



HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the “Board” or the “Directors”) of HKR International Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007.

INTERIM RESULTS

The Group’s unaudited consolidated profit attributable to shareholders of the Company for the six months ended 30 September 2007 was HK\$524.3 million, compared with HK\$362.5 million for the corresponding period last year. Earnings per share was HK38.83 cents, compared with HK26.85 cents for the corresponding period last year.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK6 cents per share for the six months ended 30 September 2007 to shareholders whose names appear on the registers of members of the Company on 28 December 2007. The interim dividend will be paid on 14 January 2008. An interim dividend of HK4 cents per share was paid to shareholders for the corresponding period last year.

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed on Thursday, 27 December 2007 and Friday, 28 December 2007, during both days no transfer of shares will be registered. In order to qualify for the declared interim dividend, all transfers of shares accompanied with the relevant share certificates must be lodged with the Company’s Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 December 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>NOTES</i>	For the six months ended 30 September	
		2007	2006
		HK\$'M	HK\$'M
		(unaudited)	(unaudited)
Turnover	3	2,061.5	1,812.6
Cost of sales		<u>(1,068.4)</u>	<u>(915.4)</u>
Gross profit		993.1	897.2
Other operating income		30.5	29.7
Administrative expenses		(216.5)	(146.3)
Change in fair value of investment properties		89.5	28.6
Change in fair value of financial assets at fair value through profit or loss		<u>73.3</u>	<u>43.7</u>
Profit from operations		969.9	852.9
Finance costs	4	(87.1)	(103.8)
Share of results of associates		48.1	14.2
Share of result of jointly controlled entity		<u>29.3</u>	<u>-</u>
Profit before taxation	5	960.2	763.3
Taxation	6	<u>(148.2)</u>	<u>(137.8)</u>
Profit for the period		<u><u>812.0</u></u>	<u><u>625.5</u></u>
Attributable to:			
Equity holders of the Company		524.3	362.5
Minority interests		<u>287.7</u>	<u>263.0</u>
		<u><u>812.0</u></u>	<u><u>625.5</u></u>
Dividends paid	7	<u>270.0</u>	<u>121.5</u>
Dividend proposed	7	<u>81.0</u>	<u>54.0</u>
Earnings per share	8		
Basic (<i>HK cents</i>)		<u>38.83</u>	<u>26.85</u>
Diluted (<i>HK cents</i>)		<u><u>36.50</u></u>	<u><u>26.07</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30.9.2007 <i>HK\$'M</i> (unaudited)	At 31.3.2007 <i>HK\$'M</i> (audited)
Non-current assets		
Investment properties	5,197.9	5,032.6
Property, plant and equipment	2,274.9	2,248.5
Prepaid lease payments	197.1	198.7
Goodwill	8.9	8.0
Interests in associates	319.3	309.6
Interest in jointly controlled entity	1,630.4	1,043.0
Held-to-maturity investments	15.6	15.6
Available-for-sale financial assets	248.4	17.0
Other assets	157.5	180.3
Deferred tax assets	7.5	4.3
	10,057.5	9,057.6
Current assets		
Inventories	142.5	133.6
Properties held for sale	248.0	731.9
Trade receivables	1,382.8	227.8
Sale proceeds held by stakeholders	87.4	36.6
Deposits, prepayments and other receivables	212.0	412.4
Properties held for/under development	1,379.3	1,256.6
Amounts due from associates	1,165.3	1,133.2
Taxation recoverable	1.2	3.2
Financial assets at fair value through profit or loss	1,906.7	1,634.3
Pledged bank deposits	78.3	75.6
Bank balances and cash	1,101.3	904.3
	7,704.8	6,549.5
Current liabilities		
Trade payables, provision and accrued charges	995.3	844.1
Deposits received and other payables	577.5	289.0
Amounts due to associates	-	15.1
Taxation payable	258.9	141.8
Derivative financial instruments	0.7	13.6
Bank loans due within one year	402.6	352.9
Other liabilities due within one year	3.1	4.1
Convertible bonds - liability component	1,533.8	-
	3,771.9	1,660.6
Net current assets	3,932.9	4,888.9
Total assets less current liabilities	13,990.4	13,946.5

	At 30.9.2007 <i>HK\$'M</i> (unaudited)	At 31.3.2007 <i>HK\$'M</i> (audited)
Non-current liabilities		
Bank loans due after one year	1,755.6	920.5
Convertible bonds - liability component	-	1,483.8
Other liabilities due after one year	1,220.0	1,208.3
Deferred tax liabilities	382.3	358.3
	<u>3,357.9</u>	<u>3,970.9</u>
	<u>10,632.5</u>	<u>9,975.6</u>
Capital and reserves		
Share capital	337.5	337.5
Reserves	9,282.6	8,914.3
	<u>9,620.1</u>	<u>9,251.8</u>
Equity attributable to equity holders of the Company	1,012.4	723.8
Minority interests	<u>10,632.5</u>	<u>9,975.6</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

In the current period, the presentation of the turnover and cost of sales of securities investment adopted in the condensed consolidated income statement has been changed so as to reflect the nature of the sales of securities investment in a more appropriate manner. In the prior period, the sale proceeds and the related cost of sales were shown separately in the condensed consolidated income statement. In the current period, the net gain from sales of securities investment has been included in the turnover in the condensed consolidated income statements. Accordingly, certain comparative figures were restated.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2007, except as described below.

In the current interim period, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, became effective.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - INT 8	Scope of HKFRS 2 ²
HK(IFRIC) - INT 9	Reassessment of embedded derivatives ³
HK(IFRIC) - INT 10	Interim financial reporting and impairment ⁴
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions ⁵

¹ Effective for accounting periods beginning on or after 1 January 2007.

² Effective for accounting periods beginning on or after 1 May 2006.

³ Effective for accounting periods beginning on or after 1 June 2006.

⁴ Effective for accounting periods beginning on or after 1 November 2006.

⁵ Effective for accounting periods beginning on or after 1 March 2007.

While some of these HKFRSs are not applicable to the Group, the adoption of those new HKFRSs applicable to the Group had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the condensed consolidated financial statements of the Group.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) - INT 12	Service concession arrangements ²
HK(IFRIC) - INT 13	Customer loyalty programmes ³
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction ²

¹ Effective for accounting periods beginning on or after 1 January 2009.

² Effective for accounting periods beginning on or after 1 January 2008.

³ Effective for accounting periods beginning on or after 1 July 2008.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into property development, property investment, services provided, hotels, securities investment, healthcare and manufacturing segments. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these operating divisions is presented below:

Business segments

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotels HK\$'M	Securities investment HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Eliminations HK\$'M	Consolidated HK\$'M
Six months ended 30 September 2007									
Turnover									
External	1,266.5	179.7	182.2	167.7	7.8	153.2	104.4	-	2,061.5
Inter-segment*	-	6.4	4.9	0.7	-	-	-	(12.0)	-
Total	<u>1,266.5</u>	<u>186.1</u>	<u>187.1</u>	<u>168.4</u>	<u>7.8</u>	<u>153.2</u>	<u>104.4</u>	<u>(12.0)</u>	<u>2,061.5</u>
SEGMENT RESULTS	<u>669.9</u>	<u>206.6</u>	<u>18.4</u>	<u>14.8</u>	<u>69.4</u>	<u>4.5</u>	<u>(5.7)</u>		<u>977.9</u>
Interest income									15.7
Unallocated corporate expenses									(23.7)
Profit from operations									969.9
Finance costs									(87.1)
Share of results of associates	48.1	-	-	-	-	-	-	-	48.1
Share of result of jointly controlled entity	29.3	-	-	-	-	-	-	-	29.3
Profit before taxation									960.2
Taxation									(148.2)
Profit for the period									<u>812.0</u>

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions in which the pricing was with reference to prevailing market price or actual cost incurred, if appropriate.

	Property development HK\$'M	Property investment HK\$'M	Services provided HK\$'M	Hotels HK\$'M	Securities investment HK\$'M	Healthcare HK\$'M	Manufacturing HK\$'M	Eliminations HK\$'M	Consolidated HK\$'M
Six months ended 30 September 2006									
Turnover									
External	1,208.9	162.9	169.4	130.4	2.7	85.9	52.4	-	1,812.6
Inter-segment*	-	6.0	19.8	0.6	-	-	-	(26.4)	-
Total	<u>1,208.9</u>	<u>168.9</u>	<u>189.2</u>	<u>131.0</u>	<u>2.7</u>	<u>85.9</u>	<u>52.4</u>	<u>(26.4)</u>	<u>1,812.6</u>
SEGMENT RESULTS	<u>643.4</u>	<u>135.7</u>	<u>11.9</u>	<u>13.8</u>	<u>42.2</u>	<u>0.9</u>	<u>1.8</u>		<u>849.7</u>
Interest income									20.1
Unallocated corporate expenses									(16.9)
Profit from operations									852.9
Finance costs									(103.8)
Share of results of associates	17.0	-	-	-	-	(0.9)	(1.9)		14.2
Profit before taxation									763.3
Taxation									(137.8)
Profit for the period									<u>625.5</u>

* Inter-segment sales are entered into in accordance with the relevant agreements, if any, governing those transactions in which the pricing was with reference to prevailing market price or actual cost incurred, if appropriate.

4. FINANCE COSTS

	For the six months ended 30 September	
	2007 <i>HK\$'M</i>	2006 <i>HK\$'M</i>
Interest on		
Bank loans wholly repayable within five years	31.8	54.7
Other borrowings wholly repayable within five years	10.0	10.0
Convertible bonds - liability component wholly repayable within five years	50.0	46.8
Total borrowing costs	91.8	111.5
<i>Less: Amounts capitalised and included in the cost of qualifying assets</i>	(10.0)	(10.0)
	81.8	101.5
Bank loans arrangement fees and bank charges	5.3	2.3
	<u>87.1</u>	<u>103.8</u>

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2007 <i>HK\$'M</i>	2006 <i>HK\$'M</i>
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments	2.5	2.5
<i>Less: Amounts capitalised and included in properties under development</i>	(1.5)	(1.5)
	<u>1.0</u>	<u>1.0</u>
Depreciation		
Owned assets	68.6	64.6
Assets under finance leases	3.3	2.3
Changes in fair value of derivative financial instruments	1.8	2.4
Share of tax of associates (included in share of results of associates)	2.0	0.7
Bank and other interest income	(15.7)	(20.1)
Interest income from provision of financial services	(4.2)	(6.0)
Gain on disposal of property, plant and equipment	(0.3)	(0.2)
Net exchange loss	6.6	8.4
	<u>6.6</u>	<u>8.4</u>

6. TAXATION

	For the six months ended 30 September	
	2007	2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
The charge comprises:		
Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profit for the period	124.0	113.8
Overseas taxation calculated at rates prevailing in respective jurisdictions	5.4	5.2
	129.4	119.0
Deferred tax	18.8	18.8
	148.2	137.8

7. DIVIDENDS

	For the six months ended 30 September	
	2007	2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
Final dividend paid for 2007 of HK10 cents (final dividend paid for 2006 of HK9 cents) per share	135.0	121.5
Special dividend paid for 2007 of HK10 cents (special dividend paid for 2006 of nil) per share	135.0	-
	270.0	121.5
Declared interim dividend of HK6 cents (six months ended 30 September 2006 of HK4 cents) per share	81.0	54.0

8. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2007 <i>HK\$'M</i>	2006 <i>HK\$'M</i>
Earnings		
Earnings for the purpose of calculating basic earnings per share	524.3	362.5
Effect of dilutive potential ordinary shares: Interest on convertible bonds	<u>50.0</u>	<u>46.8</u>
Earnings for the purpose of calculating diluted earnings per share	<u>574.3</u>	<u>409.3</u>
	For the six months ended 30 September	
	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,350,274,367	1,350,274,367
Effect of dilutive potential ordinary shares relating to convertible bonds	<u>223,192,120</u>	<u>219,858,267</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,573,466,487</u>	<u>1,570,132,634</u>

BUSINESS REVIEW

Property Development

Discovery Bay

The sale relaunch of Chianti in August 2007 was successful and has brought to the Group a handsome profit. During the six-month period ended 30 September 2007, 222 units were sold at an average selling price of HK\$6,305 per square foot GFA. Up to the period end under review, the cumulative sales was 465 units representing approximately 88% of the total number of units of Chianti. It is anticipated that sales of the remaining units comprising mostly specialty deluxe units would further increase the total sale proceeds of Chianti.

The Group has a 50% interest in Discovery Bay.

Tung Chung

The sale relaunch of La Rossa, our quality residential development in Tung Chung received enthusiastic market response, 509 units were sold in the six months ended 30 September 2007 at an average selling price of HK\$3,790 per square foot GFA. The cumulative sales reached 765 units, representing 98% with all typical units of La Rossa fully sold. During the period under review, 51 more units of phase 1, Coastal Skyline, were sold at an average price of HK\$3,598 per square foot GFA.

The last phase of Tung Chung comprising 524 midrise units is targeted to complete by mid 2008.

The Group has a 31% interest in the Tung Chung project.

Dazhongli, Jingan

Progress of resettlement works is steady and satisfactory. Up to the end of the period under review, about 80% of total units in phase 1 have signed up agreements and/or moved out from the site. For phase 2, resettlement permit has been obtained and preparatory works are underway.

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

Chelsea, Shanghai

Chelsea, the Group's wholly-owned deluxe serviced apartments in Shanghai, continued to deliver a stable stream of recurrent income to the Group by maintaining high rental level and an average occupancy rate of over 80%. To maintain its competitiveness, Chelsea will undergo major renovation to cope with the market demand and expectation. It is believed that Chelsea will maintain its leading position in the top-end serviced apartments market in Shanghai.

The Exchange, Tianjin

Phase 1 of the development of The Exchange in Tianjin, which includes the retail mall and north office tower, recorded excellent occupancy rates of 99% and 96% respectively at 30 September 2007. Official opening of phase 2 of the development comprising the south office tower and a hotel was made in June 2007.

The Group has a 15% interest in The Exchange in Tianjin.

Beaufort on Nassim, Singapore

As a result of the robust economy in Singapore, all the 30 units of the luxury residential development, Beaufort on Nassim, with the last one sold in October 2007, were sold out during the period under review. The overall works on site was 40% completed at the end of the period.

Sukhothai Residences, Thailand

In Bangkok, the political situation restores stability as elections are scheduled to be held in December 2007. The development planning for the 196 units of a 42-storey high condo with penthouses at the top 6 floors called, the Sukhothai Residences, is almost completed. Construction work will commence shortly and it takes about 40 months to complete. The soft pre-sale launch in Thailand in mid November 2007 was well-received. Sale launches of the Sukhothai Residences in Hong Kong and Thailand are anticipated in the first quarter of 2008.

Property Investment

The retail and leasing market in Hong Kong continues to be buoyant, the Group's 100% owned West Gate Tower in Cheung Sha Wan and the 50% owned Discovery Park Shopping Centre in Tsuen Wan recorded consistently high average occupancy rates of 96% and 93% respectively at 30 September 2007 which provided stable revenue to the Group. The 100% owned CDW Building in Tsuen Wan also attained an average occupancy rate of 93% for the six months under review.

The Group's 50% owned newly renovated DB Plaza, with the famous dining destination "Water Margin", achieved an average occupancy rate of 94% at remarkable market rental at 30 September 2007.

Over 20 thematic restaurants have settled at Water Margin along the promenade connecting to Tai Pak Beach, offering customers with flavours of the East and West and an impressive variety of international cuisines. This brand-new oceanfront dining hub has received overwhelming and favourable responses and it is reflected in the growing number of customers. The Group will continue to market it as one of the most popular dining attractions in the territory.

The Group also looks for investment opportunity in the secondary residential property market and has acquired a number of units for investment purpose.

Services Provided

The Discovery Bay's club operations showed moderate improvement in turnover during the period under review. The various clubs continued to provide customer-focused and quality-driven services.

Patronages of both bus and ferry continue to increase steadily with the growing population in Discovery Bay. Despite the very tough operating environment due to escalating fuel prices, rising maintenance and operating costs, the transportation division strived to alleviate the operating adversity through stringent cost control and efficiency enhancement.

The Group's property management services companies continued to perform well during the period.

Hospitality

The hospitality operations in South-east Asia achieved a steady occupancy and remarkable average room rate. The Sentosa Resort & Spa in Singapore has attained for the period under review, an average occupancy rate of 80.6%, at an average room rate of S\$294. In Bangkok, due to the political situation, the performance of The Sukhothai hotel and Siri Sathorn serviced apartments in the 2nd and 3rd quarters of the year has been moderately affected.

The conference and resort hotel in Discovery Bay is under construction and is scheduled to complete for opening in mid 2009.

Securities Investment

For the six months ended 30 September 2007, investment in securities generated a net profit of approximately HK\$69.4 million which is mainly attributable to the unrealised market valuation from the securities investments.

The Company, as a corner stone and long term investor, has acquired 20,245,500 shares in Sino-Ocean Land Holdings Limited, a newly listed company on The Stock Exchange of Hong Kong Limited in September 2007, at the consideration of HK\$157.5 million. Such investment is treated as available-for-sale financial assets in the books of account and the unrealised gain of HK\$65.2 million as of 30 September 2007 was recognised in the investment revaluation reserve.

Healthcare

With the consolidation of the Health & Care Dental group, the healthcare business exhibited remarkable growth during the six months under review. With the recent open of a few more clinics in Hong Kong and Shanghai, it is believed that the patient base and the aggregated turnover will further improve. In Shanghai, the joint venture cancer centre with Ruijin Hospital had started operation, providing comprehensive diagnostic and cancer treatment services to the Mainland community including a new inpatient facility. Healthway Medical in Hong Kong, the Group's newly established outpatient clinics network, is introducing a new platform concept for outpatient practice for independent specialist doctors in Hong Kong. Health & Care Dental group, the largest dental network in Hong Kong, rebranding as "Novodontics" for implant dentistry, continued to be the leading provider of advanced dental care services through its state-of-the-art facilities. The Arrail group in the PRC continued to grow in a steady pace.

Manufacturing

With the consolidation of Bathroom & Kitchen Supplies Pty. Ltd., turnover for the six months ended 30 September 2007 was HK\$104.4 million. The Imperial business unit is looking for continued growth from all markets particularly the USA with a second distributor commencing operation in the new year.

Construction

Hanison Construction Holdings Limited ("Hanison"), the Group's 49% owned associated company group engaging primarily in construction business, continued to contribute a stable stream of operating income to the Group. It reported an unaudited consolidated turnover of HK\$589.4 million during the period under review. Facing intense competition during the period under review, Hanison was able to maintain a stable net profit. Hanison will continue to actively participate in construction tenders of both public and private sectors and to acquire properties with good development potential for expanding its property portfolio.

OVERALL OUTLOOK

With the buoyant property market and stock market in Hong Kong, benefiting from low mortgage interest rate and robust economic growth in the Mainland China, the demand for high quality residential units in Hong Kong persists. The Group remains positive towards the performance in the next half year and continues to look for business opportunities to grow locally and regionally in Asia-Pacific in a cautious manner.

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

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2007, except for certain deviations from the code provisions A.2.1, A.4.1, D.1.1 and D.1.2 as previously reported with details duly set out in the Corporate Governance Report in the annual report 2006/2007 published in June 2007. Since the last published annual report, there have been no changes in relation thereto.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 September 2007 have not been audited, but have been reviewed by the Audit Committee of the Company and the Group's auditors, Messrs Deloitte Touche Tohmatsu.

By order of the Board
CHA Mou Zing Victor
Deputy Chairman & Managing Director

Hong Kong, 6 December 2007

As at the date of this announcement, the Board comprises:

Chairman

Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHEUNG Tseung Ming

Mr CHUNG Sam Tin Abraham

Ms HO Pak Ching Loretta

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Mr CHEUNG Wing Lam Linus

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