HKR INTERNATIONAL LIMITED
香 港 興 業 國 際 集 團 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors (the "Board" or the "Directors") of HKR International Limited (the "Company") announces the results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 (the "Period").

INTERIM RESULTS

The Company has applied the Hong Kong Financial Reporting Standard 10 to consolidate the results of the group of Hanison Construction Holdings Limited ("Hanison Group") as its subsidiary group for the Period. The corresponding comparative figures are restated accordingly. Previously, Hanison was accounted on equity basis as an associate of the Company.

The Group's unaudited turnover for the Period was HK$1,912.1 million, as compared with HK$2,183.2 million (restated) for the last corresponding period. Consolidated profit attributable to owners of the Company for the Period was HK$219.2 million, representing a reduction of 62.5%, as compared with HK$585.0 million for the last corresponding period. Earnings per share amounted to HK16.2 cents, as compared with HK43.3 cents for the last corresponding period.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend to its shareholders for the Period. An interim dividend of HK3 cents per share was paid by the Company to its shareholders for the last corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2013	2012
	NOTES	***HK$'M***	*HK$'M*
		(unaudited)	(unaudited and restated)
Turnover	*3*	**1,912.1**	2,183.2
Cost of sales		**(1,514.1)**	(1,694.1)
Gross profit		**398.0**	489.1
Other income		**101.7**	65.2
Administrative expenses		**(293.7)**	(263.1)
Other gains and losses		**1.5**	2.0
Change in fair value of investment properties			
Realised gains on disposals		**4.0**	45.3
Unrealised gains		**337.9**	345.0
Finance costs	*4*	**(88.9)**	(46.8)
Share of results of associates		**1.5**	13.2
Share of results of joint ventures		**(63.4)**	117.4
Profit before taxation	*5*	**398.6**	767.3
Taxation	*6*	**(70.0)**	(60.7)
Profit for the period		**328.6**	706.6
Attributable to:			
Owners of the Company		**219.2**	585.0
Non-controlling interests		**109.4**	121.6
		328.6	706.6
Earnings per share	*8*		
Basic (HK cents)		**16.2**	43.3

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
	(unaudited)	(unaudited and restated)
Profit for the period	**328.6**	706.6
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(69.4)**	23.7
Share of exchange reserve of joint ventures and an associate	**115.4**	(46.6)
Release of exchange reserve upon deregistration of a subsidiary	**(39.4)**	–
Available-for-sale financial assets:		
Fair value changes during the period	**9.2**	8.2
Deferred tax arising from fair value changes	**0.5**	(0.1)
Other comprehensive income (expense) for the period (net of tax)	**16.3**	(14.8)
Total comprehensive income for the period	**344.9**	691.8
Total comprehensive income attributable to:		
Owners of the Company	**234.8**	570.1
Non-controlling interests	**110.1**	121.7
	344.9	691.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**30 September 2013 HK$'M (unaudited)**	31 March 2013 HK$'M (restated)
Non-current assets			
Investment properties		**7,283.7**	6,934.1
Property, plant and equipment		**2,454.1**	3,087.4
Prepaid lease payments		**8.0**	25.9
Interests in associates		**35.7**	37.0
Interests in joint ventures		**7,678.7**	7,409.0
Held-to-maturity investments		**215.1**	144.2
Available-for-sale financial assets		**93.4**	80.5
Other assets		**134.5**	210.6
Pledged bank deposits		**50.6**	24.4
Deferred tax assets		**7.3**	7.1
		17,961.1	17,960.2
Current assets			
Inventories		**103.4**	126.2
Properties held for sale		**1,000.1**	1,155.3
Properties held for/under development for sale		**2,660.3**	2,383.7
Trade receivables	*9*	**136.4**	995.4
Amounts receivable on contract work		**99.4**	122.0
Progress payments receivable	*10*	**21.7**	68.3
Retention money receivable		**97.0**	81.5
Deposits, prepayments and other financial assets		**498.0**	282.9
Amounts due from associates		**43.5**	272.2
Amounts due from joint ventures		**84.9**	74.7
Taxation recoverable		**3.9**	5.5
Held-to-maturity investments		**50.3**	74.3
Pledged bank deposits		**2.0**	2.8
Bank balances and cash		**4,298.5**	3,081.6
		9,099.4	8,726.4
Assets classified as held for sale		**627.0**	–
		9,726.4	8,726.4
Current liabilities			
Trade payables, provision and accrued charges	*11*	**1,317.5**	1,465.0
Amounts payable on contract work		**133.3**	68.6
Deposits received and other financial liabilities		**334.3**	367.8
Amount due to an associate		**9.2**	–
Taxation payable		**135.3**	137.9
Bank and other loans due within one year		**1,929.0**	1,801.4
Other liabilities due within one year		**22.3**	11.8
		3,880.9	3,852.5
Net current assets		**5,845.5**	4,873.9
Total assets less current liabilities		**23,806.6**	22,834.1

	30 September 2013 *HK$'M* **(unaudited)**	31 March 2013 *HK$'M* (restated)
Non-current liabilities		
Bank and other loans due after one year	**4,240.4**	3,470.0
Other liabilities due after one year	**1,389.0**	1,490.7
Deferred tax liabilities	**233.0**	197.9
	5,862.4	5,158.6
	17,944.2	17,675.5
Capital and reserves		
Share capital	**337.5**	337.5
Reserves	**15,321.8**	15,154.5
Equity attributable to owners of the Company	**15,659.3**	15,492.0
Non-controlling interests	**2,284.9**	2,183.5
	17,944.2	17,675.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013, except for the following accounting policies which are adopted by the Group during the current interim period as they have become applicable to the Group.

Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

In addition, in the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities
Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
HK(IFRIC) Interpretation 20	Stripping costs in the production phase of a surface mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) Interpretation ("HK(SIC) – Int") 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Group has a 49% ownership interest in Hanison Construction Holdings Limited ("Hanison"), which is listed on the Main Board of the Stock Exchange. The Group's 49% ownership interest in Hanison gives the Group the same percentage of the voting rights in Hanison. Hanison was incorporated in the Cayman Islands on 20 September 2001 and Hanison and its subsidiaries (collectively referred to as "Hanison Group") were formerly wholly owned subsidiaries of the Company. Pursuant to the completion of corporate reorganisation for listing of Hanison on the Stock Exchange in 2002, the Company distributed certain of the shares of Hanison to the then Company's shareholders (the "spin-off exercise"). There has been no change in the Group's 49% ownership interest in Hanison since the spin-off exercise. The directors of the Company have reassessed as to whether or not the Group has control over Hanison in accordance with the new definition of control and the related guidance set out in HKFRS 10 upon its initial application.

The directors of the Company concluded that it has had control over Hanison notwithstanding the spin-off exercise in 2001 on the basis of the Group's absolute size of shareholding with voting rights in Hanison and the relative size and dispersion of the shareholdings owned by the other shareholders. Henceforth, Hanison is treated as a subsidiary of the Company in accordance with the requirements of HKFRS 10. Previously, Hanison was treated as an associate of the Company and accounted for using the equity method of accounting. Comparative figures for 30 September 2012 and 31 March 2013 have been restated in accordance with the relevant transitional provisions set out in HKFRS 10 (see the tables below for details).

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Jointly controlled entities – Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors have determined that the Group's current investments which were previously classified as jointly controlled entities under HKAS 31 are classified as joint ventures under HKFRS 11 and continue to apply the equity method.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Summary of the effect of the above changes in accounting policy

The effect of the changes in the Group's accounting policy described above on the results for the current and preceding interim periods by line items is as follows:

Condensed consolidated statement of profit or loss

Impact on profit for the period

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
Increase in turnover	**672.0**	751.3
Increase in cost of sales	**(579.3)**	(626.5)
Increase in other income	**4.9**	4.3
Increase in administrative expenses	**(57.4)**	(59.5)
Decrease in other gains and losses	**–**	(0.8)
Increase in change in fair value of investment properties		
Realised gains on disposal	**4.0**	21.2
Unrealised gains	**33.7**	40.7
Increase in finance costs	**(4.1)**	(2.3)
Decrease in share of results of associates	**(27.8)**	(57.9)
Increase in share of results of joint ventures	**0.9**	–
Increase in taxation	**(10.2)**	(11.2)
Net increase in profit for the period	**36.7**	59.3
Increase in profit for the period attributable to:		
Owners of the Company	**–**	–
Non-controlling interests	**36.7**	59.3
	36.7	59.3

Condensed consolidated statement of profit or loss and other comprehensive income

Impact on other comprehensive income for the period

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
Increase in exchange differences arising from translation of foreign operations	**1.4**	–
Decrease in share of exchange reserve of joint ventures and an associate	**(0.7)**	–
Net increase in other comprehensive income for the period	**0.7**	–
Net increase in total comprehensive income for the period	**37.4**	59.3
Increase in total comprehensive income for the period attributable to:		
Owners of the Company	**–**	–
Non-controlling interests	**37.4**	59.3
	37.4	59.3

The effect of the change in accounting policy described above on the financial positions of the Group as at the end of the immediately preceding financial year is as follows:

	31 March 2013 *HK$'M* (originally stated)	Adjustments *HK$'M*	31 March 2013 *HK$'M* (restated)
Non-current assets			
Investment properties	6,178.5	755.6	6,934.1
Property, plant and equipment	2,984.0	103.4	3,087.4
Prepaid lease payments	18.9	7.0	25.9
Interests in associates	604.4	(567.4)	37.0
Interests in joint ventures	7,279.4	129.6	7,409.0
Held-to-maturity investments	144.2	–	144.2
Available-for-sale-financial assets	80.5	–	80.5
Other assets	210.6	–	210.6
Pledged bank deposits	–	24.4	24.4
Deferred tax assets	6.3	0.8	7.1
	17,506.8	453.4	17,960.2
Current assets			
Inventories	94.7	31.5	126.2
Properties held for sale	1,124.4	30.9	1,155.3
Properties held for/under development for sale	1,568.1	815.6	2,383.7
Trade receivables	975.8	19.6	995.4
Amounts receivable on contract work	–	122.0	122.0
Progress payments receivable	–	68.3	68.3
Retention money receivable	–	81.5	81.5
Deposits, prepayments and other financial assets	259.3	23.6	282.9
Amounts due from associates	270.3	1.9	272.2
Amounts due from joint ventures	74.3	0.4	74.7
Taxation recoverable	3.7	1.8	5.5
Held-to-maturity investments	74.3	–	74.3
Pledged bank deposits	2.8	–	2.8
Bank balances and cash	2,788.3	293.3	3,081.6
	7,236.0	1,490.4	8,726.4
Current liabilities			
Trade payables, provision and accrued charges	1,127.7	337.3	1,465.0
Amounts payable on contract work	–	68.6	68.6
Deposits received and other financial liabilities	350.1	17.7	367.8
Amount due to an associate	8.1	(8.1)	–
Taxation payable	117.1	20.8	137.9
Bank and other loans due within one year	990.7	810.7	1,801.4
Other liabilities due within one year	11.8	–	11.8
	2,605.5	1,247.0	3,852.5

	31 March 2013 *HK$'M* (originally stated)	Adjustments *HK$'M*	31 March 2013 *HK$'M* (restated)
Non-current liabilities			
Bank and other loans due after one year	3,470.0	–	3,470.0
Other liabilities due after one year	1,412.9	77.8	1,490.7
Deferred tax liabilities	191.8	6.1	197.9
	5,074.7	83.9	5,158.6
Total effects on net assets	17,062.6	612.9	17,675.5
Equity			
Share capital	337.5	–	337.5
Reserves	15,160.4	(5.9)	15,154.5
Non-controlling interests	1,564.7	618.8	2,183.5
Total effects on equity	17,062.6	612.9	17,675.5

3. SEGMENT INFORMATION

The chief operating decision maker considers Hanison Group as a single operating and reporting segment under the application of HKFRS 10 and the Group is now reorganised into seven operating divisions: property development, property investment, services provided (clubs operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, diabetic and cardiovascular centres, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres), manufacturing (manufacturing and sales of sanitary products) and Hanison Group (building construction, interior and renovation works, supply and installation of building materials, sale of health products, property investment, property development and property agency and management). Each of the operating divisions represents an operating and reportable segment. The following is an analysis of the Group's revenue and results by operating and reportable segments for the period under review:

	Property development *HK$'M*	Property investment *HK$'M*	Services provided *HK$'M*	Hotel operation *HK$'M*	Healthcare *HK$'M*	Manufacturing *HK$'M*	Hanison Group *HK$'M*	Total *HK$'M*
Six months ended 30 September 2013								
TURNOVER								
Segment revenue – sales to external customers derived by the Group and associates	**430.4**	**163.8**	**227.0**	**208.0**	**145.7**	**71.4**	**672.0**	**1,918.3**
Excluding turnover of associates	**(0.2)**	**(6.0)**	**–**	**–**	**–**	**–**	**–**	**(6.2)**
Consolidated turnover, as reported	**430.2**	**157.8**	**227.0**	**208.0**	**145.7**	**71.4**	**672.0**	**1,912.1**
RESULTS								
Segment results – total realised results of the Group, associates and joint ventures *(note 1)*	**55.8**	**76.7**	**61.5**	**17.4**	**(7.7)**	**(55.4)**	**30.3**	**178.6**
Excluding realised results of associates and joint ventures not shared by the Group	**(7.0)**	**1.9**	**–**	**–**	**–**	**–**	**–**	**(5.1)**
Results attributable to the Group	**48.8**	**78.6**	**61.5**	**17.4**	**(7.7)**	**(55.4)**	**30.3**	**173.5**
Other income								**6.2**
Unallocated corporate expenses								**(40.1)**
Finance costs and corporate level exchange difference								**(63.7)**
Net unrealised gains on fair value change of investment properties *(note 2)*								**310.9**
Net unrealised losses on fair value change of investment properties attributable to the Group's interests in a joint venture and an associate, net of deferred tax								**(58.2)**
Profit for the period								**328.6**
Non-controlling shareholders' share of profit for the period								**(109.4)**
Profit for the period attributable to the owners of the Company								**219.2**

	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operation HK$'M	Healthcare HK$'M	Manufacturing HK$'M	Hanison Group HK$'M	Total HK$'M
Six months ended 30 September 2012 (restated)								
TURNOVER								
Segment revenue – sales to external customers derived by the Group and associates	640.1	170.8	217.4	169.4	153.1	102.1	751.3	2,204.2
Excluding turnover of associates	(0.3)	(20.7)	–	–	–	–	–	(21.0)
Consolidated turnover, as reported	639.8	150.1	217.4	169.4	153.1	102.1	751.3	2,183.2
RESULTS								
Segment results – total realised results of the Group, associates and joint ventures *(note 3)*	112.2	120.5	25.1	(6.0)	(6.0)	(48.8)	75.6	272.6
Excluding realised results of associates and joint ventures not shared by the Group	1.6	(11.9)	–	–	–	–	–	(10.3)
Results attributable to the Group	113.8	108.6	25.1	(6.0)	(6.0)	(48.8)	75.6	262.3
Other income								3.5
Unallocated corporate expenses								(18.5)
Finance costs and corporate level exchange difference								(14.8)
Net unrealised gains on fair value change of investment properties *(note 4)*								345.3
Net unrealised gains on fair value change of investment properties attributable to the Group's interests in a joint venture and an associate, net of deferred tax								128.8
Profit for the period								706.6
Non-controlling shareholders' share of profit for the period								(121.6)
Profit for the period attributable to the owners of the Company								585.0

Notes:

(1) 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.

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

(3) 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. The segment results of property investment business for the six months ended 30 September 2012 included realised gains on fair value change of investment properties of HK$11.3 million.

(4) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2012 of HK$345.3 million represented the unrealised gain on fair value change of investment properties of HK$345.0 million and the deferred tax credit arising from change in fair value of HK$0.3 million.

4. FINANCE COSTS

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
		(restated)
Interest on		
Bank and other loans wholly repayable within five years	**59.6**	45.4
Other borrowings wholly repayable within five years	**7.7**	7.2
Other loans not wholly repayable within five years	**16.3**	–
	83.6	52.6
Less: Amounts included in the cost of properties held for/ under development for sale/construction in progress	**(11.7)**	(11.5)
	71.9	41.1
Bank and other loans arrangement fees	**17.0**	5.7
	88.9	46.8

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
		(restated)
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	**(31.0)**	(24.9)
(Gain) loss on disposal of property, plant and equipment	**(1.9)**	0.4
Interest income from provision of financial services	**(0.2)**	(0.2)
Net exchange loss (gain)	**37.1**	(3.2)
Release of prepaid lease payments	**0.4**	0.6
Reversal of impairment loss recognised on property, plant and equipment	**–**	2.3
Depreciation		
Owned assets	**92.3**	75.5
Assets under finance leases	**0.1**	0.2
	92.4	75.7

6. TAXATION

	For the six months ended 30 September 2013 HK$'M	2012 HK$'M (restated)
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the period	**18.3**	24.4
Overseas tax calculated at rates prevailing in respective jurisdictions	**17.1**	32.3
	35.4	56.7
Deferred taxation for current period *(note)*	**34.6**	4.0
	70.0	60.7

Note:

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

	For the six months ended 30 September 2013 HK$'M	2012 HK$'M (restated)
Deferred tax charge (credit) arising during the period in respect of unrealised gain (loss) on fair value change of investment properties	**27.0**	(0.3)
Others	**7.6**	4.3
	34.6	4.0

7. DIVIDENDS

	For the six months ended 30 September 2013 HK$'M	2012 HK$'M
Final dividend paid for the financial year ended 31 March 2013 of HK5 cents (2012: interim dividend paid for the financial year ended 31 March 2012 of HK8 cents) per share	**67.5**	108.0
No interim dividend was declared after the end of the interim reporting period (2012: HK3 cents per share)	**–**	40.5

8. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2013	2012
	HK$'M	*HK$'M*
		(restated)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**219.2**	585.0

	For the six months ended 30 September	
	2013	2012
Number of shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	**1,350,274,367**	1,350,274,367

No diluted earnings per share has been presented for the six months ended 30 September 2013 and 30 September 2012 because there were no potential ordinary shares outstanding during the periods.

9. TRADE RECEIVABLES

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

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

	30 September 2013	31 March 2013
	HK$'M	*HK$'M*
		(restated)
Not yet due	**71.0**	934.6
Overdue:		
0-60 days	**34.0**	44.4
61-90 days	**2.1**	6.4
Over 90 days	**29.3**	10.0
	136.4	995.4

10. PROGRESS PAYMENTS RECEIVABLE

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

The aged analysis of progress payments receivable is as follows:

	30 September 2013 *HK$'M*	31 March 2013 *HK$'M* (restated)
Within 30 days	**21.7**	63.9
31-60 days	**–**	2.1
61-90 days	**–**	2.3
	21.7	68.3

11. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2013, included in trade payables, provision and accrued charges were trade payables of HK$217.6 million (31 March 2013: HK$264.0 million (restated)), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2013 *HK$'M*	31 March 2013 *HK$'M* (restated)
Not yet due	**168.2**	197.7
Overdue:		
0-60 days	**30.0**	42.6
61-90 days	**0.3**	4.8
Over 90 days	**19.1**	18.9
	217.6	264.0

BUSINESS REVIEW

Property Development and Property Investment

Hong Kong, Residential Properties in Discovery Bay

During the Period, the sale proceeds of 4 units of Amalfi, Phase 14 in Discovery Bay, was recognised. As at 30 September 2013, 130 of 164 units of Amalfi were sold at an average price of approximately HK$10,400 per square foot gross floor area ("GFA"). With the implementation of the Residential Properties (First-hand Sales) Ordinance in April 2013, the re-launch of sale of the remaining units of Amalfi is withheld pending the new sales brochure by the year end.

The sale of Phase 15, a luxury residential project comprising 102 units with a total GFA of approximately 187,700 square feet is anticipated by the second quarter of 2014.

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

Industrial and/or Commercial Properties

West Gate Tower in Cheung Sha Wan and CDW Building in Tsuen Wan achieved high average occupancy rates of 98% and 89% respectively during the Period. Both investments continued to contribute considerable recurrent rental income for the Group during the Period. Construction work for a covered walkway connecting CDW Building and the existing footbridge to Tsuen Wan Mass Transit Railway station is in progress and is expected for completion in early 2014. The Group is considering various options available to CDW Building and West Gate Tower to help improve the revenue and/or release their potential.

DB Plaza, with the renowned alfresco dining hotspot "D'Deck", and DB North Plaza, comprising shopping and dining outlets, offices and open piazzas, achieved occupancy rates of 99% and 67% respectively as at 30 September 2013. Both continued to generate stable rental income for the Group. The Group has a 50% interest in both DB Plaza and DB North Plaza.

The remaining 11 out of 480 residential car parking spaces in Coastal Skyline, Tung Chung were all sold in April 2013. The Group has a 31% interest therein.

DAN6, Tsuen Wan

The pre-sales launch of DAN6, a re-developed 20-storey industrial building with a total GFA of approximately 93,600 square feet, in June 2013 was well received by users and investors. About 90% of 178 units were sold at an average price of approximately HK$5,900 per square foot. The project is pending completion in 2014.

Kap Pin Long, Sai Kung

Site formation work and foundation work for the Kap Pin Long site in Sai Kung have been commenced in the third quarter of 2013. It is planned to develop into a prestigious townhouse.

Kau To, Sha Tin

In August 2013, the Group together with Nan Fung Development Limited, through a 50:50 joint venture company, won the tender for the land lot (Sha Tin Town lot no. 563) in Kau To, Sha Tin at a consideration of HK$1,220.0 million. Preliminary design of the site has been commenced and it is planned to develop into high-end residential properties.

Wu On Street, Tuen Mun

In October 2013, the Group won the tender for another piece of government land located at Wu On Street, Tuen Mun at a consideration of HK$551.0 million. The site is planned for residential and retail development.

Mainland China, Dazhongli in Shanghai

Basement construction is progressing by stages. The superstructure work for the 250-metre-high office tower is undergoing and is targeted to reach the top by the end of 2014.

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

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

Jiaxing City, Zhejiang Province

Overall master plan and scheme design of the Jiaxing residential development comprising around 600 units in mid-rise towers and townhouses with maximum GFA of approximately 82,000 square metres have been approved. Foundation work has been completed and superstructure work was commenced in July 2013. Pre-sales launch is expected in mid 2014 and the whole project is planned for completion in 2016.

The Exchange in Tianjin

The Exchange comprising a retail mall, two Grade-A office towers and a 5-star hotel in Tianjin continued to generate stable rental income. During the Period, the average occupancy rates of the retail mall, two office towers and the hotel were 99%, 98% and 71% respectively.

The Group has a 15% interest in The Exchange.

Thailand, The Sukhothai Residences in Bangkok

As of 30 September 2013, 147 units of the 196-unit ultra luxury condominium tower located at Sathorn Road in Bangkok were sold and over 92% of the sold units have completed the ownership transfer.

Sathorn Road and Wireless Road, Bangkok

In October 2013, the Group together with its Thai partner decided and via the joint venture company executed a sale and purchase agreement for the disposal of the freehold land and buildings located at Sathorn Road, Bangkok with a site area of approximately 5,200 square metres for a consideration of Thai Baht 1,869.1 million (equivalent to approximately HK$463.5 million). The land and buildings were acquired in 2011. Completion of the disposal is scheduled by early March 2014.

The other freehold land located at Wireless Road, Bangkok with a site area of approximately 12,600 square metres acquired in 2010 remains as land bank.

The Group has a 49% interest in both of the Sathorn Road and Wireless Road properties.

Japan, Residential and Commercial Properties in Tokyo

Two residential properties located in Tokyo, namely Horizon Place Akasaka (a 94-unit block in Akasaka) and Chelsea Garden (a 17-unit apartment block in Hiroo) achieved satisfactory occupancy rates of 85% and 91% respectively as at 30 September 2013. During the Period, the demolition work of the building of Homat Sun located at Roppongi has been completed, the Group is planning to redevelop the site into luxury residential premises for sale.

Graphio Nishi-Shinjuku Building, a 13-storey office building in Shinjuku-ku, Tokyo which the Group acquired in March 2013 achieved an occupancy rate of 83% as at 30 September 2013.

The Group has a 20% interest in Chelsea Garden.

Niseko, Hokkaido

The Group holds the 40 parcels of residential land located at Niseko, Hokkaido nearby the Niseko Annupuri ski village with a total site area of approximately 60,690 square metres as land bank.

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

Services Provided

The four clubs in Discovery Bay, namely Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena recorded a moderate increase in turnover during the Period. The four clubs are undergoing and planning various facilities upgrades and renovations and will continue to focus on providing quality customer services and good standard of facilities to their members and guests.

During the Period, ferry and land transport operations continued to face challenges arising from increasing operation costs in fuel, maintenance and manpower.

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

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

Hospitality

The average occupancy rate of The Sentosa Resort & Spa in Singapore recorded a mild improvement to approximately 74% during the Period while the turnover slightly decreased resulting from the cutback in travelling and meeting expenses of corporate clients due to economic uncertainty. In August 2013, the Group entered into agreements to dispose of the lands and buildings where The Sentosa Resort & Spa located, at a consideration of Singapore dollars 210.85 million (approximately HK$1,289.7 million). Completion of the disposal is subject to the approval of the relevant statutory organisation in Sentosa, Singapore, which is yet pending.

In Bangkok, despite facing intense competition from new and trendy style hotels opened in the neighbourhood, The Sukhothai recorded a stable average occupancy rate at approximately 54% during the Period. With remarkable services and food and beverage quality, The Sukhothai was named one of T&L 500 The World's Best Hotels 2013 by Travel + Leisure Magazine, USA in January 2013 and La Scala in The Sukhothai was selected as one of the Asia's Top 50 Finest Restaurant by The Miele Guide 2013, Singapore in April 2013.

Located on the waterfront of Yi Pak in Discovery Bay, the 325-room Auberge Discovery Bay Hong Kong ("Auberge DB") soft-opened in March 2013 and recorded an average occupancy rate of approximately 55% during the Period. It caters for a wide range of events and customers including wedding banquets, corporate meetings, residential seminars, incentive outings and gala events, corporate groups, airline related business, exhibition attendees and individual international travellers. In particular, with its first-of-its-kind seaside pavilion, Auberge DB has already attracted many newlyweds and was presented with the "Best New Hotel Wedding Banquet (新人至愛新酒店婚宴)" in Bridal Award 2013 by ESDlife in October 2013.

Except for Auberge DB of which the Group has a 50% interest, the rest of the Group's hospitality businesses are 100% owned.

Healthcare

Overall turnover of comprehensive healthcare service network comprising cancer centres, diabetic and cardiovascular centres, imaging centre, dental clinics, Chinese medicine centres and multi-specialty outpatient centres located in Hong Kong, Macau and Manila operated under GenRx Holdings Limited ("GenRx"), has dropped slightly compared to the corresponding period last year due to manpower shortage in the dental network. During recent months, management has doubled its recruitment drive and has taken steps to improve the overall situation with a view to enhance the performance for the financial year.

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

Manufacturing

Further to the closure of the mainland China plant in May 2013 and in anticipation that the sanitaryware manufacturing business is hard to gain its momentum and to produce satisfactory results in the coming future, the management has decided to completely relinquish the sanitaryware manufacturing business and close down the UK plant by the end of this year.

Hanison Group (extracts from the 2013/2014 interim results announcement of Hanison)

Construction Division

The turnover of the Construction Division for the Period was HK$563.6 million (for the six months ended 30 September 2012: HK$481.0 million).

Contracts on hand as at 30 September 2013 for the Construction Division amounted to HK$1,017.4 million, of which HK$1.6 million was derived from a project under joint venture arrangements with joint venture partners.

Interior and Renovation Division

During the Period, the turnover for the Interior and Renovation Division was HK$75.0 million (for the six months ended 30 September 2012: HK$103.2 million).

Contracts on hand as at 30 September 2013 amounted to HK$131.7 million.

Building Materials Division

The Building Materials Division recorded a turnover of HK$101.2 million for the Period (for the six months ended 30 September 2012: HK$132.4 million).

Contracts on hand as at 30 September 2013 amounted to HK$400.4 million.

Property Development Division

The Property Development Division recorded a turnover of HK$94.8 million for the Period (for the six months ended 30 September 2012: HK$213.0 million).

Property Investment Division

The Property Investment Division recorded a rental income of HK$14.9 million for the Period (for the six months ended 30 September 2012: HK$9.3 million).

For the period under review, the amount of revaluation gain was less than that of the corresponding period last year as the market in general went back to a less dramatic range of increase in property value.

Property Agency and Management Division

For the period under review, the turnover of the Property Agency and Management Division was HK$8.3 million (for the six months ended 30 September 2012: HK$6.0 million).

Health Products Division

The Health Products Division recorded a turnover of HK$26.1 million for the Period (for the six months ended 30 September 2012: HK$26.8 million).

During the period under review, the Health Products Division operated eleven retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and one service centre.

The Group has a 49% interest in Hanison Group.

OUTLOOK

By the improving economic conditions in the United States ("US") and the continuous implementation of a number of stimulus measures by various advanced countries in Europe, the US and Japan, the global economic enviornment is picking up the track for recovery gradually and steadily.

Hong Kong's economy is very much in line with the external economic environment and is expected to remain moderate in the near term. For the property market, although the implementation of a number of government's stringent measures, particularly various stamp duties and the enforcement of the Residential Properties (First-hand Sales) Ordinance in April 2013 stopped the transactions of first-hand sales and adversely impacted the local market, with months' digestion, transactions are picking up into volume with more and more new supplies to the market. The Group remains optimistic about the prospects for Hong Kong's residential market over the medium-to-long term for the underlying residential demand is considered remaining strong owing to the low mortgage rates, continuous income growth, strong end-user demand and limited flat supply. With the continuous increasing supply of residential lands by the Hong Kong Government of Special Administrative Region, the Group is also benefited from this opportunity. The recent successful awards of two government lands in Kau To and Tuen Mun provided the Group with more flexibility for the development of different size and grading units to satisfy the needs of different home-buyers. Going forward, the Group will continue to grasp the opportunity to acquire land with good development value either by itself or through joint venture cooperation.

For the mainland China, with the reaffirmation of the Central Government on its prudent and proactive fiscal policies, together with its stimulus measures and continuous economic reforms, the mainland economy is expected to progress on a steady growing path and has sent a positive signal to the market for a more sustainable economic and property market outlook. Ongoing urbanisation is also expected to remain robust. The Group is positive to the property development prospect in the mainland China and will continue its business strategies to explore suitable investment opportunities there, particularly in the Yangtze River Delta.

Good starting of the Auberge DB with encouraging occupancy and booking rates in the first few months of soft opening operation proved the correct direction of the Group in capitalising on the opportunities arising from the growing tourism and business trips in Hong Kong. The Group is confident that the performance of Auberge DB will further improve in the coming future when the operation becomes much proficient. Performances of the Group's other overseas business including hotel, property investment and healthcare services in various Asian countries will likely be mixed but the overall trend is expected to remain steady.

With focus on enhancing asset turnover, the Group will keep on reviewing and restructuring its investment portfolio. Through phasing out selected non-core property assets or businesses, the Group can further strengthen its financial position for well placing itself to selectively grasp good business opportunities to invest in projects with high development potential. As always, to achieve sustainable growth and create maximum value for our shareholders, the Group will stay in alerted caution, solidify its financial and asset positions, diversify its business development and constantly adjust its sales strategy to cope with the every changing market and economic environment.

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

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period, except for certain deviations from the code provisions A.4.1 (non-executive directors ("NEDs") should be appointed for a specific term), A.6.7 (independent non-executive directors ("INEDs") and other NEDs should attend general meetings), C.1.2 (management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail) and E.1.2 (chairman of the Board should attend annual general meeting). Details of the deviations and considered reasons relating to the code provisions A.4.1 and C.1.2 have been duly set out in the corporate governance report containing in the 2012/2013 annual report of the Company published in July 2013.

Due to other business engagements, Mr Payson CHA, the chairman of the Board and chairman of the nomination committee of the Company, Dr Henry CHENG, the chairman of the remuneration committee of the Company and some other NEDs (including INEDs) could not attend the annual general meeting of the Company held on 28 August 2013. However, Mr Victor CHA, the deputy chairman of the Board and managing director of the Company, who is also a member of the remuneration committee, took the chair of that meeting and all executive directors and two INEDs, with both of them are also members of the nomination committee, were present thereat to be available to answer any question and enable the Board to develop a balanced understanding of the views of the shareholders.

CONTINUING CONNECTED TRANSACTIONS

As a result of the decision of the Board to treat Hanison as a subsidiary of the Company in accordance with the requirements of HKFRS 10, any transaction entered into by Hanison Group are treated as transaction of the Group. During the preparation of the interim report of the Company, the Company notes that Hanison Group and the Group (excluding Hanison Group) provided the following services during the Period to Haining Fusheng Real Estate Development Limited ("Haining Fusheng"), Haining Jiafeng Real Estate Development Limited ("Haining Jiafeng") and their parent company (collectively "Haining Group") in respect of Haining project, a large-scale integrated development project comprising residential, office retails and hotel development:

	The Group (excluding Hanison Group) *(HK$'M)*	Hanison Group *(HK$'M)*
Project management services	0.96	1.7
Site supervision services	–	3.0

Haining Group is owned as to not less than 30% by CCM Trust (Cayman) Limited, a substantial shareholder of the Company with approximately 41.48% direct and indirect shareholding interest in the Company. Accordingly, each member of Haining Group is a connected person of the Company pursuant to the Listing Rules.

For details of the continuing connected transactions of Hanison Group (being provision of project management services and site supervision services to Haining Fusheng and Hainning Jiafeng) and their respective annual caps, please refer to the announcements of Hanison dated 2 April 2012 and 31 July 2013.

It is intended that an annual cap for the project management services to be provided by the Group to Haining Group will be agreed shortly and an announcement will be made in accordance with Chapter 14A of the Listing Rules. It is expected that the provision of project management services alone constitutes a de minimis transaction of the Company pursuant to Rule 14A.31(2)(a) of the Listing Rules which is exempted from reporting and announcement requirements. Nevertheless, the provisions of all services by the Group to Haining Group will constitute continuing connected transactions for the Company under Rule 14A.34(1) of the Listing Rules which are subject to the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from independent shareholders' approval.

REVIEW OF INTERIM RESULTS

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

By order of the Board
HKR International Limited
CHA Mou Sing Payson
Chairman

Hong Kong, 27 November 2013

As at the date of this announcement, the board of directors of the Company comprises:

Chairman
Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director
Mr CHA Mou Zing Victor

Executive Directors
Mr CHUNG Sam Tin Abraham
Mr TANG Moon Wah

Non-executive Directors
The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Ms WONG CHA May Lung Madeline

Independent Non-executive Directors
Dr CHENG Kar Shun Henry
Dr CHEUNG Kin Tung Marvin
Mr CHEUNG Wing Lam Linus
Ms HO Pak Ching Loretta
Dr QIN Xiao

* *Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong*