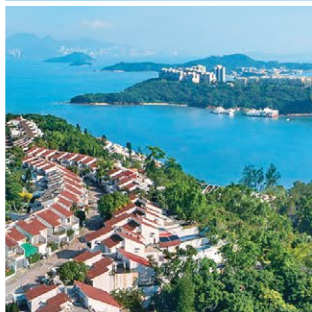
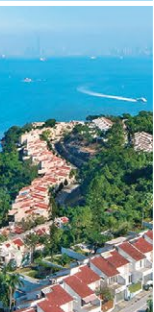


HKRI

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

STOCK CODE 股份代號: 00480

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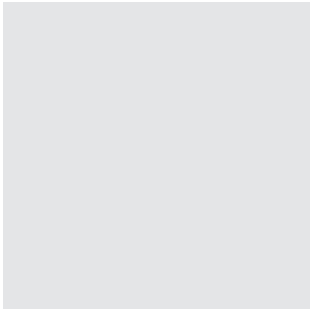


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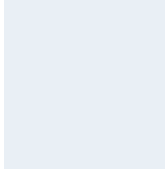
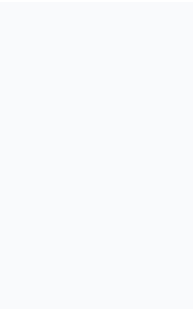




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BUSINESS AND FINANCIAL HIGHLIGHTS

BUSINESS HIGHLIGHTS

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD UNDER REVIEW

- Apr** — Bus terminus at Discovery Bay commenced operation after two years of improvement works
- May** — Poggibonsi's seaview show flats and first price list unveiled
- Jun** — Celebration of the Group's 30th listing anniversary on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")
— Announced the 2018/2019 Annual Results
- Aug** — Held the 2019 Annual General Meeting
— Acquisition of an en bloc 18-storey residential building, Wellgan Villa at Kowloon Tong, at a consideration of HK\$760 million
— Discovery Bay Marina Club was transformed into Lantau Yacht Club
- Sep** — Naming of the two residential projects in Jiaxing city as Mansion One and Creekside One
- Oct** — The latest garden house project in Discovery Bay was named IL PICCO
— Riviera One and Oasis One launched new batches of units for sale

FINANCIAL HIGHLIGHTS

	Six months ended		Year ended
	30 September	2018	31 March
	2019	2018	2019
	HK\$'M	HK\$'M	HK\$'M
Results			
Turnover	1,903.1	2,306.2	3,844.0
Profit attributable to owners of the Company	939.2	1,020.1	2,206.9
Basic earnings per share (HK cents)	63.2	68.7	148.6

	30 September		31 March
	2019	2018	2019
	HK\$'M	HK\$'M	HK\$'M
Financial Position			
Total assets	37,001.3	33,723.8	35,457.4
Total liabilities	12,643.6	11,284.8	11,535.0
Equity attributable to owners of the Company	21,709.8	19,890.6	21,300.4
Net asset value per share (HK\$)	14.6	13.4	14.3

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of HKR International Limited (the “Company”) announces the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2019 (the “Period”).

INTERIM RESULTS

The Group’s unaudited turnover for the Period amounted to HK\$1,903.1 million, representing a decrease of 17.5% as compared to HK\$2,306.2 million for the last corresponding period. Profit for the Period attributable to shareholders of the Company amounting to HK\$939.2 million shows a decrease of 7.9% as compared to HK\$1,020.1 million for the last corresponding period. Basic earnings per share were HK63.2 cents for the Period as compared to HK68.7 cents for the last corresponding period.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK5 cents per share for the Period to shareholders of the Company whose names will appear on the Registers of Members of the Company on 6 December 2019. The interim dividend will be paid on 20 December 2019. An interim dividend of HK4 cents per share 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 from 4 to 6 December 2019 (both days inclusive) for the interim dividend. During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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 not later than 4:30 p.m. on 3 December 2019.

BUSINESS REVIEW

Unless otherwise stated, all projects and operations are 100% owned by the Group.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group’s turnover from property development and investment for the Period, including proportionate shares of joint ventures and associates of HK\$912.7 million, was HK\$2,319.5 million. The Group’s contribution from property development and investment for the Period, including proportionate shares of joint ventures and associates of HK\$239.2 million, was HK\$596.8 million.

Our property development and investment businesses were affected by a number of factors during the Period. While the US-China trade dispute and a slowdown in global economic growth inevitably had impact on all regions we operate in, the recent social events in Hong Kong further added uncertainties to the local property market, curbing primary private residential transactions. But on the other hand, the US Federal Reserve’s interest cuts and strong end-user demand provided support to the Hong Kong real estate market.

Hong Kong – Property Development

Discovery Bay, our flagship project in Hong Kong and in which the Group holds a 50% interest, continued to be our key development in 2019. Poggibonsi, the latest residential development in Discovery Bay, was launched for sale in 2019. The project comprises 196 units in three mid-rise blocks with a total gross floor area (“GFA”) of approximately 186,000 square feet. As of 30 September 2019, 66 units were sold. A number of other residential projects in the development, including IL PICCO on the hill, are also in the pipeline.

With a sustained demand for high-quality properties, the Group’s other luxurious residential development continued to perform well. La Cresta, a 50:50 joint venture with Nan Fung Development Limited, is a luxurious residential development offering 61 units with a total GFA of approximately 135,000 square feet. As of 30 September 2019, 51 units were sold and the revenue from 12 units was recognised upon transfer of ownerships during the Period.

Furthermore, site formation work is well underway for another premium low-density development at Tai Po Town Lots Nos. 223 and 229. This project, a 40:60 joint-venture with Hysan Development Company Limited, is scheduled to commence main contract works in November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong – Property Investment

During the Period, we continued to strengthen our property investment business through continuous enhancement of existing developments and acquisitions. DB Plaza and DB North Plaza in Discovery Bay, where the Group holds 50% interest, achieved occupancy rates of 88% and 94% respectively as of 30 September 2019. They continued to bring in stable rental revenues.

In an effort to enhance dining and leisure choices and the overall lifestyle experience for residents and visitors, the new DB Plaza extension is now underway and is scheduled for completion in 2020. The new extension will feature Hong Kong's largest ice skating rink that meets international standards, offering more choice for sport and leisure activities in Discovery Bay.

The revamped CDW Building, an office-cum-retail tower, has become home to many multinational corporations and government departments. As of 30 September 2019, the occupancy rate for the entire building stood at 96% while its retail podium, 8½, was fully occupied. 8½ is now the must-visit destination for families and a shopping hotspot in the district.

During the Period, West Gate Tower and Tuen Mun Central Square Public Car Park continued to generate stable rental income for the Group with a satisfactory occupancy rate.

To reinforce our property investment portfolio, the Group acquired Wellgan Villa, an 18-storey residential building in Kowloon Tong, in August 2019. During the Period, the building achieved an average occupancy rate of around 44% and generated stable rental income.

Mainland China – Property Development

The property market in mainland China has become more stable after cooling measures were introduced by the Central Government. We believe that the property market in the Yangtze River Delta, one of the major propellers of mainland China's economy, will remain resilient. We shall continue to seek opportunities in the delta to consolidate our portfolio.

Jiaxing, Zhejiang Province, where most of our key residential projects are located, benefits from its proximity to Shanghai. City One, our first project in the city, comprises approximately 580 apartment units and 20 villas. As of 30 September 2019, 99.7% of units were sold. The revenue from five sold units was recognised upon transfer of ownerships during the Period.

City One's positive recognition laid a solid foundation for our development in the province. Adjacent to City One, Riviera One offers about 700 low- and high-rise apartments, and has a total GFA of approximately 1.1 million square feet. Pre-sales began in January 2018 and the project was completed and granted its occupation permit on 30 January 2019. As of 30 September 2019, about 98% of 632 released units were sold. Sales revenue will be realised upon completion and transfer of ownerships.

Two land plots in Jiaxing held by the Group were officially named Creekside One and Mansion One during the Period. Creekside One, with a total GFA of 214,000 square feet, will be developed into a luxury project comprising mid-rise apartments and villas. Mansion One, located in the Jiaxing Economic and Technological Development Zone, is a premium residential project of mid-rise apartments with a total GFA of approximately 355,000 square feet. Foundation works of both projects commenced in October 2018 and are expected to be completed by 2021.

Another land plot (Lot No. 2018-42) is located in Nanhu New District, with a total GFA of approximately 786,000 square feet. It will be developed into a deluxe residential project with high-rise apartments and villas. Construction work is targeted to begin in the fourth quarter of 2019, with completion anticipated in 2023.

In Hangzhou city, the Group has one development project named Oasis One. It has about 350 low-rise apartments and 50 villas. It was completed and had its occupation permit granted on 2 February 2019. 312 released units were all sold out as of 30 September 2019. Of these, revenue from 203 units was realised upon completion and transfer of ownerships during the Period.

In Shanghai, the Group owns a 30-storey residential building called Elite House located in Changning District. The property comprises 120 units and has a total GFA of approximately 234,000 square feet. As of 30 September 2019, 66 units were sold and the revenue from 11 sold units was realised upon transfer of ownerships during the Period.

Mainland China – Property Investment

The economic growth of mainland China has seen signs of slowing. Shanghai, where our flagship investment property is located, also experienced the same. Notwithstanding, thanks to its prime location, HKRI Taikoo Hui remained one of Shanghai's most prestigious and sought-after mixed-used properties. Profit contribution to the Group significantly increased during the Period. The two office towers, HKRI Centres One and Two, which house many global conglomerates and large local companies, achieved 100% commitment rate as of 30 September 2019.

Heading to its second anniversary in November 2019, the shopping mall at HKRI Taikoo Hui had achieved a commitment rate of 98% by the end of 30 September 2019. Due to the mall's prime location, unique offerings, attractive events and promotions, it has become a popular attraction for people working and residing nearby, as well as for visitors from other parts of the city. Since the mall opened for business, both traffic and sales have improved steadily, with retail turnover increased by 69% during the first half of 2019 compared with the same period in 2018.

The two boutique hotels and the serviced apartment building within the complex, namely The Sukhothai Shanghai (operated by Beaufort Hotels Limited, a subsidiary of the Company), and The Middle House and The Middle House Residences (operated by Swire Hotels), became talk of the town upon opening in 2018. The Group has a 50% interest in HKRI Taikoo Hui.

The Exchange, the Group's 15%-owned investment property in Tianjin, has a total GFA of over 1.6 million square feet. During the Period, the retail mall, Heping Joy City, and the two office towers maintained an average occupancy rate of 87%, generating stable rental income. Hotel Nikko Tianjin closed its business in October 2018 and was converted into a residential rental apartment called Joyer Apt.. Managed by COFOC, Joyer Apt. has been available for renting since 1 September 2019, and had its grand opening ceremony on 17 October 2019.

Thailand – Property Development

Thailand, one of our key markets, is expected to grow over the next five years. Building on our reputation from The Sukhothai Residences, the Group continued to consolidate its foothold in the country, mainly in Bangkok. This stately, luxury condominium tower located on Bangkok's Sathorn Road had 97% of its units sold during the Period.

The Group is now working on another sizeable project which will provide around 1,500 residential units and a hotel on Rama 3 Road. The site is situated by the Chaophraya River in the Bang Phongphang Subdistrict, which is part of Bangkok's Yannawa District. Construction will continue into 2020.

Master planning is underway for three plots of land located on Ramintra Road in the Khannayao District, which cover an area of approximately 610,000 square feet. The Group also holds a 49% interest in a freehold plot of land on Wireless Road, which covers a site area of approximately 136,000 square feet.

Japan – Property Development and Investment

The Group owns five investment properties in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally located office building; Souei Park Harajuku, an en bloc residential apartment building in Shibuya-ku; Veneo Minami-Azabu, an en bloc residential apartment building in Minato-ku; and Haluwa Shibakoen, a 15-storey residential building in Minato-ku. As of 30 September 2019, all the investment properties achieved a good leasing performance, with occupancy ranging from 94% to 100%.

The Group also holds residential plots located in Niseko, Hokkaido, close to the Niseko Annupuri International Ski Area. The total site area is approximately 650,000 square feet.

SERVICES PROVIDED

The Group's subsidiaries operate various transport services in Discovery Bay, including ferries, land transport and tunnel operations. During the Period, ridership on both ferry and bus services decreased. Operations continued to face strong challenges posed by escalating fuel and maintenance costs, a shortage of manpower and an acute lack of skilled labour.

Despite these factors, the Group continued to seek a more frequent and accessible way to optimise our service and performance. The upgraded bus terminus at Discovery Bay, which began operations in April 2019, is equipped with more bus bays and road crossing facilities, further enhancing our services. Looking ahead, the challenges are expected to alleviate with Discovery Bay ferry services being included in the Special Helping Measures ferry subsidy scheme launched by the HKSAR Government.

The Group's property management services in Discovery Bay, and elsewhere in Hong Kong, continued to operate well during the Period. The Group holds a 50% interest in the Discovery Bay service providers.

MANAGEMENT DISCUSSION AND ANALYSIS

HOSPITALITY

Hong Kong – Auberge Discovery Bay Hong Kong and Clubs

Ongoing social unrest and the US-China trade tensions had affected local and regional companies' plans to hold meetings and conferences in Hong Kong. These factors also hit tourist numbers. The trading conditions remain challenging, for our hotel and for the city in general. All cost containment measures are in place to balance operating results.

On the other hand, for service optimisation, upgrade programmes at the four clubs in Discovery Bay continued during the Period. Facility and service enhancement at Discovery Bay Recreation Club and Club Siena is underway, while Discovery Bay Golf Club's Diamond Course has been closed for renovation since May 2019, and will reopen in November 2019. Discovery Bay Marina Club has been transformed into Lantau Yacht Club, and is the first and only yacht club in Hong Kong catering for super yachts over 80 metres in length. The new Marina is scheduled to open in the second half of 2020.

The Group holds a 50% interest in Auberge Discovery Bay Hong Kong and clubs at Discovery Bay.

Thailand – The Sukhothai Bangkok

Over the course of two decades, the Group has cultivated the "Sukhothai" brand. Today, the name is still associated with timeless elegance with a modern, unique style.

Renovation work on the luxurious Club Wing at The Sukhothai Bangkok was completed in December 2018. In 2019, in addition to club facility enhancement at the Club Wing, the first phase of room renovations in the hotel's Main Wing took place, which involved 65 rooms and suites. In 2020, work will enter the next phase, encompassing the lobby, The Zuk Bar, Colonnade and another 60 rooms and suites.

Colonnade has retained its top position on TripAdvisor, while Celadon and La Scala were listed in the *MICHELIN Guide Thailand 2019*.

Mainland China – The Sukhothai Shanghai

The Sukhothai Shanghai opened its door in April 2018 and has gained fame thanks to its outstanding service and facilities since then. The hotel has received over 50 awards and industry recognitions since opening, including "City Hotel of the Year 2018" by Small Luxury Hotels of the World, which saw it fend off competition from 520 hotels globally. More recently it was listed in the *MICHELIN Guide Shanghai 2020* for both the hotel and the Italian restaurant La Scala. The Sukhothai Shanghai recorded an average room occupancy level of 72% during the Period.

HEALTHCARE

GenRx Holdings Limited ("GenRx"), a wholly-owned subsidiary of the Group, operates a comprehensive healthcare service network. This covers chronic disease management and integrated medical centres (Qualigenics Medical), Chinese medicine centres (Discovery TCM Centre), dental clinics (Health & Care Dental Clinic – 57%-owned), medical diagnostic centres (AmMed Medical Diagnostic Center), and multi-specialty outpatient centres (Healthway Medical). These can be found across Hong Kong, Macau and Manila in the Philippines.

In Hong Kong, opportunities have arisen thanks to increased demand for quality private healthcare services, as the city's public healthcare system continues to come under pressure. In 2019, GenRx acquired Humphrey & Partners Medical Services Limited, which operates a medical panel of over 250 affiliated clinics that provide general practitioners, specialists and physiotherapy services. The acquisition will strengthen GenRx's position in the private healthcare services sector.

Healthway Medical in the Philippines has been renowned for its excellent service for over two decades. It was the country's first ambulatory clinic to have been consistently recognised by *Reader's Digest* as the "Trusted Brand" in its category for seven years in a row. Healthway Medical's full circle of care, IT system enhancement and its comprehensive network of more than 800 doctors from various areas of expertise, have created solid alliances and meaningful partnerships in the market.

HUMAN RESOURCES

As of 30 September 2019, the Group employed 2,333 people in Hong Kong and overseas. We are fully committed to building a supportive and positive working environment to find, develop and retain new talents and current employees. By reviewing our staff benefits and remuneration packages on a regular basis, we can help ensure these aims are met.

During the Period, we increased the amount of our employee relations subsidy and expanded staff medical coverage. The Group continues to provide learning development opportunities to colleagues, which support our business needs.

To mark the Group's 30th listing anniversary on the Stock Exchange, we launched a series of activities in June 2019. This included a lucky draw of 480 prizes and the distribution of healthy snacks. A congratulatory video was commissioned, featuring messages from local and overseas colleagues and celebrating the Group's milestones and successes.

OUTLOOK

Looking ahead, prospects for global economy will continue to be clouded by uncertainties, including US-China trade tensions and the risk of a no-deal Brexit, as well as unexpectedly weak activity in emerging markets and developing economies. The International Monetary Fund has thus lowered its 2019 and 2020 global growth forecasts to 3.0% and 3.4% respectively.

Against this backdrop, the Group will remain prudent and flexible as we continue to monitor the situation and make all necessary adjustments. The prospect of Hong Kong's economy remains weak during the second half of 2019, and the HKSAR Government has announced a number of housing plans and tightened policies to make residential units more affordable. However, we believe that demand for high-quality property will not be hindered by the current sentiment, which is proven by the satisfactory performance of La Cresta and Poggibonsi. We will seize all opportunities while identifying any potential risks, and adjust our plans accordingly.

China's economic situation is expected to remain challenging due to the US-China trade tensions, which have already dragged down growth to a three-decade low of 6.0% in the third quarter of 2019, and perhaps further in the coming years. The Central Government is likely to adhere to the principle of maintaining a stable and healthy property market, and keep strict regulatory control. We will continue to look for suitable opportunities, especially in the Yangtze River Delta. The launch of a stimulus plan, the elevation of the Yangtze River Delta Urban Agglomeration to national development strategy level and well-established, inter-connected transport network are expected to bolster demand for quality housing in the delta region. Our upcoming projects in Jiaying, Mansion One and Creekside One, will benefit from this rising trend.

In Thailand, while the GDP growth has been slightly more sluggish than expected, the government's continuous public infrastructure investment, plus the expansion of the tourism sector, will bring momentum to the local economy, benefitting the Group's hospitality business and our future residential-cum-commercial development.

We also manage the amount of risk we are exposed to through diversified income. Our rental income remains resilient on account of the high occupancy rate at CDW Building in Hong Kong and HKRI Taikoo Hui in Shanghai. The acquisition of Wellgan Villa in Hong Kong, and the launch of the DB Plaza extension next year, are expected to further consolidate our asset portfolio.

As we celebrate the 30th anniversary of the Group's public listing on the Stock Exchange this year, we will continue to explore suitable opportunities across Asia and exercise prudence to safeguard the interests of our shareholders.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 30 September 2019, the shareholders' funds of the Group increased by HK\$409.4 million to HK\$21,709.8 million (31 March 2019: HK\$21,300.4 million). The gross profit margin for the Group for the Period was 38.0% (for the year ended 31 March 2019: 31.1%).

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR INVESTING ACTIVITIES

In August 2019, the Group acquired the entire issued capital of Dorro Properties Limited at a cash consideration of HK\$758.9 million. The major asset of Dorro Properties Limited is an investment property representing a block of residential building situated in Hong Kong.

During the Period, shareholders' loans of HK\$170.0 million was extended to a joint venture by the Group. Further, the Group received shareholders' loan repayment/cash distribution of HK\$473.5 million from joint ventures.

MAJOR OPERATING ACTIVITIES

During the Period, sales proceeds from disposal of certain development properties in Hong Kong and mainland China amounted to HK\$555.7 million and HK\$1,235.8 million respectively.

FINANCIAL LIQUIDITY

As at 30 September 2019, the Group had total cash and securities investment of HK\$3,323.0 million (31 March 2019: HK\$3,129.6 million) whilst total bank borrowings, bonds and other loans were HK\$6,770.5 million (31 March 2019: HK\$6,686.6 million).

GEARING

The Group's gearing ratio was 18.7% (31 March 2019: 19.1%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 30 September 2019.

BANKING FACILITIES AND OTHER LOANS

The Group closely monitors its liquidity requirements and arranges financing for its development projects and operations as and when appropriate.

As at 30 September 2019, the unutilised credit facilities were approximately HK\$5,768.3 million (31 March 2019: HK\$7,396.3 million). The reduction is mainly attributable to a repayment of term loan in HK\$1,500 million under a syndicated loan facility.

The maturity profile of bank borrowings, bonds and other loans were 74.7% (31 March 2019: 13.6%) falling within one year, 11.6% (31 March 2019: 78.0%) falling between one and two years, 6.3% (31 March 2019: 8.4%) falling between two and five years and 7.4% (31 March 2019: nil) falling over five years as at 30 September 2019.

TREASURY POLICY

The Group has centralised treasury functions and adopted a conservative approach for its treasury management. The Group closely reviews and monitors its foreign currency exposure. To manage foreign currency exposure in certain overseas investments, the Group maintains certain naturally hedged positions and will make any swap or future arrangements as appropriate. The Group's banking facilities are principally on floating rate basis and interest rate swaps will be employed to manage interest rate risk for its short to medium-term borrowings when appropriate and necessary.

It is the policy of the Group to restrict the use of financial derivatives for speculative purpose.

PLEDGE OF ASSETS

As at 30 September 2019, certain bank loans of the Group were secured by certain investment properties and properties held for sale at a total carrying value of HK\$403.9 million (31 March 2019: HK\$553.9 million).

In addition, the loans to a joint venture by the Group amounting to approximately HK\$771.9 million (31 March 2019: HK\$771.9 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK\$118.5 million (31 March 2019: HK\$125.9 million) as at 30 September 2019 given to a bank in respect of a banking facility granted to an investee company.

Two subsidiaries of the Company provided guarantees amounting to HK\$400.1 million (31 March 2019: HK\$406.5 million) as at 30 September 2019 in respect of mortgage facilities granted to purchasers of the Group's properties.

The Company provided a corporate guarantee of proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. The bank loan balance of proportionate share of 40% is HK\$736.5 million (31 March 2019: HK\$682.1 million) as at 30 September 2019.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 30 September 2019.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests or short positions of the Directors and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

A) LONG POSITIONS IN THE COMPANY'S SHARES OF HK\$0.25 EACH

Name of Director	Capacity	Number of ordinary shares				Total	Approximate percentage of issued share capital
		Personal interests	Family Interests	Corporate interests	Other interests		
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,424,424	—	18,553,781 ¹	705,849,885 ²	727,828,090	49.00
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,254,278	—	—	717,513,181 ²	718,767,459	48.39
Johnson CHA	Beneficiary of discretionary trusts	—	—	—	716,085,933 ²	716,085,933	48.21
Madeline WONG	Founder and/or beneficiary of discretionary trusts	—	—	—	715,301,168 ^{3&4}	715,301,168	48.15
Ronald ARCULLI	Beneficiary of a trust	265,619	—	—	—	265,619	0.02
Abraham CHUNG	Beneficial owner	346,592	—	—	—	346,592	0.02
Loretta HO	Beneficial owner	94,160	—	—	—	94,160	0.01
TANG Moon Wah	Beneficial owner	148,720	—	—	—	148,720	0.01

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

² The shares belonged to certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited ("CCM Trust") and LBJ Regents Limited ("LBJ Regents") were the corporate trustees and the relevant Directors were among the members of the classes of discretionary beneficiaries.

³ 635,627,031 shares belonged to certain but not identical discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees and the Director was among the members of the classes of discretionary beneficiaries.

⁴ The Director was, under two separate discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts were deemed to be interested in 79,674,137 shares in aggregate.

B) SHARE OPTIONS

Directors have been granted share options of the Company, details of which are set out in the paragraph headed "Share Option Scheme" below.

Save as disclosed above and for certain Directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at 30 September 2019, none of the Directors or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme of the Company was adopted on 8 September 2011 (the “2011 Scheme”) and the listing status of shares to be granted under the 2011 Scheme was granted by the Listing Committee of the Stock Exchange on 9 September 2011. Under the 2011 Scheme, options may be granted, inter alia, to the Directors, full-time employees and any consultants of the Company, its subsidiaries and/or its associated companies. The total number of shares of the Company available for grant of options under the 2011 Scheme is 135,027,436 shares which represents 10% of the issued share capital of the Company at the date of adoption of the 2011 Scheme (i.e. 8 September 2011). No share option was granted, cancelled or lapsed in accordance with the terms of the 2011 Scheme during the six months ended 30 September 2019. Details of movements in the share options under the Scheme during the Period were as follows:

Name or Category of participant	Date of grant ^{5&6}	Exercise price per share HK\$	Number of share options		
			Balance as at 1 April 2019	Exercised during the Period	Balance as at 30 September 2019
Payson CHA	28 February 2017	3.845	3,190,000	–	3,190,000
	12 March 2018	4.373	5,500,000	–	5,500,000
Victor CHA	28 February 2017	3.845	3,190,000	–	3,190,000
	12 March 2018	4.373	5,500,000	–	5,500,000
Abraham CHUNG	28 February 2017	3.845	2,200,000	–	2,200,000
	12 March 2018	4.373	3,300,000	–	3,300,000
TANG Moon Wah	28 February 2017	3.845	2,200,000	–	2,200,000
	12 March 2018	4.373	3,300,000	–	3,300,000
Johnson CHA	28 February 2017	3.845	1,210,000	–	1,210,000
	12 March 2018	4.373	1,760,000	–	1,760,000
Madeline WONG	28 February 2017	3.845	1,210,000	–	1,210,000
	12 March 2018	4.373	1,760,000	–	1,760,000
Ronald ARCULLI	28 February 2017	3.845	1,210,000	–	1,210,000
	12 March 2018	4.373	1,760,000	–	1,760,000
Loretta HO	28 February 2017	3.845	770,000	–	770,000
	12 March 2018	4.373	880,000	–	880,000
Linus CHEUNG	28 February 2017	3.845	550,000	–	550,000
	12 March 2018	4.373	880,000	–	880,000
TANG Kwai Chang	28 February 2017	3.845	220,000	–	220,000
	12 March 2018	4.373	880,000	–	880,000
Ex-director ⁷	28 February 2017	3.845	1,210,000	–	1,210,000
	12 March 2018	4.373	880,000	–	880,000
Employees	12 March 2018	4.373	1,540,000	–	1,540,000
Total			45,100,000	–	45,100,000

⁵ Share options granted on 28 February 2017 are exercisable during the period from 28 February 2017 to 27 February 2027. Share options granted on 12 March 2018 are exercisable during the period from 12 March 2018 to 11 March 2028.

⁶ The share options vested immediately on the respective dates of grant.

⁷ A director resigned with effect from 31 March 2018.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

LONG POSITIONS IN THE COMPANY'S SHARES OF HK\$0.25 EACH

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage of issued share capital
CCM Trust (Cayman) Limited	Corporate trustee	641,234,255 ⁸	43.17
LBJ Regents Limited	Corporate trustee	101,084,280 ⁹	6.81

⁸ 641,234,255 shares were held by CCM Trust as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi-ming's issue.

⁹ 101,084,280 shares were held by LBJ Regents as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi-ming's issue.

Save as disclosed above, as at 30 September 2019 no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

There was no grant to, and no exercise by, the Directors of the Company of any share options of the Company during the Period.

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

During the Period, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules save for a deviation of E.1.2 (Chairman of the Board's attendance of the Annual General Meeting). Due to other business engagements, Mr Payson CHA, the Chairman of the Board could not attend the annual general meeting of the Company held on 21 August 2019 (the "AGM") and Mr Victor CHA, the Deputy Chairman of the Board and Managing Director of the Company (and Member of the Remuneration Committee) chaired the AGM. All other Executive Directors, Mr Henry FAN (Independent Non-executive Director ("INED") and Member of the Remuneration Committee and Corporate Governance Committee) and Mr TANG Kwai Chang (INED, Chairman of the Audit Committee and Member of Nomination Committee and Corporate Governance Committee) were present at the AGM and available to answer questions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (including amendments as made effective from time to time) as its own code of conduct to regulate securities transactions by the Directors of the Company and specified employees who, by reference to their positions and duties, are likely to be in possession of inside information of the Group. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

CHANGE IN THE INFORMATION OF DIRECTORS

Mr Abraham CHUNG was appointed as a non-executive director of Million Hope Industries Holdings Limited, which is listed on the Stock Exchange, with effect from 3 July 2019.

With effect from 3 October 2019, Mr Linus CHEUNG ceased as a member of the board of directors of Sotheby's, which was privatised and delisted from the New York Stock Exchange on 3 October 2019.

Mr Henry FAN has been appointed as the chairman of the Hospital Authority to be effective from 1 December 2019.

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

In accordance with the continuing obligations set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 30 September 2019 pursuant to rule 13.18 thereof. There exists no reporting obligation by the Company under rules 13.17 and 13.19 of the Listing Rules accordingly.

The Company is the borrower of a loan agreement entered into on 8 September 2015 (the "Loan Agreement") for a transferable term loan and revolving credit facility in an aggregate principal amount of HK\$8.0 billion with final maturity date falling five years from the date of the Loan Agreement.

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

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

As at the date of this interim report, the aggregate interest in the shares in the Company held by Mr Payson CHA, direct and indirect, is 727,828,090 shares, representing approximately 49.0% and he is still treated as the single largest beneficial shareholder of the Company.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULES 13.20 AND 13.22 OF CHAPTER 13 OF THE LISTING RULES

In accordance with the requirements of rules 13.20 and 13.22 of Chapter 13 of the Listing Rules, the following were the details of financial assistances and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2019 pursuant to rules 13.13 and 13.16 thereof:

a) As at 26 May 2017, the Group committed to advance to Gainwick Limited ("Gainwick"), a joint venture formed by the Group (owned as to 40%) and Hysan Development Company Limited (owned as to 60%) for the purpose of a residential property development in Tai Po, New Territories, in a form of shareholders' loan in a total amount of HK\$1,437.2 million which is unsecured and has no fixed terms of repayment (the "Shareholders' Loan", comprising loan for land premium amounted to HK\$1,357.2 million which is non-interest bearing and loan for working capital up to HK\$80.0 million with an interest rate of 2% per annum over 1-month Hong Kong Interbank Offered Rate ("HIBOR")). The Company also provides guarantee up to HK\$2,000.0 million in favour of a syndicate of financial institutions in Hong Kong as a security for Gainwick's obligation under the banking facilities granted to Gainwick by the financial institutions (the "Guarantee"). The interest rate for the banking facilities is a sum of HIBOR of 0.65% per annum and relevant interest period (one, two to three months or subject to availability six months at the selection of Gainwick and mutually agreed with the financial institutions). Further details of the repayment terms and security of the Guarantee are disclosed in the announcement of the Company dated 26 May 2017. As at 30 September 2019, the outstanding Shareholders' Loan amounted to HK\$776.7 million and out of which HK\$80.0 million was loan for working capital. The guarantee given in respect of the banking facilities granted to Gainwick amounted to HK\$736.5 million.

OTHER INFORMATION

b) As at 30 September 2019, the Group advanced to Dazhongli Properties Limited and its subsidiaries (“Dazhongli group”) an aggregate amount of HK\$4,704.8 million. Dazhongli group is engaged in the operation of investment properties and hotel properties in Jing’an District, Shanghai, the People’s Republic of China in which the Group has 50% interest. The advances were provided by the Group in the form of equity and loans in proportion to its shareholding interest therein, for the purpose of financing the development expenditure of Dazhongli group. Out of the advances, HK\$267.0 million are unsecured, interest bearing at 1.71% per annum and repayable in December 2022. Pursuant to the undertaking of bank loans, Dazhongli group is refraining from settling the loans from shareholders until the settlement of all bank loans. The remaining of the advances are unsecured, non-interest bearing and have no fixed terms of repayment.

c) As at 30 September 2019, the Group also advanced to and guarantees given for other several affiliated companies an aggregate amount of HK\$1,296.0 million. The Group has interests ranging from 31% to 50% in these affiliated companies.

As at 30 September 2019, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK\$7,514.0 million representing 20.3% of the consolidated total assets of the Group of HK\$37,001.3 million as at 30 September 2019.

A pro forma combined statement of financial position of these affiliated companies and the Group’s attributable interests in these affiliated companies as at 30 September 2019 were as follows:

	Pro forma combined statement of financial position HK\$’M	The Group’s attributable interest HK\$’M
Non-current assets	25,277.6	12,638.6
Current assets	6,607.3	2,909.7
Current liabilities	(14,611.3)	(7,099.9)
Net current liabilities	(8,004.0)	(4,190.2)
Non-current liabilities	(13,417.8)	(6,161.5)
Shareholders’ surplus	3,855.8	2,286.9

REVIEW OF INTERIM REPORT

The interim report of the Group for the Period has been reviewed by the Audit Committee of the Company and the Group’s auditor, Messrs Deloitte Touche Tohmatsu.

On behalf of the Board
CHA Mou Sing Payson
Chairman

Hong Kong
15 November 2019



TO THE BOARD OF DIRECTORS OF HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of HKR International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 16 to 42, which comprise the condensed consolidated statement of financial position as of 30 September 2019 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

15 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	NOTES	For the six months ended 30 September	
		2019 HK\$'M (unaudited)	2018 HK\$'M (unaudited)
Turnover	3	1,903.1	2,306.2
Cost of sales		(1,179.7)	(1,674.0)
Gross profit		723.4	632.2
Other income		76.9	109.8
Other gains and losses		20.4	(4.1)
Administrative expenses		(219.7)	(211.0)
Change in fair value of investment properties			
Realised gains on disposals		3.3	–
Unrealised gains		329.9	629.8
Finance costs	4	(145.1)	(120.7)
Share of results of associates		–	(0.1)
Share of results of joint ventures		449.2	261.5
Profit before taxation	5	1,238.3	1,297.4
Taxation	6	(270.3)	(148.8)
Profit for the period		968.0	1,148.6
Profit for the period attributable to:			
Owners of the Company	7	939.2	1,020.1
Non-controlling interests		28.8	128.5
		968.0	1,148.6
		HK cents	HK cents
Earnings per share	9		
Basic		63.2	68.7
Diluted		63.2	68.6

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	For the six months ended	
	2019	2018
	HK\$'M	HK\$'M
	(unaudited)	(unaudited)
Profit for the period	968.0	1,148.6
Other comprehensive (expense) income:		
<i>Items that will not be reclassified to profit or loss</i>		
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the period	(7.4)	(14.3)
Deferred tax arising from fair value changes	0.2	(0.1)
Revaluation gain on property, plant and equipment upon transfer to investment properties	15.8	17.2
Share of asset revaluation reserve of a joint venture	3.2	–
	11.8	2.8
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	(350.5)	(596.9)
Exchange differences arising from translation of other foreign operations	(101.1)	(378.3)
Release of exchange reserve upon deregistration of a foreign subsidiary	(16.9)	–
	(468.5)	(975.2)
Other comprehensive expense for the period (net of tax)	(456.7)	(972.4)
Total comprehensive income for the period	511.3	176.2
Total comprehensive income attributable to:		
Owners of the Company	474.6	47.7
Non-controlling interests	36.7	128.5
	511.3	176.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	NOTES	30 September 2019 HK\$'M (unaudited)	31 March 2019 HK\$'M (audited)
Non-current assets			
Investment properties	10	13,642.8	12,434.6
Property, plant and equipment	11	2,434.3	2,362.1
Right-of-use assets	12	71.7	–
Interests in associates		–	–
Interests in joint ventures	13	8,915.8	8,763.7
Equity instruments measured at fair value through other comprehensive income		79.1	33.7
Financial assets at fair value through profit or loss		447.7	396.4
Investments in debt instruments measured at amortised cost		58.7	60.7
Other assets		207.2	172.9
Deferred tax assets		206.8	15.5
		26,064.1	24,239.6
Current assets			
Inventories		45.6	44.2
Properties held for sale		2,747.8	2,591.4
Properties held for/under development for sale		4,834.7	4,576.5
Trade receivables	14	36.0	43.1
Deposits, prepayments and other receivables		318.3	811.0
Loan to a joint venture		–	307.4
Amounts due from associates		8.2	8.1
Amounts due from joint ventures		193.4	183.9
Taxation recoverable		15.7	13.4
Investments in debt instrument measured at amortised cost		32.2	27.9
Bank balances and cash		2,705.3	2,610.9
		10,937.2	11,217.8
Current liabilities			
Trade payables, provision and accrued charges	15	1,093.9	1,200.9
Deposits received and other financial liabilities		154.7	150.8
Contract liabilities	16	2,450.8	1,599.3
Taxation payable		209.5	144.3
Bank and other loans due within one year	17	5,059.5	906.2
Lease liabilities		20.8	–
		8,989.2	4,001.5
Net current assets		1,948.0	7,216.3
Total assets less current liabilities		28,012.1	31,455.9
Non-current liabilities			
Bank and other loans due after one year	17	1,711.0	5,780.4
Lease liabilities		62.7	–
Other liabilities due after one year	18	1,486.2	1,371.1
Deferred tax liabilities		394.5	382.0
		3,654.4	7,533.5
		24,357.7	23,922.4
Capital and reserves			
Share capital	21	371.3	371.3
Reserves		21,338.5	20,929.1
Equity attributable to owners of the Company		21,709.8	21,300.4
Non-controlling interests		2,647.9	2,622.0
		24,357.7	23,922.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to owners of the Company												
	Share capital HK\$'M	Accumulated profits HK\$'M	Investment property revaluation reserve (note a)		Share premium HK\$'M	Share options reserve HK\$'M	Asset revaluation reserve HK\$'M	Investment revaluation reserve HK\$'M	Exchange reserve HK\$'M	Capital redemption reserve HK\$'M	Sub-total HK\$'M	Non-controlling interests HK\$'M	Total HK\$'M
			8,110.2	1,537.9									
At 31 March 2019 (audited)	371.3	10,540.7	8,110.2	1,537.9	42.0	34.1	13.4	647.7	3.1	21,300.4	2,622.0	23,922.4	
Opening adjustments on new HKFRS (see Note 2)	-	23.9	-	-	-	-	-	-	-	23.9	(4.8)	19.1	
At 1 April 2019 (restated)	371.3	10,564.6	8,110.2	1,537.9	42.0	34.1	13.4	647.7	3.1	21,324.3	2,617.2	23,941.5	
Profit for the period	-	939.2	-	-	-	-	-	-	-	939.2	28.8	968.0	
Exchange differences arising from foreign joint ventures	-	-	-	-	-	-	-	(350.5)	-	(350.5)	-	(350.5)	
Exchange differences arising from translation of other foreign operations	-	-	-	-	-	-	-	(101.1)	-	(101.1)	-	(101.1)	
Release of exchange reserve upon deregistration of a foreign subsidiary	-	-	-	-	-	-	-	(16.9)	-	(16.9)	-	(16.9)	
Fair value changes on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(7.4)	-	-	(7.4)	-	(7.4)	
Deferred tax arising from fair value changes on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation gain on property, plant and equipment upon transfer to investment properties	-	-	-	-	-	7.9	-	-	-	7.9	7.9	15.8	
Share of asset revaluation reserve of a joint venture	-	-	-	-	-	3.2	-	-	-	3.2	-	3.2	
Total comprehensive income for the period	-	939.2	-	-	-	11.1	(7.2)	(468.5)	-	474.6	36.7	511.3	
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period	-	(498.2)	498.2	-	-	-	-	-	-	-	-	-	
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period	-	4.0	(4.0)	-	-	-	-	-	-	-	-	-	
Dividend paid	-	(89.1)	-	-	-	-	-	-	-	(89.1)	-	(89.1)	
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(6.0)	(6.0)	
At 30 September 2019 (unaudited)	371.3	10,920.5	8,604.4	1,537.9	42.0	45.2	6.2	179.2	3.1	21,709.8	2,647.9	24,357.7	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to owners of the Company										Total HK\$'M	
	Share capital HK\$'M	Accumulated profits HK\$'M	Investment property revaluation reserve HK\$'M (note a)	Share premium HK\$'M	Share options reserve HK\$'M	Asset revaluation reserve HK\$'M	Investment revaluation reserve HK\$'M	Exchange reserve HK\$'M	Capital redemption reserve HK\$'M (note b)	Sub-total HK\$'M		Non- controlling interests HK\$'M
At 31 March 2018 (audited)	337.5	9,722.3	6,679.0	1,537.9	42.5	13.2	39.2	1,343.1	3.1	19,717.8	2,439.6	22,157.4
Opening adjustments on new HKFRS (see Note 2)	—	229.9	—	—	—	—	(10.3)	—	—	219.6	(2.2)	217.4
At 1 April 2018 (restated)	337.5	9,952.2	6,679.0	1,537.9	42.5	13.2	28.9	1,343.1	3.1	19,937.4	2,437.4	22,374.8
Profit for the period	—	1,020.1	—	—	—	—	—	—	—	1,020.1	128.5	1,148.6
Exchange differences arising from foreign joint ventures	—	—	—	—	—	—	—	(596.9)	—	(596.9)	—	(596.9)
Exchange differences arising from translation of other foreign operations	—	—	—	—	—	—	—	(378.3)	—	(378.3)	—	(378.3)
Fair value changes on investments in equity instruments measured at fair value through other comprehensive income	—	—	—	—	—	—	(14.3)	—	—	(14.3)	—	(14.3)
Deferred tax arising from fair value changes on investments in equity instruments measured at fair value through other comprehensive income	—	—	—	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Revaluation gain on property, plant and equipment upon transfer to investment properties	—	—	—	—	—	17.2	—	—	—	17.2	—	17.2
Total comprehensive income for the period	—	1,020.1	—	—	—	17.2	(14.4)	(975.2)	—	47.7	128.5	176.2
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period	—	(571.4)	571.4	—	—	—	—	—	—	—	—	—
Dividend paid	—	(94.5)	—	—	—	—	—	—	—	(94.5)	—	(94.5)
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	(17.5)	(17.5)
Issue of bonus shares (note c)	33.8	(33.8)	—	—	—	—	—	—	—	—	—	—
At 30 September 2018 (unaudited)	371.3	10,272.6	7,250.4	1,537.9	42.5	30.4	14.5	367.9	3.1	19,890.6	2,548.4	22,439.0

Notes:

(a) Investment property revaluation reserve represents the Group's accumulated post-tax unrealised net fair value gain on the investment properties of the subsidiaries, joint ventures and associates recognised in profit or loss, and then transferred from accumulated profits to investment property revaluation reserve. Upon disposal of the relevant investment property, the relevant unrealised net fair value gain will be transferred to accumulated profits.

(b) Capital redemption reserve is the amount equivalent to the nominal value of the shares cancelled upon repurchase of the Company's shares which was transferred from accumulated profits. The reserve may be applied by the Company in paying up its unissued shares to be allotted to members of the Company as fully paid bonus shares in accordance with the articles of association of the Company and the Companies Law of the Cayman Islands.

(c) On 17 September 2018, the Group issued a total of 135,027,436 bonus shares on the basis of one bonus share for every ten existing ordinary shares.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	NOTES	For the six months ended	
		30 September 2019 HK\$'M (unaudited)	2018 HK\$'M (unaudited)
Net cash generated from operating activities		976.2	845.6
Net cash (used in) generated from investing activities			
Repayment of loans to joint ventures		362.9	150.0
Advance to a joint venture		(21.6)	—
Cash distribution from a joint venture		110.6	—
Net cash inflow on disposal of a subsidiary	20	—	206.2
Proceeds from disposal of property, plant and equipment		0.3	19.0
Redemption of investments in debt instruments measured at amortised cost		11.3	3.6
Proceeds from disposal of financial assets at fair value through profit or loss		15.6	13.0
Proceeds from disposal of investment properties		24.6	—
Additions of property, plant and equipment		(156.0)	(94.4)
Additions of investments in debt instruments measured at amortised cost		(14.2)	—
Additions of investment properties		(76.4)	(56.1)
Net cash outflow on acquisition of a subsidiary	19	(758.9)	—
Loans to joint ventures		(170.0)	(28.1)
Additions of financial assets at fair value through profit or loss		(78.7)	(33.1)
Other investing cash flows		(30.8)	31.4
		(781.3)	211.5
Net cash used in financing activities			
New bank and other loans raised		1,600.0	17.3
Advance from a non-controlling shareholder		100.0	150.0
Repayment of bank and other loans		(1,547.3)	(576.4)
Dividend paid		(89.1)	(94.5)
Dividend paid to a non-controlling shareholder		(6.0)	(17.5)
Repayment to a non-controlling shareholder		(2.6)	(62.5)
Other financing cash flows		(155.3)	(119.5)
		(100.3)	(703.1)
Net increase in cash and cash equivalents		94.6	354.0
Cash and cash equivalents at beginning of the period		2,610.9	2,908.4
Effect of foreign exchange rate changes		(0.2)	(133.1)
Cash and cash equivalents at end of the period		2,705.3	3,129.3
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		2,705.3	3,129.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policy resulting from the application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2019.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 16 “LEASES”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. The Group recognised lease liabilities of HK\$64.6 million and right-of-use assets of HK\$53.4 million as at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.03%.

	At 1 April 2019 HK\$'M
Operating lease commitments disclosed as at 31 March 2019	37.2
Lease liabilities discounted at relevant incremental borrowing rates	36.8
Add: Termination option reasonably certain not to be exercised	35.2
Less: Practical expedient – Leases with lease term ending within 12 months from the date of initial application	(7.4)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 April 2019	64.6
Analysed as	
Current	16.7
Non-current	47.9
	64.6

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The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets HK\$'M
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	53.4
By class:	
Leasehold land and buildings	52.4
Furniture, fixtures and equipment	1.0
	53.4

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 April 2019. However, effective on 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets. The discounting effect has no material impact on the condensed consolidated financial statements of the Group for the current period.

(c) Effective on 1 April 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

Interests in joint ventures

The net effects arising from the initial application of HKFRS 16 resulted in an increase in the carrying amounts of interests in joint ventures of HK\$30.3 million with corresponding adjustments to accumulated profits.

The following table summarises the impact of transition to HKFRS 16 on accumulated profits at 1 April 2019.

	Notes	HK\$'M
Accumulated profits		
Impact to the Group	(i)	(11.2)
Impact to interests in joint ventures	(ii)	30.3
Non-controlling interests	(i)	4.8
Impact at 1 April 2019		23.9

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2019 HK\$'M	Adjustments HK\$'M	Carrying amounts under HKFRS 16 at 1 April 2019 HK\$'M
Non-current assets				
Right-of-use assets	(i)	–	53.4	53.4
Interests in joint ventures	(ii)	8,763.7	30.3	8,794.0
Current liability				
Lease liabilities	(i)	–	(16.7)	(16.7)
Non-current liability				
Lease liabilities	(i)	–	(47.9)	(47.9)
Capital and reserves				
Accumulated profits	(i), (ii)	(10,540.7)	(23.9)	(10,564.6)
Non-controlling interests	(i)	(2,622.0)	4.8	(2,617.2)

Notes:

(i) Due to the application of HKFRS 16, the Group recognised lease liabilities of HK\$64.6 million and right-of-use assets of HK\$53.4 million at 1 April 2019. The net difference of HK\$11.2 million has been debited to the accumulated profits and non-controlling interests amounting to HK\$6.4 million and HK\$4.8 million, respectively.

(ii) Due to the application of HKFRS 16, a joint venture of the Group recognised lease liabilities of HK\$211.2 million, investment properties of HK\$292.0 million and deferred tax liabilities of HK\$20.2 million at 1 April 2019. The net difference amounted to HK\$60.6 million, of which the Group's 50% share was HK\$30.3 million, has been credited to the accumulated profits and debited to interests in joint ventures.

3. TURNOVER AND SEGMENT INFORMATION

The Group is organised into five operating divisions: property development, property investment, services provided (clubs operation, transportation and professional property management services), hotel operations and healthcare (provision of medical and dental care services, comprising chronic disease management and integrated medical centres, Chinese medicine centres, dental clinics, medical diagnostic centres and multi-specialty outpatient centres). Each of the operating divisions represents an operating and reportable segment.

DISAGGREGATION OF TURNOVER

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
Types of goods or services:		
Sales of properties	1,140.7	1,561.4
Hotel revenue	134.9	147.9
Provision of healthcare services	147.9	134.5
Other services rendered	231.2	251.8
Revenue from contracts with customers	1,654.7	2,095.6
Rental income	248.4	210.6
Consolidated turnover, as reported	1,903.1	2,306.2
Geographical markets:		
Hong Kong	609.3	1,789.8
Mainland China	1,141.2	303.4
Japan	27.9	73.8
South East Asia	124.7	139.2
	1,903.1	2,306.2

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SEGMENT INFORMATION

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

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Total HK\$'M
Six months ended 30 September 2019						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	2,118.1	1,114.1	213.5	134.9	147.9	3,728.5
Excluding turnover of an associate and joint ventures	(971.7)	(853.7)	-	-	-	(1,825.4)
Consolidated turnover, as reported (note a)	1,146.4	260.4	213.5	134.9	147.9	1,903.1
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (note b)	428.7	391.7	12.8	(16.8)	(0.6)	815.8
Excluding realised results of associates and joint ventures not shared by the Group	(107.3)	(116.3)	-	-	-	(223.6)
Results attributable to the Group	321.4	275.4	12.8	(16.8)	(0.6)	592.2
Unallocated other income						6.6
Unallocated corporate expenses						(57.4)
Finance costs and corporate level exchange difference						(103.3)
Net unrealised gains on fair value change of investment properties (note c)						319.9
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						210.0
Profit for the period						968.0
Non-controlling shareholders' share of profit for the period						(28.8)
Profit for the period attributable to owners of the Company						939.2

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotel operations HK\$'M	Healthcare HK\$'M	Total HK\$'M
Six months ended 30 September 2018						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	2,000.6	939.3	235.1	147.9	134.5	3,457.4
Excluding turnover of an associate and joint ventures	(434.2)	(717.0)	–	–	–	(1,151.2)
Consolidated turnover, as reported (note a)	1,566.4	222.3	235.1	147.9	134.5	2,306.2
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (note b)	352.7	477.5	23.0	(2.1)	1.0	852.1
Excluding realised results of associates and joint ventures not shared by the Group	(40.9)	(174.8)	–	–	–	(215.7)
Results attributable to the Group	311.8	302.7	23.0	(2.1)	1.0	636.4
Unallocated other income						1.0
Unallocated corporate expenses						(55.9)
Finance costs and corporate level exchange difference						(96.6)
Net unrealised gains on fair value change of investment properties (note c)						625.0
Net unrealised gains on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						38.7
Profit for the period						1,148.6
Non-controlling shareholders' share of profit for the period						(128.5)
Profit for the period attributable to owners of the Company						1,020.1

Notes:

(a) Turnover disclosed in the segment information are different from those per disaggregation of turnover since the revenue generated from the provision of mortgage loans to the buyers of properties are included in the property development segment while the provision of professional property management services are included in property investment segment.

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

(c) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2019 of HK\$319.9 million (six months ended 30 September 2018: HK\$625.0 million) represented the unrealised gain on fair value change of investment properties of HK\$329.9 million (six months ended 30 September 2018: HK\$629.8 million) net of deferred tax charge arising from change in fair value of HK\$10.0 million (six months ended 30 September 2018: HK\$4.8 million).

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4. FINANCE COSTS

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
Interest on		
Bank and other loans	101.3	98.3
Advances from non-controlling shareholders	17.6	9.7
Lease liabilities	2.6	–
Finance costs from a significant financing component of contract liabilities	21.9	0.9
	143.4	108.9
Less: Amounts included in the qualifying assets (note)	(16.5)	(7.7)
	126.9	101.2
Bank and other loans arrangement fees	18.2	19.5
	145.1	120.7

Note: Borrowing costs capitalised arose on specific borrowings to finance the expenditures of qualifying assets for both periods.

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	(30.2)	(38.2)
Gain on disposal of a subsidiary (Note 20)	–	(22.4)
Gain on disposal of property, plant and equipment	(0.1)	(0.3)
Gain on deregistration of a subsidiary	(16.6)	–
Net exchange (gain) loss	(9.6)	13.7
Depreciation on property, plant and equipment	85.0	81.2
Depreciation on right-of-use assets	12.3	–
Impairment loss recognised on trade receivables	–	0.5
Fair value change of financial assets at fair value through profit or loss (“FVTPL”)	5.8	12.8

6. TAXATION

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	17.9	28.3
Overseas tax calculated at rates prevailing in respective jurisdictions	281.8	29.1
Land appreciation tax (“LAT”)	141.3	55.3
	441.0	112.7
Deferred taxation for current period	(170.7)	36.1
	270.3	148.8

According to the requirements of the Provisional Regulations of the People's Republic of China (the "PRC") on LAT effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

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

Profit for the period attributable to owners of the Company comprises:

		For the six months ended 30 September	
		2019	2018
		HK\$'M	HK\$'M
(a)	Net unrealised gains on change in fair value of investment properties during the period		
	– The Group	329.9	629.8
	Deferred tax charge	(10.0)	(4.8)
	Attributable to non-controlling interests	(31.7)	(92.3)
		288.2	532.7
	– Joint venture, net of deferred tax	210.0	38.7
		498.2	571.4
(b)	Profits excluding net unrealised gains on change in fair value of investment properties	441.0	448.7
	Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the period	4.0	–
		445.0	448.7
	Sub-total	943.2	1,020.1
	Less: Net accumulated gains on change in fair value of investment properties, net of deferred tax recognised in profit or loss in prior years for properties disposed of during the period	(4.0)	–
	Profit for the period attributable to owners of the Company	939.2	1,020.1

8. DIVIDENDS

		For the six months ended 30 September	
		2019	2018
		HK\$'M	HK\$'M
	Final dividend paid for the financial year ended 31 March 2019 of HK6 cents (six months ended 30 September 2018: for the financial year ended 31 March 2018 of HK7 cents) per share	89.1	94.5

The directors of the Company declared an interim dividend of HK5 cents (six months ended 30 September 2018 of HK4 cents) per share totalling not less than HK\$74.3 million (six months ended 30 September 2018: HK\$59.4 million) for the six months ended 30 September 2019.

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9. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	939.2	1,020.1

	For the six months ended 30 September	
	2019	2018
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	1,485,301,803	1,485,301,803
Effect of dilutive potential ordinary shares: Adjustment in relation to share options issued by the Company	225,892	1,924,739
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,485,527,695	1,487,226,542

On 22 August 2018, an ordinary resolution was duly passed by the shareholders of the Company to approve the bonus issue on the basis of one bonus share for every ten existing ordinary shares held by the shareholders as of 31 August 2018.

10. INVESTMENT PROPERTIES

	For the six months ended 30 September	
	2019 HK\$'M	2018 HK\$'M
Fair value		
At beginning of the period	12,434.6	11,255.2
Currency realignment	34.0	(107.4)
Acquisition of a subsidiary (Note 19)	760.0	–
Additions	76.4	56.1
Change in fair value recognised in profit or loss		
– Realised gains on disposals	3.3	–
– Unrealised gains	329.9	629.8
Disposals	(24.6)	–
Transferred from property, plant and equipment (note a)	29.2	51.1
Adjustment of cost for renovation and conversion work of certain investment properties (note b)	–	(104.2)
At end of the period	13,642.8	11,780.6

Notes:

(a) During the six months ended 30 September 2019, a property with carrying value of HK\$13.4 million (six months ended 30 September 2018: HK\$33.9 million) at date of transfer was transferred from property, plant and equipment to investment properties at the date of end of owner occupation. The difference between the fair value of the property and its carrying value at date of transfer amounting to HK\$15.8 million (six months ended 30 September 2018: HK\$17.2 million) was recognised in asset revaluation reserve.

(b) During the six months ended 30 September 2018, the Group had reached an agreement with the contractor over the total cost incurred for the renovation and conversion work.

For the six months ended 30 September 2019, the Group disposed of certain investment properties with original cost of acquisition of HK\$5.1 million for cash proceeds of HK\$23.8 million. Accumulated gains on change in fair value recognised in prior years amounting to HK\$15.4 million and a realised gain on disposal of HK\$3.3 million was recognised during the six months ended 30 September 2019.

For the six months ended 30 September 2018, the Group did not dispose of any investment properties.

The investment properties were revalued at 30 September 2019, giving rise to an unrealised fair value gain of HK\$329.9 million (six months ended 30 September 2018: HK\$629.8 million) which has been recognised in the condensed consolidated statement of profit or loss for the period.

The fair values of the Group's investment properties at 30 September 2019, 31 March 2019 and the date of transfer from property, plant and equipment have been derived by the following independent firms of professional valuers with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

Name of valuer	Location of investment properties
Cushman & Wakefield Limited	Hong Kong and mainland China
JLL Morii Valuation & Advisory K.K.	Japan
N&A Appraisal Company Limited	Thailand

The fair value is determined by using (a) income capitalisation approach which is calculated by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential; or (b) direct comparison approach which assumes sale of property interest in its existing state by making reference to comparable sales transactions as available in the relevant market. The valuation of investment property under construction is determined by residual method based on capitalising the rental income that would be generated from the investment property in its completed form, and has taken into account the developers' profit and construction costs already incurred as well as the estimated costs to be incurred to complete the project.

11. PROPERTY, PLANT AND EQUIPMENT

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

	For the six months ended	
	2019	2018
	HK\$'M	HK\$'M
Net carrying value		
At beginning of the period	2,362.1	2,313.2
Currency realignment	14.8	(2.4)
Additions	156.0	94.4
Disposals	(0.2)	(18.7)
Depreciation	(85.0)	(81.2)
Transferred to investment properties	(13.4)	(33.9)
At end of the period	2,434.3	2,271.4

12. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2019, the Group entered into new lease agreements for the use of medical clinics, office premises and staff quarters for the periods, arranging from 1 to 5 years. On lease commencement, the Group recognised HK\$28.8 million of right-of-use assets and HK\$28.8 million of lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

13. INTERESTS IN JOINT VENTURES

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

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Interests in:		
Dazhongli	7,261.7	7,264.9
Other joint ventures	1,654.1	1,498.8
	8,915.8	8,763.7

DAZHONGLI

Dazhongli and its subsidiaries ("Dazhongli group") are engaged in the operation of investment properties and hotel properties in the Jing'an District of Shanghai in mainland China.

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Cost of unlisted shares	0.1	0.1
Cumulative exchange differences (note a)	(24.2)	321.6
Share of post-acquisition profits	2,597.9	2,241.6
	2,573.8	2,563.3
Loans to Dazhongli		
– Non-interest bearing (note b)	4,420.9	4,420.9
– Interest bearing (note c)	267.0	280.7
	7,261.7	7,264.9

Notes:

(a) These represent exchange realignment and exchange differences relating to translation of the loans advanced by the Group to Dazhongli, which are denominated in US dollars and HK dollars, that form part of net investment in foreign operations.

(b) The loans to Dazhongli are unsecured, non-interest bearing and have no fixed terms of repayment. The Group has no intention to exercise its right to demand repayment of these loans within the next twelve months from the end of the reporting period. The directors of the Company believe the settlement of these loans is not likely to occur in the foreseeable future as they, in substance, form part of net investment in Dazhongli group as the proceeds of the loans have been substantially used by Dazhongli to inject as registered capital into its PRC subsidiary. Accordingly, the amount is classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

(c) The loans to Dazhongli are unsecured, interest bearing at 1.71% (31 March 2019: 1.71%) per annum and repayable in December 2022. Pursuant to the undertaking of bank loans, Dazhongli group is refraining from settling the loans from shareholders until the settlement of all bank loans. The directors of the Company believe the settlement of these loans is not likely to occur in the foreseeable future. Accordingly, the amount is classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

The summarised consolidated financial information in respect of Dazhongli group as at 30 September 2019 and 31 March 2019 is set out below. The joint venture is accounted for using the equity method in these condensed consolidated financial statements.

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Non-current assets		
Investment properties	22,552.0	22,779.7
Property, plant and equipment	1,970.6	2,131.5
Other non-current assets	144.8	211.9
	24,667.4	25,123.1
Current assets		
Bank balances and cash	645.9	983.7
Other current assets	466.0	567.4
	1,111.9	1,551.1
Current liabilities		
Bank loans – secured	665.2	699.5
Loans from shareholders	8,867.7	9,403.1
Other current liabilities	1,434.2	1,614.9
	10,967.1	11,717.5
Net current liabilities	(9,855.2)	(10,166.4)
Total assets less current liabilities	14,812.2	14,956.7
Non-current liabilities		
Bank loans – secured	7,332.7	8,335.8
Loans from shareholders	508.0	–
Deferred tax liabilities	1,660.8	1,494.2
Other non-current liabilities	163.1	–
	9,664.6	9,830.0
Net assets	5,147.6	5,126.7
Group's share of net assets	2,573.8	2,563.3

Note: The investment properties were measured at 30 September 2019 at fair value of HK\$22,552.0 million (equivalent to RMB20,342.1 million) (31 March 2019: HK\$22,779.7 million (equivalent to RMB19,540.2 million)) which was based on the valuation conducted by Cushman & Wakefield Limited, who have appropriate qualification and recent experiences in the valuation of similar properties in the relevant locations. The valuation of investment properties was determined by using income capitalisation approach. The income capitalisation approach was calculated by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential. The fair value measurement of investment property was valued under Level 3 fair value measurement, which was measured based on the significant unobservable inputs including the estimated market rent, capitalisation rate and developers' profit. The increase in the balance of investment properties for the six months ended 30 September 2019 as stated above was mainly due to the fair value gain of HK\$560.0 million (six months ended 30 September 2018: HK\$103.2 million) and additions to investment properties. The attributable deferred taxation charge in respect of the gain was HK\$140.0 million (six months ended 30 September 2018: HK\$25.8 million). Thus the net fair value gain after tax amounted to HK\$420.0 million (six months ended 30 September 2018: HK\$77.4 million) of which the Group's 50% share of gain was HK\$210.0 million (six months ended 30 September 2018: HK\$38.7 million). The investment properties are held within a business model of the joint venture whose business objective is to consume substantively all of the economic benefits embodied in the investment properties over time, rather than through sale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The capital commitments of Dazhongli group at 30 September 2019 and 31 March 2019 are as follows:

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Contracted but not provided for	26.5	44.6

The capital commitments of Dazhongli group attributable to the Group represents 50% of the amounts stated above, will be financed by net cash flow from operation, shareholders' loans or direct borrowings of Dazhongli group.

14. TRADE RECEIVABLES

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

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

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Not yet due	3.8	10.4
Overdue:		
0-60 days	22.8	22.5
61-90 days	2.3	2.9
Over 90 days	7.1	7.3
	36.0	43.1

15. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2019, included in trade payables, provision and accrued charges are trade payables of HK\$127.2 million (31 March 2019: HK\$160.3 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Not yet due	97.5	107.3
Overdue:		
0-60 days	5.6	20.1
61-90 days	11.2	19.9
Over 90 days	12.9	13.0
	127.2	160.3

The average credit period on purchases of goods and payment for subcontractor works is 90 days.

The trade payables, provision and accrued charges included (i) construction cost accruals of HK\$413.1 million (31 March 2019: HK\$401.2 million); and (ii) provisions for certain construction obligations of HK\$328.5 million (31 March 2019: HK\$328.5 million). In the course of the property development activities, the Group is obliged to construct certain common or public facilities within the development projects in accordance with the development plans approved by the relevant authorities. Provision for such construction costs has been made when a reliable estimate of the obligation can be made and the amount of this obligations is HK\$328.5 million (31 March 2019: HK\$328.5 million).

16. CONTRACT LIABILITIES

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Property sale deposits	2,428.2	1,573.7
Advance payments from customers	22.6	25.6
	2,450.8	1,599.3

17. BANK AND OTHER LOANS

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Bank loans (note a)	5,695.5	5,619.7
Bonds and notes (note b)	1,075.0	1,066.9
	6,770.5	6,686.6
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	(5,059.5)	(906.2)
Amount included under non-current liabilities	1,711.0	5,780.4
Bank and other loans are repayable:		
On demand or within one year	5,059.5	906.2
Between one and two years	787.6	5,216.0
Between two and five years	423.4	564.4
After five years	500.0	–
	6,770.5	6,686.6
Secured	146.0	142.0
Unsecured	6,624.5	6,544.6
	6,770.5	6,686.6
Bank loans that contain a repayable on demand clause (shown under current liabilities) and the scheduled payment is (note c):		
Within one year	1,261.9	106.2

Notes:

(a) As at 30 September 2019, the Group's bank loans carried interest at an average margin of 1.15% (31 March 2019: 1.26%) plus Hong Kong Interbank Offered Rate, other relevant interbank offered rates or other benchmark interest rates per annum.

(b) On 2 April 2013, the Company issued principal amount of HK\$560.0 million 7-year unlisted notes at a coupon rate of 4.5% per annum. Subsequently on 10 April 2013, the Company established a US\$1.0 billion Medium Term Note Programme ("MTN Programme"). In May 2013, a total principal amount of HK\$238.0 million 7-year unlisted notes at a coupon rate of 4.3% per annum was issued under the MTN Programme. Furthermore, as at 30 September 2019, there was an outstanding bond with principal amount of HK\$277.4 million (31 March 2019: HK\$269.8 million) which carried interest at an average margin of 0.47% (31 March 2019: 0.47%) plus the relevant interbank offered rates per annum.

(c) The amounts due are based on scheduled payment dates set out in the respective loan agreements.

18. OTHER LIABILITIES

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Advances from non-controlling shareholders	676.3	561.2
Club debentures	809.9	809.9
Amount due after one year	1,486.2	1,371.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

19. ACQUISITION OF A SUBSIDIARY

On 18 June 2019, an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with independent third parties to acquire the entire issued capital of Dorro Properties Limited, at a cash consideration of HK\$758.9 million. The acquisition was completed on 5 August 2019. The major asset of Dorro Properties Limited is an investment property representing a block of residential building situated in Hong Kong.

The directors of the Company were of the opinion that this transaction did not constitute business combinations as defined in HKFRS 3 “Business Combinations”, therefore, the acquisition had been accounted for as an acquisition of assets. Details of the transaction are summarised as follows:

The assets acquired and liabilities assumed on the date of acquisition:

	HK\$'M
Investment properties	760.0
Trade receivables	0.1
Deposits, prepayments and other receivables	0.2
Trade payables, provision and accrued charges	(0.1)
Deposits received and other financial liabilities	(1.2)
Taxation payable	(0.1)
Net assets acquired	758.9
Satisfied by:	
Cash consideration paid	758.9
Net cash outflow arising on acquisition:	
Cash consideration paid	758.9

20. DISPOSAL OF A SUBSIDIARY

On 21 March 2018, a wholly owned subsidiary of the Company, Hanbright Assets Limited (“Hanbright Assets”) and an indirectly wholly owned subsidiary of the Company, Discovery Bay (Nominee) Company Limited, entered into a sale and purchase agreement with an independent third party, and pursuant to which, Hanbright Assets disposed of its entire interest in Smaragdine Limited (“Smaragdine”), which was a wholly owned subsidiary of Hanbright Assets, and the shareholders’ loans to Smaragdine. Smaragdine is engaged in property development business in Hong Kong. The aggregate cash consideration for the disposal is approximately HK\$213.0 million and the net consideration after the transaction costs is HK\$206.2 million.

The disposal was completed on 14 September 2018.

Assets and liabilities of Smaragdine on the date of disposal are as follows:

	HK\$'M
Net assets disposed of:	
Property held for sale	183.8
Amount due to ultimate holding company	(166.5)
	17.3
Assignment of shareholder’s loan	166.5
Gain on disposal	22.4
	206.2
Net cash inflows arising on disposal	
Consideration received	206.2

21. SHARE CAPITAL

	Number of shares	HK\$'M
Ordinary shares of HK\$0.25 each		
Authorised:		
At 1 April 2018	2,000,000,000	500.0
Increase on 22 August 2018 (note a)	2,000,000,000	500.0
At 31 March 2019, 1 April 2019 and 30 September 2019	4,000,000,000	1,000.0
Issued and fully paid:		
At 1 April 2018	1,350,274,367	337.5
Bonus issue (note b)	135,027,436	33.8
At 31 March 2019, 1 April 2019 and 30 September 2019	1,485,301,803	371.3

Notes:

(a) Pursuant to a resolution passed at the annual general meeting held on 22 August 2018, the authorised share capital of the Company was increased from HK\$500.0 million divided into 2,000,000,000 ordinary shares of HK\$0.25 each to HK\$1,000.0 million divided into 4,000,000,000 ordinary shares of HK\$0.25 each by the creation of an additional 2,000,000,000 ordinary shares of HK\$0.25 each.

(b) On 17 September 2018, the Group issued a total of 135,027,436 bonus shares on the basis of one bonus share for every ten existing shares.

22. CONTINGENT LIABILITIES

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Guarantee given, to the extent of the Group's proportionate share, in respect of a banking facility granted to an investee company (note a)	118.5	125.9
Guarantee given, to the extent of the Group's proportionate share, in respect of a banking facility granted to a joint venture for the development of a project (note a)	736.5	682.1
Guarantees given by subsidiaries in respect of mortgage facilities granted to purchasers of the Group's properties (note b)	400.1	406.5

Notes:

(a) No provision for financial guarantee contracts has been recognised in the condensed consolidated financial statements as, in the opinion of the directors of the Company, the fair value of the financial guarantee on initial recognition and the amount of provision to be recognised subsequently was insignificant.

(b) The guarantees are given to banks in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Such guarantee will be released by banks upon the earlier of issue of the relevant real estate ownership certificate to the purchasers or the banks have satisfied themselves to release the guarantees in certain circumstances. In the opinion of the directors of the Company, the possibility of default of the parties involved is remote and the fair values of these financial guarantee contracts are insignificant on initial recognition and therefore no provision for financial guarantee contracts has been made at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

23. COMMITMENTS

	30 September 2019 HK\$'M	31 March 2019 HK\$'M
Contracted but not provided for in the condensed consolidated financial statements:		
Expenditure in respect of properties held for/under development for sale	676.0	1,109.2
Capital expenditure in respect of investment properties and property, plant and equipment	269.6	339.8
Others	5.6	7.9
	951.2	1,456.9

The capital commitments in respect of the Group's interest in Dazhongli group are disclosed in Note 13.

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Fair value measurements and valuation processes

The board of directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

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

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

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

	Fair value as at		Fair value hierarchy
	30 September 2019 HK\$'M	31 March 2019 HK\$'M	
Financial assets			
Listed equity securities classified as equity instruments measured at fair value through other comprehensive income (note a)	27.7	33.7	Level 1
Debt securities at FVTPL (note b)	73.0	60.5	Level 1
Debt securities at FVTPL (note c)	34.3	–	Level 3
Unlisted equity securities classified as financial assets at FVTPL (note d)	340.4	335.9	Level 3
Unlisted equity securities classified as equity instruments measured at fair value through other comprehensive income (note e)	51.4	–	Level 3
	526.8	430.1	

Notes:

(a) The fair values of all listed equity securities are determined by reference to the quoted market bid prices available on the relevant exchanges in active markets as at 30 September 2019 and 31 March 2019.

(b) The fair values of the debt securities at FVTPL are determined by reference to the quoted market bid prices available on the relevant exchanges in active market as at 30 September 2019 and 31 March 2019.

(c) The fair values of the debt securities at FVTPL are determined by reference to the recent transaction as at 30 September 2019.

(d) The investments in private equity funds are classified as FVTPL and are measured using valuation techniques based on inputs that can be observed in the market in addition to unobservable inputs such as company specific financial information.

For the investments in private equity funds, the Group uses the key inputs of market comparable companies and discounted cash flows, which include the valuation multiples and recent transaction price, to determine the fair value of the unlisted equity securities as at 30 September 2019 and 31 March 2019. The unobservable inputs are valuation multiples, discount for lack of marketability and discount rate. Valuation multiples include enterprise value divided by earnings before interest and taxes, and price-to-sales multiple. The higher the valuation multiples, the lower the discount for lack of marketability or the lower the discount rate, the higher the fair value.

For the investment in an investee, representing equity interest in an unlisted company, the fair value of the investment is determined based on the fair value of the assets and liabilities of the investee.

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

(e) The fair values of the equity interest in an unlisted company, the fair value of the investment is determined by reference to the recent transaction as at 30 September 2019.

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

Reconciliation of Level 3 fair value measurements of financial assets

	For the six months ended	
	30 September 2019 HK\$'M	2018 HK\$'M
At beginning of the period	335.9	61.0
Opening adjustment on HKFRS 9	–	247.5
Acquisition during the period	105.1	17.8
Total loss		
– in profit or loss	(7.8)	(12.1)
– in other comprehensive income	(1.1)	–
Exchange realignment	(6.0)	(10.7)
Proceeds from disposal	–	(6.8)
At end of the period	426.1	296.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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

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

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

25. RELATED PARTY TRANSACTIONS

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

(a) Transactions with entities controlled (or jointly controlled as joint venture) by CCM Trust (Cayman) Limited (“CCM Trust”) and certain discretionary trusts. Four (2018: Four) directors of the Company are among the discretionary beneficiaries of the above trusts at the end of the reporting period. The trusts have controlling beneficial interests in these entities and the Company:

	For the six months ended 30 September	
	2019	2018
	HK\$'M	HK\$'M
Transactions with the entities:		
Rental income received	2.8	2.7
Management service fee received	0.4	0.4

(b) Transactions with associates and joint ventures of the Group:

	For the six months ended 30 September	
	2019	2018
	HK\$'M	HK\$'M
Management fee and other operating service fees received from joint ventures	18.6	24.4
Interest income received from an associate	0.1	0.1
Interest income received from a joint venture	6.3	5.8
Rental expense paid to a joint venture	–	2.0
Management fee paid to a joint venture	0.5	–
Lease liability paid to a joint venture	1.5	–
Interest expense paid to a joint venture	0.2	–

(c) Compensation of key management personnel:

The remuneration of key management personnel during the period amounted to HK\$11.7 million (six months ended 30 September 2018: HK\$68.8 million).

CORPORATE INFORMATION AND INVESTORS' CALENDAR

公司資料及投資者日誌

CHAIRMAN 主席

Mr CHA Mou Sing Payson
查懋聲先生

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

Mr CHA Mou Zing Victor
查懋成先生

EXECUTIVE DIRECTORS 執行董事

Mr CHUNG Sam Tin Abraham[#]
鍾心田先生[#]
Mr TANG Moon Wah
鄧滿華先生

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

NON-EXECUTIVE DIRECTORS 非執行董事

The Honourable Ronald Joseph ARCULLI
夏佳理先生
Mr CHA Mou Daid Johnson
查懋德先生
Ms WONG CHA May Lung Madeline
王查美龍女士

INDEPENDENT NON- EXECUTIVE DIRECTORS 獨立非執行董事

Mr CHEUNG Wing Lam Linus
張永霖先生
Mr FAN Hung Ling Henry
范鴻齡先生
Ms HO Pak Ching Loretta
何柏貞女士
Mr TANG Kwai Chang
鄧貴彰先生

AUDIT COMMITTEE 審核委員會

Mr TANG Kwai Chang (*Chairman*)
鄧貴彰先生(主席)
Mr CHEUNG Wing Lam Linus
張永霖先生
Ms HO Pak Ching Loretta
何柏貞女士

REMUNERATION COMMITTEE 薪酬委員會

Mr CHEUNG Wing Lam Linus (*Chairman*)
張永霖先生(主席)
Mr CHA Mou Zing Victor
查懋成先生
Mr FAN Hung Ling Henry
范鴻齡先生

NOMINATION COMMITTEE 提名委員會

Mr CHA Mou Sing Payson (*Chairman*)
查懋聲先生(主席)
Ms HO Pak Ching Loretta
何柏貞女士
Mr TANG Kwai Chang
鄧貴彰先生

CORPORATE GOVERNANCE COMMITTEE 企業管治委員會

Mr CHA Mou Sing Payson (*Chairman*)
查懋聲先生(主席)
Mr FAN Hung Ling Henry
范鴻齡先生
Mr TANG Kwai Chang
鄧貴彰先生
Ms WONG CHA May Lung Madeline
王查美龍女士

COMPANY SECRETARY 公司秘書

Ms LEUNG Wai Fan
梁慧芬女士

REGISTERED OFFICE 註冊辦事處

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INDEPENDENT AUDITOR 獨立核數師

Deloitte Touche Tohmatsu
德勤•關黃陳方會計師行

PRINCIPAL BANKERS 主要往來銀行

Bank of China (Hong Kong) Limited
中國銀行(香港)有限公司
Hang Seng Bank Limited
恒生銀行有限公司
The Hongkong and Shanghai Banking
Corporation Limited
香港上海滙豐銀行有限公司
Standard Chartered Bank (Hong Kong)
Limited
渣打銀行(香港)有限公司
MUFG Bank, Ltd.
株式会社三菱UFJ銀行

LEGAL ADVISORS 法律顧問 HONG KONG LAWS 香港法律

Kao, Lee & Yip
高李葉律師行
Mayer Brown
孖士打律師行
Reed Smith Richards Butler
禮德齊伯禮律師行
Woo Kwan Lee & Lo
胡關李羅律師行

CAYMAN ISLANDS LAWS 開曼群島法律

Maples and Calder (Hong Kong) LLP
邁普達律師事務所(香港)有限法律責任合夥

SEHK STOCK NAME/CODE 聯交所股份名稱/股份代號

HKR Int'l 香港興業國際/00480

INVESTORS' CALENDAR 投資者日誌 2019/2020 INTERIM DIVIDEND 2019/2020 年度中期股息

Closure of Registers of Members 暫停股份過戶登記

4 to 6 December 2019
2019年12月4日至6日

Payment Date 派發日期

20 December 2019
2019年12月20日

COMMUNICATION 聯絡

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