18,632,500
Total				28,776,000	5,830,000	5,736,500	28,682,500

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 2015, 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 2015, 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 ¹³	41.48
LBJ Regents Limited	Corporate trustee	91,894,801 ¹⁴	6.81
Invesco Asset Management Limited	Investment manager/advisor of various accounts	121,688,399 ¹⁵	9.01

¹⁰ Being the adjusted exercisable price of Hanison's share as a result of issuance of bonus shares by Hanison on 16 September 2015 on the basis of 1 bonus share for every 4 shares then held.

¹¹ Being common directors of the Company and Hanison.

¹² Including other directors and employees of Hanison.

¹³ 560,153,905 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.

¹⁴ 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.

¹⁵ 121,688,399 shares were disclosed on the website of the Stock Exchange as being held by Invesco Asset Management Limited as investment manager and/or advisor of various accounts.

Save as disclosed above, as at 30 September 2015, 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

There was no grant to, and no exercise by, the Directors any share options 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

During the six months ended 30 September 2015, the Company fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules save for two deviations:

(i) A.4.1 (appointment of non-executive directors ("NEDs") for a specific term): The reasons for the deviation from code provision A.4.1 have been duly set out in the Corporate Governance Report, 2014/2015 Annual Report of the Company; and

(ii) E.1.2 (attendance of Annual General Meeting ("AGM") by the Chairman of the Board): Due to other business engagements, Mr Payson CHA, the Chairman of the Board could not attend the AGM held on 26 August 2015 and Mr Victor CHA, the Deputy Chairman and Managing Director of the Company (and Member of the Remuneration Committee) chaired the AGM. All other Executive Directors and Mr Alfred TANG (Independent Non-executive Director, Chairman of the Audit Committee and member of Nomination Committee), were present at the AGM and were available to answer questions.

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 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.

CHANGES 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 2014/2015 annual report as required to be disclosed:

Ms Madeline WONG retired as a NED of Chinney Investments, Limited on 27 August 2015.

Ms Loretta HO ceased to be a member of each of the supervisory board, the special committee on elderly housing and the remuneration committee of the Hong Kong Housing Society with effect from 8 September 2015.

The Honourable Ronald ARCULLI retired as the chairman of Hong Kong Arts Festival Society Limited on 23 October 2015.

Mr Victor CHA was elected as the chairman of Hong Kong Arts Festival Society Limited on 23 October 2015.

Mr Johnson CHA is a NED of China International Capital Corporation Limited which was listed on the main board of the Stock Exchange on 9 November 2015.

OTHER INFORMATION

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

In accordance with the continuing obligation set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 30 September 2015 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 8 September 2015 (the "Loan Agreement") for a transferable term loan and revolving credit facility in an aggregate principal amount of HK\$8.0 billion with final maturity date falling five years from the date of the Loan Agreement.

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

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

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

In accordance with the requirements of rule 13.22 of Chapter 13 of the Listing Rules, the following were the details of financial assistances and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2015 pursuant to rule 13.16 thereof.

As at 30 September 2015, the Group advanced to Dazhongli Properties Limited and its subsidiaries ("Dazhongli group") an aggregate amount of HK\$4,619.9 million.

Dazhongli group is engaged in the development of certain properties in Jingan District, Shanghai, the PRC in which the Group has a 50% 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. Except for the amount of HK\$279.2 million, the advances are unsecured, non-interest bearing and have no fixed terms of repayment.

As at 30 September 2015, the Group also advanced to several affiliated companies an aggregate amount of HK\$1,616.4 million. The Group has equity interests ranging from 12% to 50% in these affiliated companies.

As at 30 September 2015, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK\$6,236.3 million representing 36.9% of the consolidated net tangible assets of the Group of HK\$16,912.0 million as at 30 September 2015.

A pro forma combined statement of financial position of these affiliated companies and the Group's attributable interests in these affiliated companies as at 30 September 2015 were as follows:

	Pro forma combined statement of financial position HK\$'M	The Group's attributable interest HK\$'M
Non-current assets	18,599.3	9,293.2
Current assets	3,376.3	1,482.0
Current liabilities	(12,108.8)	(5,928.2)
Net current liabilities	(8,732.5)	(4,446.2)
Non-current liabilities	(7,839.6)	(3,550.3)
Shareholders' surplus	2,027.2	1,296.7

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
 18 November 2015

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 15 to 38, which comprise the condensed consolidated statement of financial position as of 30 September 2015 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

18 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2015

	NOTES	For the six months ended 30 September	
		2015 HK\$'M (unaudited)	2014 HK\$'M (unaudited)
Turnover	3	2,800.2	3,245.4
Cost of sales		(1,940.1)	(2,132.9)
Gross profit		860.1	1,112.5
Other income		76.2	79.4
Administrative expenses		(284.8)	(250.3)
Other gains and losses		(24.6)	26.9
Change in fair value of investment properties			
Realised gains on disposals	10	32.7	7.6
Unrealised gains	10	396.6	383.2
Finance costs	4	(83.5)	(102.9)
Share of results of associates		(0.2)	13.8
Share of results of joint ventures		120.5	(48.5)
Profit before taxation	5	1,093.0	1,221.7
Taxation	6	(108.0)	(165.5)
Profit for the period		985.0	1,056.2
Profit for the period attributable to:			
Owners of the Company	7	662.7	634.4
Non-controlling interests		322.3	421.8
		985.0	1,056.2
Earnings per share	9		
Basic (HK cents)		49.1	47.0
Diluted (HK cents)		49.0	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30 September 2015 HK\$'M (unaudited)	31 March 2015 HK\$'M (audited)
Non-current assets			
Investment properties	10	8,011.5	7,703.5
Property, plant and equipment	11	2,179.5	2,233.3
Prepaid lease payments		6.5	7.0
Interests in associates		3.4	45.4
Interests in joint ventures	12	7,459.2	7,561.8
Held-to-maturity investments		166.4	196.4
Available-for-sale financial assets		109.1	90.8
Deposit paid for acquisition of a subsidiary	26(a)	99.8	–
Other assets		139.3	143.5
Pledged bank deposits		82.6	83.7
Deferred tax assets		3.6	3.6
		18,260.9	18,069.0
Current assets			
Inventories		61.4	68.9
Properties held for sale		1,477.1	1,930.6
Properties held for/under development for sale		2,460.4	2,247.2
Trade receivables	13	207.4	407.1
Amounts receivable on contract work		111.4	134.8
Progress payments receivable	14	179.1	96.7
Retention money receivable	15	209.2	187.8
Deposits, prepayments and other financial assets		630.9	368.3
Amounts due from associates		24.3	40.4
Amounts due from joint ventures		133.5	122.1
Taxation recoverable		6.3	9.9
Held-to-maturity investments		61.1	40.9
Bank balances and cash		5,207.6	5,520.0
		10,769.7	11,174.7
Assets classified as held for sale	16	10.1	–
		10,779.8	11,174.7
Current liabilities			
Trade payables, provision and accrued charges	17	1,433.2	1,490.6
Amounts payable on contract work		310.5	243.4
Deposits received and other financial liabilities		426.5	325.9
Taxation payable		288.3	221.7
Bank and other loans due within one year	18	1,844.9	2,433.6
Other liabilities due within one year	19	0.5	76.9
		4,303.9	4,792.1
Net current assets		6,475.9	6,382.6
Total assets less current liabilities		24,736.8	24,451.6
Non-current liabilities			
Bank and other loans due after one year	18	3,382.9	3,396.4
Other liabilities due after one year	19	1,045.3	1,031.3
Deferred tax liabilities		244.0	241.3
		4,672.2	4,669.0
		20,064.6	19,782.6
Capital and reserves			
Share capital		337.5	337.5
Reserves		16,574.5	16,390.2
Equity attributable to owners of the Company		16,912.0	16,727.7
Non-controlling interests		3,152.6	3,054.9
		20,064.6	19,782.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to the owners of the Company							Non-controlling interests					
	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)	Subtotal HK\$'M	Share of net assets of subsidiaries HK\$'M	Share options reserve of a listed subsidiary HK\$'M	Subtotal HK\$'M	Total HK\$'M
At 1 April 2015 (audited)	337.5	9,976.7	3,650.4	1,537.9	2.8	31.7	1,185.6	3.1	16,727.7	3,049.2	5.7	3,054.9	19,782.6
Profit for the period	-	662.7	-	-	-	-	-	-	662.7	322.3	-	322.3	985.0
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(181.1)	-	(181.1)	(0.7)	-	(0.7)	(181.8)
Share of exchange reserve of an associate	-	-	-	-	-	-	0.1	-	0.1	-	-	-	0.1
Share of exchange reserve of joint ventures (note c)	-	-	-	-	-	-	(217.1)	-	(217.1)	-	-	-	(217.1)
Release of exchange reserve upon deregistration of a foreign associate	-	-	-	-	-	-	(2.4)	-	(2.4)	-	-	-	(2.4)
Fair value changes on available-for-sale financial assets	-	-	-	-	-	7.6	-	-	7.6	-	-	-	7.6
Deferred tax arising from fair value changes on available-for-sale financial assets	-	-	-	-	-	0.6	-	-	0.6	-	-	-	0.6
Revaluation gain on property, plant and equipment upon transfer to investment properties	-	-	-	-	13.2	-	-	-	13.2	8.4	-	8.4	21.6
Total comprehensive income for the period	-	662.7	-	-	13.2	8.2	(400.5)	-	283.6	330.0	-	330.0	613.6
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period (Note 7(a))	-	(475.0)	475.0	-	-	-	-	-	-	-	-	-	-
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period (Note 7)	-	75.8	(75.8)	-	-	-	-	-	-	-	-	-	-
Shares issued under share option scheme of a listed subsidiary	-	(4.8)	-	-	-	-	-	-	(4.8)	13.8	(1.1)	12.7	7.9
Disposal of subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	(85.5)	-	(85.5)	(85.5)
Dividends paid	-	(94.5)	-	-	-	-	-	-	(94.5)	-	-	-	(94.5)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(159.5)	-	(159.5)	(159.5)
At 30 September 2015 (unaudited)	337.5	10,142.9	4,049.6	1,537.9	16.0	39.9	785.1	3.1	16,912.0	3,148.0	4.6	3,152.6	20,064.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to the owners of the Company						Non-controlling interests	Share of net assets of subsidiaries	Total		
	Share capital	Accumulated profits	Investment property revaluation	Share premium	Asset revaluation reserve	Investment revaluation reserve				Exchange reserve	Capital redemption reserve
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	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(a))	-	(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

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 exchange loss of HK\$66.6 million (six months ended 30 September 2014: exchange gain of HK\$1.4 million) arising from translation of interests in joint ventures and exchange loss of HK\$150.5 million (six months ended 30 September 2014: HK\$1.1 million) 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 2015

	NOTES	For the six months ended 30 September	
		2015 HK\$'M (unaudited)	2014 HK\$'M (unaudited)
Net cash generated from operating activities		784.4	605.8
Net cash (used in) generated from investing activities			
Net cash inflows from disposal of subsidiaries	21	242.9	–
Proceeds from disposal of investment properties		54.5	366.1
Capital distribution upon deregistration of an associate		22.2	–
Dividend received from an associate		19.7	–
Repayment of loans by associates		16.1	7.4
Net cash outflows from acquisition of subsidiaries	20	(245.3)	–
Additions of investment properties		(205.9)	(31.1)
Deposit paid for acquisition of a subsidiary		(99.8)	–
Additions of property, plant and equipment		(83.3)	(46.9)
Loans to joint ventures		(26.0)	(20.8)
Repayment of loans by joint ventures		–	25.0
Capital injection to a joint venture		–	(32.3)
Increase in pledged bank deposits		–	(32.4)
Other investing cash flows		23.4	32.1
		(281.5)	267.1
Net cash (used in) generated from financing activities			
New bank and other loans raised		1,116.0	947.5
Proceeds from issue of shares of a listed subsidiary		7.9	–
Repayment of bank and other loans		(1,566.2)	(536.4)
Dividends paid to non-controlling shareholders		(159.5)	(8.8)
Dividends paid		(94.5)	(162.0)
Advance from a non-controlling shareholder		10.1	145.1
Other financing cash flows		(79.8)	(97.2)
		(766.0)	288.2
Net (decrease) increase in cash and cash equivalents		(263.1)	1,161.1
Cash and cash equivalents at beginning of the period		5,520.0	5,311.8
Effect of foreign exchange rate changes		(49.3)	(68.7)
Cash and cash equivalents at end of the period		5,207.6	6,404.2
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		5,207.6	6,404.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. SEGMENT INFORMATION

The Group is organised into six operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations, healthcare (provision of medical and dental care services, comprising diabetic and cardiovascular centres, cancer centre, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres) and Hanison Construction Holdings Limited ("Hanison") together with its subsidiaries ("Hanison group" which are engaged in construction, interior and renovation works, supply and installation of building materials, property investment and development, provision of property agency and management services and sales of health products). Each of the operating divisions represents an operating and reportable segment.

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

	Property development 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 2015							
TURNOVER							
Segment revenue – sales to external customers derived by the Group and associates	802.1	159.6	247.4	144.0	141.6	1,305.6	2,800.3
Excluding turnover of associates	(0.1)	-	-	-	-	-	(0.1)
Consolidated turnover, as reported	802.0	159.6	247.4	144.0	141.6	1,305.6	2,800.2
RESULTS							
Segment results – total realised results of the Group, associates and joint ventures (note a)	308.0	54.2	48.7	4.1	(5.9)	113.2	522.3
Excluding realised results of associates and joint ventures not shared by the Group	0.6	17.7	-	-	-	-	18.3
Results attributable to the Group	308.6	71.9	48.7	4.1	(5.9)	113.2	540.6
Other income							6.6
Unallocated corporate expenses							(43.1)
Finance costs and corporate level exchange difference							(57.0)
Net unrealised gains on fair value change of investment properties (note b)							396.6
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax							141.3
Profit for the period							985.0
Non-controlling shareholders' share of profit for the period							(322.3)
Profit for the period attributable to the owners of the Company							662.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

	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 interest in a joint venture, net of deferred tax							(35.4)
Profit for the period							1,056.2
Non-controlling shareholders' share of profit for the period							(421.8)
Profit for the period attributable to the owners of the Company							634.4

Notes:

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

(b) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2015 of HK\$396.6 million (six months ended 30 September 2014: HK\$378.8 million) represented the unrealised gain on fair value change of investment properties of HK\$396.6 million (six months ended 30 September 2014: HK\$383.2 million) net of deferred tax charge arising from change in fair value of nil amount (six months ended 30 September 2014: HK\$4.4 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. FINANCE COSTS

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

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2015 HK\$'M	2014 HK\$'M
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	(33.0)	(38.0)
Gain on disposal of subsidiaries (Note 21)	(0.2)	–
Gain on disposal of property, plant and equipment	(1.6)	(3.4)
Net exchange loss (gain)	28.8	(2.2)
Release of prepaid lease payments	0.3	0.1
Impairment loss recognised on property, plant and equipment	–	26.6
Depreciation	80.5	84.8
Gain on disposal of property interest (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. The Group has retained 51% of property interests in that property and formed a joint operation with a Japanese project partner to develop that property project.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

6. TAXATION

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

Note:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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

	For the six months ended	
	2015	2014
	HK\$'M	HK\$'M
Profit for the period attributable to the owners of the Company comprises:		
(a) Net unrealised gains (losses) on change in fair value of investment properties during the period		
– The Group	396.6	383.2
Deferred tax charge	–	(4.4)
Attributable to non-controlling interests	(62.9)	(111.7)
	333.7	267.1
– Joint venture, net of deferred tax (Note 12)	141.3	(35.4)
	475.0	231.7
(b) Accumulated net realised gains (losses) on disposal of investment properties during the period		
– The Group		
Gain on disposal of investment properties (Note 10)	32.7	7.6
Taxation for the period	(0.1)	(1.1)
Accumulated gains on change in fair value of disposed investment properties recognised in prior years, net of deferred tax	212.1	161.6
Attributable to non-controlling interests	(158.6)	(0.7)
– Associate		
Gain on disposal of investment properties, net of tax	–	9.4
Accumulated losses on change in fair value of disposed investment properties recognised in prior years, net of deferred tax	–	(6.9)
	86.1	169.9
(c) Operating profits	177.4	387.2
Subtotal	738.5	788.8
Less: Accumulated gains (losses) on change in fair value of disposed investment properties recognised in prior years, net of deferred tax		
– The Group	(212.1)	(161.6)
– Attributable to non-controlling interests	136.3	0.3
– Associate	–	6.9
Profit for the period attributable to the owners of the Company	662.7	634.4

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8. DIVIDENDS

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

On 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of its listed subsidiary, Hanison to the Company's shareholders. The distribution is made by way of allocating 1.21639 Hanison shares for every 5 shares held by the Company's shareholders (Note 26(b)).

9. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2015 HK\$'M	2014 HK\$'M
Earnings		
Earnings for the purpose of calculating basic earnings per share (Profit for the period attributable to the owners of the Company)	662.7	634.4
Adjustment to earnings in relation to Hanison's share options (note)	(0.4)	
Earnings for the purpose of calculating diluted earnings per share	662.3	

	For the six months ended 30 September	
	2015	2014
Number of shares		
Number of ordinary shares in issue during the period for the purposes of calculating basic and diluted earnings per share (2014: basic earnings per share)	1,350,274,367	1,350,274,367

Note: Hanison's share options are granted on 26 November 2014. No diluted earnings per share was presented for the six months ended 30 September 2014 as there were no potential ordinary shares outstanding during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

10. INVESTMENT PROPERTIES

	For the six months ended	
	2015	2014
	HK\$'M	HK\$'M
Fair value		
At beginning of the period	7,703.5	7,437.8
Currency realignment	(3.2)	(30.9)
Additions	205.9	34.5
Acquisition of subsidiaries (Note 20)	254.9	–
Change in fair value recognised in profit or loss		
– Realised gains on disposals	32.7	7.6
– Unrealised gains	396.6	383.2
Disposals	(54.5)	(509.3)
Transferred from property, plant and equipment	35.7	29.0
Transferred to assets classified as held for sale	(10.1)	–
Eliminated on disposal of subsidiaries (Note 21)	(550.0)	–
At end of the period	8,011.5	7,351.9

The Group disposed of certain investment properties during the six months ended 30 September 2015 and the details of which are as follows:

	For the six months ended	
	2015	2014
	HK\$'M	HK\$'M
Sale proceeds received	54.5	509.3
Original cost of acquisitions	(22.2)	(312.7)
Accumulated gains on change in fair value recognised in prior years	(29.6)	(189.0)
Realised gains on disposal recognised during the period	2.7	7.6
Realised gains on investment properties through disposal of subsidiaries	30.0	–
Total realised gain on disposal of investment properties	32.7	7.6

The investment properties were revalued at 30 September 2015, giving rise to an unrealised fair value gain of approximately HK\$396.6 million (six months ended 30 September 2014: HK\$383.2 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 2015, 31 March 2015 and the dates of transfer from property, plant and equipment 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 fair value is determined by using (a) income capitalisation approach and with reference to market transaction prices of similar properties in the relevant locations or (b) direct comparison approach assuming sale of the property interest in the existing state by making reference to comparable sales transactions as available in the relevant market.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

11. PROPERTY, PLANT AND EQUIPMENT

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

	For the six months ended	
	30 September	2014
	2015	2014
	HK\$'M	HK\$'M
Net carrying value		
At 1 April	2,233.3	2,350.8
Currency realignment	(38.8)	(1.3)
Additions	83.3	46.9
Acquisition of subsidiaries (Note 20)	0.3	–
Disposals	(3.3)	(0.6)
Depreciation	(80.5)	(84.8)
Impairment loss recognised	–	(26.6)
Transferred to investment properties	(14.1)	(29.0)
Eliminated on disposal of subsidiaries (Note 21)	(0.7)	–
At 30 September	2,179.5	2,255.4

12. 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	31 March
	2015	2015
	HK\$'M	HK\$'M
Interests in:		
Dazhongli (note)	6,284.0	6,379.2
Other joint ventures	1,175.2	1,182.6
	7,459.2	7,561.8

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	31 March
	2015	2015
	HK\$'M	HK\$'M
Cost of unlisted shares	0.1	0.1
Share of reserves (note a)	621.7	837.5
Share of post-acquisition profits (note b)	1,174.6	1,049.9
	1,796.4	1,887.5
Loans to Dazhongli	4,487.6	4,491.7
	6,284.0	6,379.2

Except for the amount of HK\$279.2 million (31 March 2015: HK\$289.3 million) which will be repaid in December 2016, the loans to Dazhongli are unsecured, non-interest bearing and have no fixed terms of repayment. The Group has no intention to exercise its right to demand repayment of these loans within the next twelve months from the end of the reporting period. The directors of the Company believe the settlement of these loans is not likely to occur in the foreseeable future and they are, in substance, a part of the Group's net investment in Dazhongli group as the proceeds of the loans have been substantially used by Dazhongli to inject as registered capital into its PRC subsidiaries. Accordingly, the amount is classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

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The summarised consolidated financial information in respect of Dazhongli group as at 30 September 2015 and 31 March 2015 is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Non-current assets		
Investment properties under construction	17,256.0	16,519.2
Hotel properties under construction and equipment	1,184.5	1,096.9
Other non-current assets	131.4	139.4
	18,571.9	17,755.5
Current assets		
Bank balances and cash	447.4	516.6
Other current assets	14.0	13.7
	461.4	530.3
Current liabilities		
Loans from shareholders	(8,416.9)	(8,404.9)
Other current liabilities	(1,129.0)	(680.8)
	(9,545.9)	(9,085.7)
Net current liabilities	(9,084.5)	(8,555.4)
Total assets less current liabilities	9,487.4	9,200.1
Non-current liabilities		
Bank loans	(4,430.8)	(4,003.2)
Loan from shareholders	(558.3)	(578.5)
Deferred tax liabilities	(905.6)	(843.4)
	(5,894.7)	(5,425.1)
Net assets	3,592.7	3,775.0
Group's share of net assets	1,796.4	1,887.5

	For the six months ended 30 September	
	2015 HK\$'M	2014 HK\$'M
Change in fair value of investment properties under construction	376.7	(94.5)
Other operating income less expenses	(33.1)	(23.0)
Deferred taxation (charge) credit	(94.2)	23.6
Net profit (loss) after taxation for the period	249.4	(93.9)
Group's share of results for the period	124.7	(47.0)

Notes:

(a) The share of reserves of Dazhongli group represented (i) an exchange gain on translation of interest in Dazhongli; and (ii) exchange gains arising from translation of the loans advanced by the Group to Dazhongli group which are denominated in US dollars and HK dollars, that form part of net investment in foreign operations.

(b) The increase in share of post-acquisition profits of Dazhongli group in the current interim period mainly arose from the Group's share of fair value gain on investment properties under construction of Dazhongli group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

The investment properties under construction were measured at 30 September 2015 at fair value of RMB14,163.9 million (equivalent to HK\$17,256.0 million) (31 March 2015: RMB13,084.7 million (equivalent to HK\$16,519.2 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 derived from residual method based on capitalising the net earnings that would be generated from the investment properties in their completed form, and has taken into account the developers' profit and construction costs already incurred as well as the estimate costs to be incurred to complete the property. The fair value gain of investment properties under construction for the six months ended 30 September 2015 is HK\$376.7 million (six months ended 30 September 2014: fair value loss of HK\$94.5 million). The attributable deferred taxation charge in respect of the gain was HK\$94.2 million (six months ended 30 September 2014: deferred taxation credit of HK\$23.6 million). Thus the net fair value gain after tax amounted to HK\$282.5 million (six months ended 30 September 2014: loss after tax of HK\$70.9 million) of which the Group's 50% share of gain was HK\$141.3 million (six months ended 30 September 2014: loss of HK\$35.4 million). The investment properties are held within a business model of the joint venture whose business objective is to consume substantively all of the economic benefits embodied in the investment properties over time, rather than through sale.

The capital commitments of Dazhongli group at 30 September 2015 were as follows:

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Contracted but not provided for	2,490.7	3,565.6
Authorised but not contracted for	2,331.7	2,283.8
	4,822.4	5,849.4

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. Details of a temporary corporate guarantee granted after the reporting period to banks in respect of the banking facilities granted to Dazhongli group is disclosed in Note 26(c).

13. TRADE RECEIVABLES

The credit period allowed by the Group to its customers is dependent on the general practice in the industry concerned. For property sales, sales terms vary for each property project and are determined with reference to the prevailing market conditions. Property rentals are receivable in advance. Payments for healthcare, clubs and hotel services are receivable on demand.

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

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

14. PROGRESS PAYMENTS RECEIVABLE

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

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For the six months ended 30 September 2015

The aged analysis of progress payments receivable is as follows:

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

15. RETENTION MONEY RECEIVABLE

Retention money receivable in respect of construction contract work, interior and renovation contracts and contracts for installation of building materials are 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 amounting to HK\$119.3 million (31 March 2015: HK\$158.4 million) is expected to be settled within twelve months from the end of the reporting period.

16. ASSETS CLASSIFIED AS HELD FOR SALE

On 16 July 2015, two sale and purchase agreements (the “Agreements”) were signed between an indirectly non-wholly owned subsidiary of the Company and a company of which an executive director of the Company is one of the beneficial owners to dispose of certain investment properties at a consideration of HK\$11.0 million and deposits amounting to HK\$1.1 million were received by the Group in July 2015. Completion of the transaction shall take place in February 2016 upon completion of renovation work of the investment properties as set out in the Agreements. At 30 September 2015, the fair value of the investment properties is HK\$10.1 million. The fair value has been arrived at on the basis as disclosed in Note 10. As such these investment properties are reclassified as assets held for sale at the end of the reporting period.

17. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

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

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

The trade payables, provision and accrued charges included provisions for certain construction obligations of HK\$328.5 million (31 March 2015: HK\$328.5 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.

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For the six months ended 30 September 2015

18. BANK AND OTHER LOANS

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Bank loans (note a)	4,284.1	4,886.7
Bonds and notes (note b)	943.7	943.3
	5,227.8	5,830.0
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	(1,844.9)	(2,433.6)
Amount included under non-current liabilities	3,382.9	3,396.4
Bank and other loans are repayable:		
On demand or within one year	1,844.9	2,433.6
Between one and two years	149.5	149.5
Between two and five years	3,233.4	2,453.1
More than five years	–	793.8
	5,227.8	5,830.0
Secured	577.1	740.5
Unsecured	4,650.7	5,089.5
	5,227.8	5,830.0

Notes:

(a) As at 30 September 2015, the Group's bank borrowings carry interest at an average margin of 1.58% (31 March 2015: 1.92%) plus Hong Kong Interbank Offered Rate or other relevant interbank offered rates per annum.

(b) On 2 April 2013, the Company issued principal amount of 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 principal amount 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 2015, the remaining bond with principal amount HK\$149.5 million (31 March 2015: HK\$149.5 million) carried interest at a margin of 0.8% (31 March 2015: 0.8%) plus the relevant interbank offered rates per annum.

19. OTHER LIABILITIES

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Advances from non-controlling shareholders	175.8	238.6
Club debentures	855.7	855.4
Other	14.3	14.2
	1,045.8	1,108.2
Less: Amount due within one year included under current liabilities	(0.5)	(76.9)
Amount due after one year	1,045.3	1,031.3

20. ACQUISITION OF SUBSIDIARIES

On 19 May 2015, an indirectly non-wholly owned subsidiary of the Company, Shangzhi Limited, entered into a sale and purchase agreement with an independent third party to acquire the entire issued capital of General Mark Holdings Limited together with its wholly-owned subsidiary, Masswell International Limited (collectively referred to as "General Mark"), and the shareholder's loan, at a cash consideration of HK\$253.3 million. The acquisition was completed on 17 July 2015. The major assets of General Mark are investment properties representing an en-bloc residential property situated in Hong Kong. The directors of the Company are of the opinion that General Mark does not constitute a business as defined in HKFRS 3, therefore, the acquisition has been accounted for as an acquisition of assets.

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The assets acquired and liabilities recognised on the date of acquisition are as follows:

	HK\$'M
Investment properties	254.9
Property, plant and equipment	0.3
Debtors, deposits and prepayments	0.1
Trade and other payables	(0.1)
Deferred tax liabilities	(1.9)
Net assets assumed	253.3
Net cash outflows arising on acquisition:	
Consideration paid	253.3
Deposit paid	(8.0)
	245.3

21. DISPOSAL OF SUBSIDIARIES

On 19 March 2015, an indirectly non-wholly owned subsidiary of the Company, Hanison Construction Holdings (BVI) Limited ("Hanison BVI") and an indirectly non-wholly owned subsidiary of CCM Trust (Cayman) Limited ("CCM Trust"), Sky Champion International Limited ("Sky Champion"), entered into a sale and purchase agreement with an independent third party, pursuant to which, Hanison BVI and Sky Champion disposed of their entire interests in Superior Choice Holdings Limited ("Superior Choice"), which is held by Hanison BVI and Sky Champion on a 60:40 basis together with its wholly-owned subsidiary, Excel Pointer Limited, and the same proportionate shareholders' loans made to Superior Choice. Excel Pointer Limited is engaged in property investment. The total cash consideration for the disposal is HK\$549.7 million. An amount of HK\$143.0 million out of the total cash consideration has been applied for bank loan repayment directly before the completion of the disposal. The cash consideration attributed to Hanison BVI is HK\$244.8 million. The disposal was completed on 7 July 2015.

Assets and liabilities of the subsidiaries on the date of disposal:

	HK\$'M
Net assets disposed of:	
Investment properties	550.0
Property, plant and equipment	0.7
Debtors, deposits and prepayments	0.3
Bank balances	2.0
Trade and other payables	(2.6)
Amount due to a group company	(116.3)
Amount due to a non-controlling shareholder	(76.2)
Bank loan	(143.0)
Deferred tax liabilities	(1.1)
	213.8
Non-controlling interest	(85.5)
Assignment of shareholder's loan	116.3
Gain on disposal	0.2
	244.8
Satisfied by:	
Cash consideration received during the period	244.9
Other payable	(0.1)
	244.8
Net cash inflows arising on disposal:	
Cash consideration received	244.9
Less: Bank balances disposed of	(2.0)
	242.9

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22. CONTINGENT LIABILITIES

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Guarantees given, to the extent of the Group's proportionate share, in respect of banking facilities granted to an investee company and a joint venture (note a)	164.5	164.9
Guarantees given by a subsidiary in respect of mortgage facilities granted to purchasers of the Group's properties (note b)	81.8	19.6

Notes:

(a) No provision for financial guarantee contracts 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.

(b) In the opinion of the directors of the Company, the fair values of these financial guarantee contracts are insignificant at initial recognition and no provision for financial guarantee contracts has been made at the end of the reporting period as the directors of the Company consider that the possibility of default of the parties involved is remote.

23. COMMITMENTS

	30 September 2015 HK\$'M	31 March 2015 HK\$'M
Contracted but not provided for in the condensed consolidated financial statements		
– expenditure in respect of properties held for/under development for sale	897.7	740.7
– capital expenditure in respect of investment properties and property, plant and equipment	661.9	774.1
– acquisition of a subsidiary (Note 26(a))	893.5	–
– others	26.9	39.0
	2,480.0	1,553.8
Authorised but not contracted for		
– expenditure in respect of properties held for/under development for sale	607.7	615.3
– capital expenditure in respect of investment properties and property, plant and equipment	111.6	151.1
	719.3	766.4
	3,199.3	2,320.2

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

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24. 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 i)
	30 September 2015	31 March 2015	
	HK\$'M	HK\$'M	
Financial assets			
(a) Listed equity securities classified as available-for-sale financial assets in the condensed consolidated statement of financial position (note ii)	53.1	62.6	Level 1
(b) Unlisted equity securities classified as available-for-sale financial assets in the condensed consolidated statement of financial position (note iii)	56.0	28.2	Level 3
	109.1	90.8	

Notes:

(i) 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).

(ii) The fair value of all listed equity securities are determined by reference to the quoted market bid prices available on the relevant exchange in active markets as at 30 September 2015 and 31 March 2015.

(iii) The Group uses the key inputs of market comparable companies, which includes the valuation multiples and recent transaction price, to determine the fair value of the unlisted equity securities as at 30 September 2015 and 31 March 2015. The unobservable inputs are valuation multiples and discount for lack of marketability. Valuation multiples include enterprise value/earnings before interest and taxes, price-to-sales 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 was no transfer between 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 2015	28.2
Acquisition during the period	12.1
Total gain in other comprehensive income	15.7
At 30 September 2015	56.0

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 2015

25. 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/balance with related parties as follows:

(a) Connected transactions with entities controlled (or jointly controlled as joint venture) by CCM Trust and certain discretionary trusts of which four (2014: 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	
	2015	2014
	HK\$'M	HK\$'M
<hr/>		
Transactions with the entities:		
Rental income received	3.5	3.1
Management service fee received	0.6	2.7
Other services provided	0.1	0.1
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Transactions with the entities that are entered into by Hanison group:		
Project management income and site supervision service income received	1.4	2.6
Project management income and site supervision service income from a joint venture	0.8	0.9
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	30 September	31 March
	2015	2015
	HK\$'M	HK\$'M
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Balance with Hanison group by a related party:		
Advance from a non-controlling shareholder	–	76.2
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(b) Transactions with associates and other joint ventures of the Company:

	For the six months ended	
	30 September	
	2015	2014
	HK\$'M	HK\$'M
<hr/>		
Rental income received from a joint venture	0.5	–
Management fee and other operating service fees received from an associate	0.3	0.5
Management fee and other operating service fees received from a joint venture	16.2	13.6
Interest income received from an associate	0.1	0.1
Interest income received from a joint venture	4.9	5.1
Rental expenses to an associate	(0.1)	(0.3)
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(c) During the six months ended 30 September 2014, the Group sold a residential property to a non-executive director of the Company at a consideration of HK\$40.5 million.

In July 2015, the Group entered into the Agreements (see Note 16) with a company of which an executive director of the Company is one of the beneficial owners to dispose of certain investment properties and up to the date of issue of this interim report, the disposal has not been completed.

(d) 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 2014: HK\$9.5 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

26. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 September 2015, an indirectly non-wholly owned subsidiary of the Group by virtue of its being a subsidiary of Hanison (see (b) below), Nimble Run Limited, entered into a sale and purchase agreement with independent third parties to acquire the entire issued capital of Billion Mart Development Limited ("Billion Mart") together with the shareholder's loan, at a cash consideration of HK\$998.0 million, which is subject to an adjustment based on the net current asset value of Billion Mart on the completion date. The deposit paid of HK\$99.8 million had been included in the condensed consolidated statement of financial position as at 30 September 2015 as deposit paid for acquisition of a subsidiary. The acquisition has been completed on 22 October 2015. The major assets of Billion Mart are investment properties representing an en-bloc commercial property situated in Hong Kong. The directors of the Company are of the opinion that Billion Mart does not constitute a business as defined in HKFRS 3, therefore, the acquisition would have been accounted for as an acquisition of assets.

(b) Pursuant to a resolution of the board of directors of the Company on 13 October 2015, the Company declared an interim dividend, satisfied by distribution in specie of approximately 48.47% of the issued capital of its listed subsidiary, Hanison to the Company's shareholders. The distribution is made by way of allocating 1.21639 Hanison shares for every 5 shares held by the Company's shareholders. As at 30 September 2015, the consolidated total assets and consolidated total liabilities of Hanison group were approximately HK\$3,113.8 million and HK\$1,221.7 million respectively and the non-controlling interest in Hanison group was approximately HK\$977.3 million. During the interim period, Hanison group contributed (i) net cash inflows from operating activities of HK\$522.2 million; (ii) net cash outflows from investing activities of HK\$74.1 million; and (iii) net cash outflows from financing activities of HK\$295.3 million to the Group. Results of Hanison group for the interim period have been presented in the segment results in Note 3.

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

(c) In November 2015, due to the corporate restructure within a joint venture of the Group, Dazhongli group, the Group had provided a temporary corporate guarantee to banks in respect of the banking facilities granted to Dazhongli group, on the Group's 50% proportionate share to the extent of RMB1.9 billion (equivalent to approximately HK\$2.3 billion) for maximum three months period. It is expected such guarantee will be discharged and released by the end of November 2015 when the corporate restructure has been completed.

CORPORATE INFORMATION

公司資料

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

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INDEPENDENT AUDITOR

獨立核數師

Deloitte Touche Tohmatsu
德勤•關黃陳方會計師行

PRINCIPAL BANKERS

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Hang Seng Bank Limited
恒生銀行有限公司
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
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

LEGAL ADVISORS

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Mayer Brown JSM
孖士打律師行
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

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