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**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 2014**

The board of directors (the “Board” or the “Directors”) of HKR International Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 (the “Period”).

**INTERIM RESULTS**

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

**INTERIM DIVIDEND**

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

**CLOSURE OF REGISTERS OF MEMBERS**

The main and branch registers of members of the Company will be closed on 8 and 9 December 2014 for the interim dividend. On both days, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 December 2014.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
	<i>NOTES</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>			
Turnover	3	3,245.4	1,840.7
Cost of sales		<u>(2,132.9)</u>	<u>(1,428.4)</u>
Gross profit		1,112.5	412.3
Other income		79.4	98.0
Administrative expenses		(250.3)	(256.3)
Other gains and losses		26.9	8.6
Change in fair value of investment properties			
Realised gains on disposals		7.6	4.0
Unrealised gains		383.2	337.9
Finance costs	4	(102.9)	(88.6)
Share of results of associates		13.8	1.5
Share of results of joint ventures		<u>(48.5)</u>	<u>(63.4)</u>
Profit before taxation	5	1,221.7	454.0
Taxation	6	<u>(165.5)</u>	<u>(70.0)</u>
Profit for the period from continuing operations		1,056.2	384.0
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	7	<u>–</u>	<u>(55.4)</u>
Profit for the period		<u>1,056.2</u>	<u>328.6</u>
Profit (loss) for the period attributable to the owners of the Company			
For continuing operations		634.4	274.6
For discontinued operations		<u>–</u>	<u>(55.4)</u>
Profit for the period attributable to the owners of the Company		<u>634.4</u>	<u>219.2</u>
Profit for the period attributable to non-controlling interests		<u>421.8</u>	<u>109.4</u>
<b>For continuing and discontinued operations</b>			
Earnings per share	9		
Basic (HK cents)		<u>47.0</u>	<u>16.2</u>
<b>For continuing operations</b>			
Earnings per share	9		
Basic (HK cents)		<u>47.0</u>	<u>20.3</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	<b>30 September 2014 HK\$'M (unaudited)</b>	31 March 2014 HK\$'M (audited)
Non-current liabilities		
Bank and other loans due after one year	<b>1,580.2</b>	3,707.7
Other liabilities due after one year	<b>1,568.0</b>	1,406.4
Deferred tax liabilities	<b>236.8</b>	240.1
	<u><b>3,385.0</b></u>	<u>5,354.2</u>
	<u><b>19,473.5</b></u>	<u>18,587.0</u>
Capital and reserves		
Share capital	<b>337.5</b>	337.5
Reserves	<b>16,331.5</b>	15,858.4
	<u><b>16,669.0</b></u>	<u>16,195.9</u>
Equity attributable to owners of the Company	<b>2,804.5</b>	2,391.1
Non-controlling interests	<u><b>19,473.5</b></u>	<u>18,587.0</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

#### **1. BASIS OF PREPARATION**

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

#### **2. PRINCIPAL ACCOUNTING POLICIES**

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

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

##### **Interests in joint operations**

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

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

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

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

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

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

\* *IFRIC represents the IFRS Interpretations Committee*

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

### **3. SEGMENT INFORMATION**

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

For the six months ended 30 September 2013, in addition to the above six operating and reportable segments, the Group also had an operating segment specialising in the manufacturing and sale of sanitary products, which was ceased in the second half of the financial year ended 31 March 2014. The comparative figures for the segment information reported below have been re-presented and do not include any amounts for those discontinued operations which are described in more details in Note 7.

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

### Continuing operations

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Hanison Group <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>Six months ended</b>							
<b>30 September 2014</b>							
<b>TURNOVER</b>							
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	<u>1,819.1</u>	<u>171.9</u>	<u>236.5</u>	<u>142.5</u>	<u>140.9</u>	<u>734.5</u>	<u>3,245.4</u>
<b>RESULTS</b>							
Segment results – total realised results of the Group, associates and joint ventures ( <i>note a</i> )	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	<u>631.2</u>	<u>96.6</u>	<u>28.7</u>	<u>(4.2)</u>	<u>(6.5)</u>	<u>45.7</u>	<u>791.5</u>
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 ( <i>note b</i> )							378.8
Net unrealised losses on fair value change of investment properties attributable to the Group's interests in a joint venture, net of deferred tax							(35.4)
Profit for the period							1,056.2
Non-controlling shareholders' share of profit for the period							(421.8)
Profit for the period attributable to the owners of the Company							<u>634.4</u>



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

*Notes:*

- (a) The segment results of the Group represent the total results of the Group, associates and joint ventures, excluding the unrealised gains on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2014 of HK\$378.8 million represented the unrealised gain on fair value change of investment properties of HK\$383.2 million net of deferred tax charge arising from change in fair value of HK\$4.4 million.

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

#### 4. FINANCE COSTS

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

#### 5. PROFIT BEFORE TAXATION

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

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

## 6. TAXATION

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

*Note:*

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

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

## 7. DISCONTINUED OPERATIONS

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

## Loss from discontinued operations

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

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

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

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

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

## 8. DIVIDENDS

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

## 9. EARNINGS PER SHARE

### For continuing and discontinued operations

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

	For the six months ended 30 September	
	2014	2013
	HK\$'M	HK\$'M
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	<u>634.4</u>	<u>219.2</u>
	For the six months ended 30 September	
	2014	2013
<b>Number of shares</b>		
Number of ordinary shares in issue during the period for the purpose of calculating the basic earnings per share	<u>1,350,274,367</u>	<u>1,350,274,367</u>

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

### For continuing operations

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

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

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

### For discontinued operations

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

## 10. 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:

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

## 11. 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 based on work certification date is as follows:

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

## 12. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

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

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

## **BUSINESS REVIEW**

### **Property Development and Property Investment**

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

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

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

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

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

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

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

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

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

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

### ***DAN6, Tsuen Wan***

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

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

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

### ***Kau To, Sha Tin***

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

### ***Wu On Street, Tuen Mun***

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

### ***Mainland China, Dazhongli in Shanghai***

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

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

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

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



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

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

### ***The Exchange, Tianjin***

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

### ***Jin Du Yuan, Shanghai***

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

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

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

### ***Wireless Road, Bangkok***

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

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

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

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

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

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

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

### ***Niseko, Hokkaido***

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

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

### **Services Provided**

The four clubs in Discovery Bay, namely Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena recorded a flat to moderate increase in turnover during the Period. The clubs are undergoing various facilities upgrades with the aim of providing members and guests the best possible facilities and services.

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

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

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

### **Hospitality**

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

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

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

## **Healthcare**

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

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

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

## **Hanison Group**

The unaudited consolidated turnover of Hanison Group for the Period decreased slightly to HK\$759.1 million as compared with the unaudited consolidated turnover of HK\$763.5 million for the corresponding period last year.

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

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

The Group has a 49% interest in Hanison Group.

## OUTLOOK

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

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

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

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

Auberge DB achieved an encouraging performance during the Period. With its one-of-a-kind facilities and environment together with the improvement of accessibility by allowing the access of taxis and public coaches in October 2014, the Group is confident that the performance of Auberge DB will further improve in the future. Performance of the Group's other businesses including hospitality, services provided, healthcare services and construction

in Hong Kong and various Asian countries is expected to be mixed but overall trend remains steady.

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

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

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

## **CORPORATE GOVERNANCE**

Resulted from the resignation of the late Dr Marvin CHEUNG as an independent non-executive director ("INED") and certain committee members of the Company in August 2014 subsequent to Dr QIN Xiao's cessation as an INED and the committee members earlier in July 2014, the Company was unable to comply with the requirement of the number of INEDs and the minimum number of members of audit committee under rules 3.10A and 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the code provision A.5.1 of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules and provisions set out in the respective terms of references of certain committees in relation to the composition of the committees. The situation was remedied upon the appointment of Mr TANG Kwai Chang as an INED and chairman of the audit committee and member of the nomination committee of the Company in late September 2014. Save as disclosed above and except for certain deviations from the code provisions A.4.1 (non-executive directors ("NED") should be appointed for a specific term), A.6.7 (INEDs and other NEDs should attend general meetings), C.1.2 (management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail) and E.1.2 (chairman of the Board should attend annual general meeting), in the opinion of the Directors, the Company has complied with the code provisions of the CG Code at the end of the Period. Details of the deviations and considered reasons relating to the code provisions A.4.1 and C.1.2 have been duly set out in the corporate governance report containing in the 2013/2014 annual report of the Company published in July 2014.

Due to other business engagements, Mr Payson CHA, the chairman of the Board and chairman of the nomination committee of the Company and all NEDs (including INEDs) could not attend the annual general meeting of the Company held on 27 August 2014. However, Mr Victor CHA, the deputy chairman of the Board and managing director of the Company, who is also a member of the remuneration committee, took the chair of that meeting and all other executive directors of the Company and the representative of the Group's auditor, Messrs Deloitte Touche Tohmatsu were present thereat to answer any question of the shareholders.

## REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period 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, 21 November 2014

*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*

*Mr CHEUNG Wing Lam Linus*

*Ms HO Pak Ching Loretta*

*Mr TANG Kwai Chang*

\* *Registered under the predecessor ordinance of the Companies Ordinance, Chapter 622 of the laws of Hong Kong*