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HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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 2009 (the “Period”).

INTERIM RESULTS

The Group’s unaudited consolidated profit attributable to owners of the Company for the Period was HK\$657.9 million compared with HK\$277.9 million for the corresponding period last year. Earnings per share increased to HK48.72 cents compared with HK20.58 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 Period to shareholders whose names appear on the registers of members of the Company on 24 December 2009. The interim dividend will be paid on 7 January 2010. No interim dividend was paid by the Company for the corresponding period last year.

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed from Tuesday, 22 December 2009 to Thursday, 24 December 2009, both days inclusive, during the period no transfer of shares will be registered. In order to qualify for the declared interim dividend, all transfers of shares accompanied by 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, 21 December 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | For the six months ended | |
|---|--------------|---------------------------------|--------------------|
| | | 30 September | |
| | <i>NOTES</i> | 2009 | 2008 |
| | | <i>HK\$'M</i> | <i>HK\$'M</i> |
| | | (unaudited) | (unaudited) |
| Turnover | 3 | 945.8 | 1,862.2 |
| Cost of sales | | (666.6) | (1,186.7) |
| | | <hr/> | <hr/> |
| Gross profit | | 279.2 | 675.5 |
| Other operating income | | 55.1 | 33.6 |
| Administrative expenses | | (172.4) | (207.4) |
| Impairment loss on available-for-sale financial assets | | – | (110.2) |
| Net gains (losses) from financial assets/liabilities | 5 | 44.3 | (91.1) |
| Change in fair value of investment properties | | | |
| Realised gains on disposals | | 419.0 | 34.1 |
| Unrealised gains (losses) | | 301.8 | (86.7) |
| Finance costs | 4 | (41.8) | (91.6) |
| Share of results of associates | | 49.6 | 207.1 |
| Share of result of a jointly controlled entity | | (7.5) | (18.4) |
| | | <hr/> | <hr/> |
| Profit before taxation | 5 | 927.3 | 344.9 |
| Taxation | 6 | (242.0) | (41.5) |
| | | <hr/> | <hr/> |
| Profit for the period | | 685.3 | 303.4 |
| | | <hr/> | <hr/> |
| Attributable to: | | | |
| Owners of the Company | | 657.9 | 277.9 |
| Minority interests | | 27.4 | 25.5 |
| | | <hr/> | <hr/> |
| | | 685.3 | 303.4 |
| | | <hr/> | <hr/> |
| Earnings per share | 7 | | |
| Basic (HK cents) | | 48.72 | 20.58 |
| | | <hr/> | <hr/> |
| Diluted (HK cents) | | 46.98 | 20.58 |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the six months ended | |
|---|---------------------------------|---------------|
| | 30 September | |
| | 2009 | 2008 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| | (unaudited) | (unaudited) |
| Profit for the period | <u>685.3</u> | <u>303.4</u> |
| Other comprehensive income: | | |
| Exchange differences arising from translation of operations outside Hong Kong | 126.2 | (106.5) |
| Share of other comprehensive income arising from exchange reserve of a jointly controlled entity | 4.1 | 85.5 |
| Available-for-sale financial assets: | | |
| Fair value changes during the period | 48.0 | (108.8) |
| Reclassified to profit or loss upon realisation on disposal | (22.3) | – |
| Deferred tax arising on fair value change | (0.7) | 0.5 |
| Impairment loss recognised in consolidated income statement | <u>–</u> | <u>110.2</u> |
| Other comprehensive income (expense) for the period (net of tax) | <u>155.3</u> | <u>(19.1)</u> |
| Total comprehensive income for the period | <u>840.6</u> | <u>284.3</u> |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 808.9 | 262.3 |
| Minority interests | <u>31.7</u> | <u>22.0</u> |
| | <u>840.6</u> | <u>284.3</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>NOTES</i> | 30.9.2009 <i>HK\$'M</i> (unaudited) | 31.3.2009 <i>HK\$'M</i> (audited) |
|---|--------------|---|---|
| Non-current assets | | | |
| Investment properties | | 5,174.3 | 5,367.3 |
| Property, plant and equipment | | 2,508.0 | 2,488.5 |
| Prepaid lease payments | | 100.9 | 143.1 |
| Goodwill | | 14.7 | 9.2 |
| Interests in associates | | 332.8 | 311.0 |
| Interest in a jointly controlled entity | | 4,116.1 | 4,120.4 |
| Held-to-maturity investments | | 47.9 | 21.8 |
| Available-for-sale financial assets | | 128.2 | 108.8 |
| Other assets | | 67.5 | 94.0 |
| Deferred tax assets | | 3.0 | 2.7 |
| | | 12,493.4 | 12,666.8 |
| Current assets | | | |
| Inventories | | 148.5 | 145.1 |
| Properties held for sale | | 61.5 | 121.3 |
| Properties held for/under development | | 1,353.9 | 1,173.3 |
| Trade receivables | 9 | 160.4 | 286.3 |
| Deposits, prepayments and other financial assets | | 240.0 | 213.2 |
| Amounts due from associates | | 284.5 | 476.4 |
| Amount due from a jointly controlled entity | | 31.7 | 25.9 |
| Taxation recoverable | | 19.8 | 12.8 |
| Held-to-maturity investments | | 34.6 | 23.7 |
| Financial assets at fair value through profit or loss | | 504.6 | 741.7 |
| Pledged bank deposits | | 59.2 | 58.9 |
| Bank balances and cash | | 2,724.7 | 1,903.5 |
| | | 5,623.4 | 5,182.1 |
| Current liabilities | | | |
| Trade payables, provision and accrued charges | 10 | 1,033.8 | 849.0 |
| Deposits received and other financial liabilities | | 756.5 | 548.6 |
| Amounts due to associates | | – | 2.2 |
| Taxation payable | | 344.2 | 103.9 |
| Bank loans due within one year | | 47.5 | 1,021.5 |
| Other liabilities due within one year | | 6.0 | 18.9 |
| Convertible bonds – liability component | | 803.5 | – |
| | | 2,991.5 | 2,544.1 |
| Net current assets | | 2,631.9 | 2,638.0 |
| Total assets less current liabilities | | 15,125.3 | 15,304.8 |

| | 30.9.2009 <i>HK\$'M</i> (unaudited) | 31.3.2009 <i>HK\$'M</i> (audited) |
|--|---|---|
| Non-current liabilities | | |
| Bank loans due after one year | 2,220.1 | 2,360.6 |
| Convertible bonds – liability component | – | 777.3 |
| Other liabilities due after one year | 881.7 | 945.4 |
| Deferred tax liabilities | 430.1 | 468.4 |
| | <u>3,531.9</u> | <u>4,551.7</u> |
| | <u>11,593.4</u> | <u>10,753.1</u> |
| Capital and reserves | | |
| Share capital | 337.5 | 337.5 |
| Reserves | 10,169.8 | 9,360.9 |
| | <u>10,507.3</u> | <u>9,698.4</u> |
| Equity attributable to owners of the Company | 1,086.1 | 1,054.7 |
| Minority interests | <u>11,593.4</u> | <u>10,753.1</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 and with Hong Kong Accounting Standard 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.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the financial year beginning on 1 April 2009. Except as described below, the accounting policies used in the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2009, included in the annual report of the Group for the year ended 31 March 2009. The adoption of these new standards has resulted in the following changes and impact on the results and financial position for the current accounting period. The adoption of the other new and revised standards, amendments and interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

Presentation of financial statements

In the current period, the Group has adopted Hong Kong Accounting Standard (“HKAS”) 1 (Revised) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

Segment information

In the current period, the Group has adopted Hong Kong Financial Reporting Standard (“HKFRS”) 8 “Operating segments”. HKFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker. HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). Following the adoption of HKFRS 8, the presentation of the segment results and segment assets has changed (see note 3 for details). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments.

In prior period, the segment information reported externally prepared in accordance with HKAS 14 was based on risks and returns approach. Segment turnover represents the turnover of the Group. Segment results represents the profit (loss) before taxation earned by each segment without allocation of interest income, central corporate expenses, finance costs, share of result of associates and a jointly controlled entity. However, information reported to the chief operating decision maker for the purpose of resources allocation and assessment of performance is different. Segment turnover includes the turnover of the Group and associates, and sale proceeds of investment properties located in the People’s Republic of China (“PRC”) and net gain from sales of securities investment. Segment results represents the profit (loss) for the period attributable to the owners of the Company earned by each segment without allocation of central corporate expenses, finance costs and corporate level exchange difference, the gross unrealised gain on fair value change of investment properties, net of the deferred tax arising from unrealised fair value change, attributable to the owners of the Company.

Segment information reported to the chief operating decision maker is presented in note 3. Amounts reported for the prior period have been restated to conform with the requirement of HKFRS 8.

Financial instruments disclosure

The Group has applied HKFRS 7 (Amendment) “Improving Disclosures about Financial Instruments” which requires that, for each class of financial instruments measured at fair value, an entity should disclose the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair values hierarchy are classified into the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In normal practice, to measure the fair value for financial instrument classified as level 1 and level 2 is based on quoted market prices and observable market data respectively while for financial instrument classified as level 3, the measurement of fair value can be measured based on inputs that can be observed in the market in addition to unobservable inputs such as company specific financial information. If the observable market data is not available, the measurement of fair value can be based on unobservable inputs.

The relevant comparative information based on the requirements of HKFRS 7 (Amendment) has been presented for the first time in the current period.

Improvements to HKFRSs issued in 2008

HKAS 40 “Investment Property” has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable) or alternatively at cost (where the fair value is not reliably determinable). In the past, the Group’s leasehold land and building elements of investment properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease in accordance with HKAS 17 “Leases” and the building element was carried at cost less accumulated impairment losses in accordance with HKAS 16 “Property, Plant and Equipment”. The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group’s properties under construction for future use as investment properties that include the leasehold land and buildings elements, which were previously included in construction in progress under property, plant and equipment and prepaid lease payments for land have been reclassified as investment properties. The impacts of the adoption of amendment to HKAS 40 are as follows:

HK\$'M

| | |
|---|--------|
| Carrying value of properties under construction for future use as investment properties at 1 April 2009 comprises: | |
| – construction in progress included in property, plant and equipment | 49.3 |
| – prepaid lease payments for land | 42.2 |
| | <hr/> |
| At 1 April 2009 | 91.5 |
| Additions during the period | 82.8 |
| Constructions completed during the period | (71.0) |
| | <hr/> |
| Carrying value of properties under construction for future use as investment properties at 30 September 2009 | 103.3 |
| Fair value loss of the investment properties under construction | (39.3) |
| | <hr/> |
| Fair value of the investment properties under construction at 30 September 2009 | 64.0 |
| | <hr/> |
| Fair value loss of the investment properties under construction | (39.3) |
| Share of fair value loss of the investment properties under construction by a minority shareholder | 19.6 |
| | <hr/> |
| Fair value loss attributable to the owners of the Company | (19.7) |
| | <hr/> |

New, revised and amended standards or interpretations issued but not yet effective

The Group has not early applied those new, revised and amended standards or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new, revised or amended standards and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group is currently organised into seven operating divisions: property development, property investment, services provided, hotel operation, healthcare, manufacturing and securities investment. The following is an analysis of the Group's revenue and results by operating segments for the period under review:

| | Property development <i>HK\$'M</i> | Property investment <i>HK\$'M</i> | Services provided <i>HK\$'M</i> | Hotel operation <i>HK\$'M</i> | Healthcare <i>HK\$'M</i> | Manu- facturing <i>HK\$'M</i> | Securities investment <i>HK\$'M</i> | Consolidated <i>HK\$'M</i> |
|---|--|---|---------------------------------------|-------------------------------------|-----------------------------|-------------------------------------|---|-------------------------------|
| Six months ended | | | | | | | | |
| 30 September 2009 | | | | | | | | |
| TURNOVER | | | | | | | | |
| Sales derived from the Group and associates | 869.6 | 1,324.1 | 185.9 | 121.2 | 261.1 | 117.1 | 38.5 | 2,917.5 |
| Excluding turnover of associates | (714.6) | (42.2) | - | - | (59.0) | - | - | (815.8) |
| Excluding sale proceeds of investment properties located in the PRC | - | (1,120.4) | - | - | - | - | - | (1,120.4) |
| Excluding sales of securities investment | - | - | - | - | - | - | (38.5) | (38.5) |
| Turnover | <u>155.0</u> | <u>161.5</u> | <u>185.9</u> | <u>121.2</u> | <u>202.1</u> | <u>117.1</u> | <u>-</u> | <u>942.8</u> |
| Reconciling adjustment: Others | | | | | | | | <u>3.0</u> |
| Total consolidated turnover, as reported | | | | | | | | <u>945.8</u> |
| RESULTS | | | | | | | | |
| Segment results (<i>note 1</i>) | <u>63.4</u> | <u>364.1</u> | <u>6.3</u> | <u>(11.2)</u> | <u>(12.1)</u> | <u>12.3</u> | <u>53.9</u> | <u>476.7</u> |
| Unallocated corporate expenses | | | | | | | | (16.9) |
| Finance costs and corporate level exchange difference | | | | | | | | (39.5) |
| Net unrealised gain on fair value change of investment properties (<i>note 2</i>) | | | | | | | | <u>237.6</u> |
| Profit for the period attributable to the owners of the Company | | | | | | | | <u>657.9</u> |
| Minority shareholders' share of profit for the period | | | | | | | | <u>27.4</u> |
| Profit for the period | | | | | | | | <u>685.3</u> |

Notes:

- (1) The segment results of property investment business included realised gains on fair value change of investment properties, net of the effect on reversal of deferred tax and recognition of current tax upon disposal of investment properties, and withholding tax on undistributed profits of a PRC subsidiary, attributable to the owners of the Company, amounting to HK\$419.0 million, HK\$149.4 million and HK\$28.2 million, respectively.
- (2) The net unrealised gain on fair value change of investment properties attributable to the owners of the Company of HK\$237.6 million represented the unrealised gain on fair value change of investment properties of HK\$301.8 million, net of the deferred tax arising from change in fair value of HK\$64.2 million.

| | Property development HK\$'M | Property investment HK\$'M | Services provided HK\$'M | Hotel operation HK\$'M | Healthcare HK\$'M | Manu- facturing HK\$'M | Securities investment HK\$'M | Consolidated HK\$'M |
|--|-----------------------------------|----------------------------------|--------------------------------|------------------------------|----------------------|------------------------------|------------------------------------|------------------------|
| Six months ended 30 September 2008 | | | | | | | | |
| TURNOVER | | | | | | | | |
| Sales derived from the Group and associates | 3,853.7 | 223.8 | 192.3 | 191.1 | 230.8 | 114.8 | – | 4,806.5 |
| Excluding turnover of associates | (2,857.0) | (42.8) | – | – | (49.3) | – | – | (2,949.1) |
| Turnover | <u>996.7</u> | <u>181.0</u> | <u>192.3</u> | <u>191.1</u> | <u>181.5</u> | <u>114.8</u> | <u>–</u> | <u>1,857.4</u> |
| Reconciling adjustment: Others | | | | | | | | <u>4.8</u> |
| Total consolidated turnover, as reported | | | | | | | | <u>1,862.2</u> |
| RESULTS | | | | | | | | |
| Segment results (note 3) | <u>518.1</u> | <u>126.9</u> | <u>5.8</u> | <u>29.4</u> | <u>(12.8)</u> | <u>(23.6)</u> | <u>(214.6)</u> | 429.2 |
| Unallocated corporate expenses | | | | | | | | (26.7) |
| Finance costs and corporate level exchange difference | | | | | | | | (78.2) |
| Net unrealised losses on fair value change of investment properties (note 4) | | | | | | | | <u>(46.4)</u> |
| Profit for the period attributable to the owners of the Company | | | | | | | | 277.9 |
| Minority shareholders' share of profit for the period | | | | | | | | <u>25.5</u> |
| Profit for the period | | | | | | | | <u>303.4</u> |

Notes:

- (3) The segment results of property investment business included realised gains on fair value change of investment properties, net of the effect on reversal of deferred tax and recognition of current tax upon disposal of investment properties, attributable to the owner of the Company, amounting to HK\$34.1 million and HK\$3.6 million, respectively.
- (4) The net unrealised loss on fair value change of investment properties attributable to the owners of the Company of HK\$46.4 million represented the unrealised loss on fair value change of investment properties of HK\$86.7 million, net of the deferred tax arising from change in fair value of HK\$40.3 million.

4. FINANCE COSTS

| | For the six months ended | |
|--|---------------------------------|--------|
| | 30 September | |
| | 2009 | 2008 |
| | HK\$'M | HK\$'M |
| Interest on: | | |
| Bank loans wholly repayable within five years | 10.4 | 47.7 |
| Other borrowings wholly repayable within five years | 2.5 | 3.3 |
| Convertible bonds – liability component wholly repayable within five years | 26.2 | 39.3 |
| | <hr/> | <hr/> |
| Total borrowing costs | 39.1 | 90.3 |
| <i>Less:</i> Amounts capitalised and included in the cost of qualifying assets | (2.5) | (3.3) |
| | <hr/> | <hr/> |
| Bank loan arrangement fees | 36.6 | 87.0 |
| | 5.2 | 4.6 |
| | <hr/> | <hr/> |
| | 41.8 | 91.6 |
| | <hr/> | <hr/> |

5. PROFIT BEFORE TAXATION

| | For the six months ended | |
|--|---------------------------------|---------------|
| | 30 September | |
| | 2009 | 2008 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Release of prepaid lease payments | 2.0 | 2.6 |
| <i>Less:</i> Amounts capitalised and included in properties under development | (0.8) | (1.5) |
| | <u>1.2</u> | <u>1.1</u> |
| Depreciation | | |
| Owned assets | 75.5 | 74.8 |
| Assets under finance leases | 0.3 | 0.6 |
| Bank and other interest income | (5.2) | (12.2) |
| Gain on disposal of property, plant and equipment | (6.4) | (0.2) |
| Interest income from provision of financial services | (0.9) | (1.5) |
| Net exchange (gain) loss | (22.0) | 10.3 |
| Net (gains) losses from financial assets/liabilities | | |
| Net realised (gains) losses on financial assets at fair value through profit or loss | (16.2) | 14.8 |
| Net unrealised (gains) losses on financial assets at fair value through profit or loss | (8.7) | 81.4 |
| Net realised gains on available-for-sale financial assets | (22.3) | – |
| | <u>(47.2)</u> | <u>96.2</u> |
| Net losses (gains) on derivative financial instruments | 2.9 | (5.1) |
| | <u>(44.3)</u> | <u>91.1</u> |

6. TAXATION

| | For the six months ended | |
|---|---------------------------------|---------------|
| | 30 September | |
| | 2009 | 2008 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| The charge comprises: | | |
| Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the year | 25.9 | 21.9 |
| Overseas tax calculated at rates prevailing in respective jurisdictions (<i>Note</i>) | 257.8 | 67.7 |
| | <u>283.7</u> | <u>89.6</u> |
| Deferred taxation | | |
| Current year | (41.7) | (30.8) |
| Attributable to a change in tax rate | <u>-</u> | <u>(17.3)</u> |
| | <u>(41.7)</u> | <u>(48.1)</u> |
| | <u>242.0</u> | <u>41.5</u> |

Note: The overseas tax charge for the six months ended 30 September 2009 mainly includes the Land Appreciation Tax and Enterprise Income Tax arising from disposal of the investment properties in the PRC.

Pursuant to the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation of HK\$28.2 million (six months ended 30 September 2008: nil) has been provided for in the consolidated income statement for the period.

7. EARNINGS PER SHARE

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

| | For the six months ended 30 September | |
|--|--|----------------------|
| | 2009 | 2008 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Earnings | | |
| Earnings for the purpose of calculating basic earnings per share | 657.9 | 277.9 |
| Effect of dilutive potential ordinary shares: | | |
| Interest on convertible bonds | 26.2 | – |
| | <u>684.1</u> | <u>277.9</u> |
| Earnings for the purpose of calculating diluted earnings per share | | |
| | <u>684.1</u> | <u>277.9</u> |
| | For the six months ended 30 September | |
| | 2009 | 2008 |
| | | |
| 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 | 105,885,434 | – |
| | <u>1,456,159,801</u> | <u>1,350,274,367</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | | |
| | <u>1,456,159,801</u> | <u>1,350,274,367</u> |

The calculation of diluted earnings per share for the six months ended 30 September 2008 did not include the effect of conversion of convertible bonds since the exercise of the Company's outstanding convertible bonds resulted in an increase in earnings per share.

8. DIVIDENDS

| | For the six months ended 30 September | |
|--|--|---------------|
| | 2009 | 2008 |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| No final dividend paid for 2008/2009 (final dividend paid for 2007/2008 of HK9 cents per share) | – | 121.5 |
| | <u>–</u> | <u>121.5</u> |
| Declared interim dividend of HK6 cents per share (six months ended 30 September 2008: nil) | 81.0 | – |
| | <u>81.0</u> | <u>–</u> |

9. TRADE RECEIVABLES

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

The following is an aged analysis of trade receivables at the reporting date:

| | 30 September 2009 HK\$'M | 31 March 2009 HK\$'M |
|--------------|---|----------------------------|
| Not yet due | 83.4 | 219.0 |
| Overdue: | | |
| 0-60 days | 60.8 | 56.5 |
| 61-90 days | 7.7 | 3.5 |
| Over 90 days | 8.5 | 7.3 |
| | 160.4 | 286.3 |

10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2009, included in trade payables, provision and accrued charges are trade payables of HK\$155.4 million (31 March 2009: HK\$120.9 million), an aged analysis of which is as follows:

| | 30 September 2009 HK\$'M | 31 March 2009 HK\$'M |
|--------------|---|----------------------------|
| Not yet due | 108.6 | 84.7 |
| Overdue: | | |
| 0-60 days | 31.1 | 27.2 |
| 61-90 days | 2.6 | 2.0 |
| Over 90 days | 13.1 | 7.0 |
| | 155.4 | 120.9 |

BUSINESS REVIEW

Property Development

Discovery Bay, Hong Kong

Chianti, Phase 13 of Discovery Bay comprising 530 units is basically sold out. During the Period, 18 Chianti units were sold at an average selling price of approximately HK\$7,200 per square foot gross floor area (“GFA”).

The construction works of Phase 14 of Discovery Bay comprising 3 blocks of 164 mid-rise premises with over 168,000 square feet GFA has been progressing smoothly and is scheduled to complete by the end of 2010. The Group targets to sell units of Phase 14 in the third quarter of 2010.

The up-market lifestyle shopping centre in Yi Pak comprising 7 building blocks with a total GFA of over 201,000 square feet is scheduled to complete in early 2010.

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

Tung Chung, Hong Kong

Le Bleu Deux, Phase 4 which is the last phase of Coastal Skyline comprising 524 units, was completed in June 2009. As at 30 September 2009, more than 95% of the units were sold at an average selling price of HK\$5,900 per square foot GFA. During the Period, 37 units were sold at an average selling price of over HK\$5,800 per square foot GFA. The Tung Chung development project leaves with a few residential units for sale and a commercial centre of 28,470 square feet together with 543 car parking spaces for lease.

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

Beaufort on Nassim, Singapore

The Group’s luxury low-rise development, Beaufort on Nassim in Singapore, was completed in September 2008 and the certificate of statutory completion was granted in April 2009. 28 out of the total of 30 units were sold and completed in the year 2008/2009. During the Period, one unit was sold and completed. The last unit was subsequently sold in October 2009.

The Sukhothai Residences, Thailand

The construction works of The Sukhothai Residences, a 41-storey high-end freehold residential development tower recognised as a new landmark in Bangkok, continued during the Period and is targeted to complete in early 2011.

As at 30 September 2009, 141 out of 196 units (representing 72% of the total available units) of The Sukhothai Residences were sold at an average selling price of Thai Baht 226,593 per square metre (equivalent to approximately HK\$52,570 per square metre). The Group has been successfully working with the purchasers and secured their timely stage payments of the sale proceeds of the premises sold even though the Thai political situation remains uncertain and the real property market momentum is stagnant in Thailand. It is not anticipated of any significant default purchases for the project.

The Sukhothai Residences was awarded the “Best Asia Pacific High-rise Development Award”, the “Best High-rise Development, Thailand – Five Stars Award” and the “Best Interior Design, Thailand – Five Stars Award” by CNBC Asia Pacific Residential Property Awards 2009.

Property Investment

Dazhongli, Shanghai

The Group’s joint-venture re-development project with Swire Properties Limited in Dazhongli of the Jingan district in Shanghai (the “Dazhongli Project”) has been progressing according to schedule. The resettlement works for Phase 1 is practically completed and 83% of the units in Phase 2 resettlement have signed up the resettlement agreements and/or moved out from the site by end of the Period. The entire site is expected to be cleared in the first quarter of 2010.

The master layout plan of the Dazhongli Project is to develop it into a mixed-use world class commercial project comprising large-scale offices, hotels and retail facilities with a total floor area of approximately 330,000 square metres. Schematic design of the development has been submitted for approval. With its prime location in the heart of one of the prime areas in Shanghai where combination of comprehensive facilities and excellent transportation infrastructure are located, the Dazhongli Project, which is scheduled to be completed by phases in 2013 and 2014, will be poised to become a new landmark in Shanghai.

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

Chelsea Residence, Shanghai

Chelsea Residence, the Group’s wholly-owned deluxe en bloc serviced apartments located at Huashan Road in Shanghai, was launched for strata-title sale in late May 2009. As at 30 September 2009, 108 out of the 116 units for sale together with 113 car parking spaces were sold for over RMB1,160 million, at an average selling price of RMB57,700 per square metre GFA. Chelsea Residence is undergoing a complete renovation programme of the entire building which has commenced in mid-August 2009 and will be completed by the third quarter of 2010.

The Exchange, Tianjin

The Exchange in Tianjin comprising a total GFA of over 152,000 square metres with Phase 1 of a retail mall and the north office tower and Phase 2 of the south office tower and a hotel, has been generating steady rental income. During the Period, the occupancy rates of the retail mall, two office towers and the hotel were 99%, 78% and 63% respectively.

The Group has a 15% interest in The Exchange.

Industrial and/or commercial properties, Hong Kong

The Group's 100% interested West Gate Tower in Cheung Sha Wan, CDW Building in Tsuen Wan and Joyce Building in Wong Chuk Hang and the 50% interested Discovery Park Shopping Centre in Tsuen Wan continued to maintain high occupancy rates of 94%, 92%, 100% and 91% respectively and has provided steady and stable revenue to the Group during the Period.

The Group's 50% interested DB Plaza in Discovery Bay, privileged with the famous dining destination "D Deck", has achieved an average occupancy rate of 94% which generated stable rental income for the Group during the Period. Being the largest oceanfront alfresco dining hotspot in Hong Kong, D Deck captures the hearts of both local residents as well as the international diners, bringing in extremely good business.

With the soft opening of the up-market lifestyle shopping centre in Yi Pak Discovery Bay, leasing programme is underway and completion of construction works is anticipated in early 2010.

Residential properties, Hong Kong

During the Period, the Group disposed of 30 units of residential properties in Discovery Bay, Tung Chung and elsewhere in Hong Kong for a total consideration of HK\$199.4 million.

As at 30 September 2009, the Group held various residential units located in Discovery Bay, Tung Chung and other areas of Hong Kong as medium to long term investments. Such investment properties continued to generate steady recurrent rental income to the Group during the Period.

Residential properties, Japan

DIA Palace II, a 39-unit en bloc residential building in Sapporo, Hokkaido which was acquired by the Group in 2008 as a roll out investment in the property market in Japan, achieved an occupancy rate of 95% and generated a stable and recurrent rental income to the Group during the Period.

Services Provided

The four clubs in Discovery Bay have picked up in turnover during the Period and will continue to provide customer-oriented and quality-driven services to their members and guests.

During the Period, patronages of bus and ferry services in Discovery Bay, as well as tunnel throughput, fell slightly due to advanced school holidays under threat of Influenza A Pandemic and slow recovery of the local economy.

The Group's property management services companies in Discovery Bay and elsewhere in Hong Kong continued to operate in a normal pace during the Period.

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

Hospitality

Business trips and tourism industry in Asia have been drastically affected by the global economic downturn, the political instability in Thailand and the spreading of swine influenza during the Period. The average occupancy rates and average room rates of The Sukhothai hotel and Siri Sathorn serviced apartments in Bangkok and The Sentosa Resort & Spa in Singapore were unavoidably hit with average occupancy rates maintained at 32%, 54% and 50% respectively.

The Group's hotels, spas and serviced apartments would stay alert at the forefront of the international hospitality scene and were well equipped and prepared themselves to take advantage of bounds back in business trips and tourism following the recovery of the global economy.

The practical completion of the conference and resort hotel in Discovery Bay was confirmed by the architect. The Group would continue to monitor the progress on commencement of the hotel business to pick up the market viability.

Healthcare

The business of GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary engaging in healthcare services, continued to improve during the Period and has achieved an increase in turnover to HK\$261.1 million. GenRx is currently operating 56 medical and dental facilities through its subsidiaries in 7 cities across Asia, namely, Hong Kong, Beijing, Shanghai, Guangzhou, Shenzhen, Macau and Manila. Its comprehensive service networks comprise cancer centres, dental clinics, diabetic and cardiovascular centres and multi-specialty outpatient centres affiliated with ambulatory hospitals.

Healthway medical centre, the outpatient multi-specialty medical network of GenRx, has been operating 17 clinics in Hong Kong, Shanghai, Manila and Guangzhou with the latest clinic opened in Guangzhou in March 2009 with a view to provide a platform for Hong Kong doctors to practise in the southern region of mainland China. Healthway's multi-specialty medical centres are equipped with state-of-the-art health check-up facilities and central laboratory facilities.

AmMed cancer centre operates 2 clinics in Hong Kong through its premium services including medical oncology consultation, PET/CT diagnostic, chemotherapy and radiotherapy treatment. The Ruijin-AmMed centre in Shanghai is growing steadily with continuous improvement in the inpatient occupancy in Ruijin Hospital.

The dental networks of Arrail Group in China and Health & Care Dental Group in Hong Kong and Macau continue to provide quality professional dental services with state-of-the-art facilities.

Qualigenics diabetic and cardiovascular centres performed satisfactorily during the Period and continued to provide focused protocols for the prevention and treatment of diabetes and for provision of cardiac and cardiovascular care.

With its leading position in the private healthcare sector, GenRx will continue to grow its business by capitalising on the rising demand for quality private medical services in Hong Kong, mainland China and the South East Asian region.

Healthway medical clinics are 100% interested by the Group, other healthcare operations are with varied third parties interests.

Manufacturing

The world market has changed significantly over the last year with respect to the discretionary consumer spending, in particular on the housing and its related sanitaryware business. However, the Group's manufacturing unit for Imperial bathroom products ("Imperial") was able to deliver encouraging results during the Period. Imperial is presently active in 3 main markets, namely Australia, the United Kingdom and the United States of America. Among them, Imperial's distributor, a wholly-owned subsidiary, became the second largest player in the Australian market where the construction and renovation markets remained stable.

Securities Investment

The Group maintains a diversified investment portfolio managed by external professional fund managers and monitored by internal personnel. In light of general economic recovery, both equities and credit markets became steady after the financial meltdown in 2008. During the Period, the Group continued to liquidate its investment portfolio and realised a net profit of HK\$53.9 million.

The Group is also a cornerstone investor of Sino-Ocean Land Holdings Limited and is now holding 17,090,500 shares in the company. The investment has been classified as available-for-sale financial assets.

Construction

Hanison Construction Holdings Limited ("Hanison"), the Group's 49% interested associated group engaged primarily in construction, interior and decoration, building material and property investment and development, has turned around from loss to profit during the Period. Its newly launched prestigious luxury low-rise residential premises caught the attention in the market and is expected to generate substantial profit to Hanison after sale taking into account the extremely outperformed high-rocketing luxury residential market in Hong Kong recently.

OUTLOOK

It is encouraging to see the recent signs of recovery of the Hong Kong markets including the rising Hang Seng indexes and stock prices, increasing IPO activities, inflow of money to the stock and property markets, continuing low interest rate and low unemployment rate for consecutive months since the swift out of the global financial tsunami in 2008. However, there may be uncertainties as to be a sustained recovery of the economy. The Group, as in the past, would stay in alerted cautious, solidify its financial and asset positions to ensure its sustainable growth of business, particularly for its core businesses of property development and property investment in Hong Kong, mainland China and Asia Pacific region.

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 (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period, except for certain deviations from the code provisions A.2.1 (division of responsibilities between the chairman and chief executive officer be clearly established and set out in writing), A.3 (minimum of three independent non-executive directors ("INEDs") pursuant to rule 3.10(1) of the Listing Rules), A.4.1 (non-executive directors be appointed for a specific term), B.1.1 (majority members of remuneration committee should be INEDs) and E.1.2 (chairman of the board to attend annual general meeting). Details of the deviations and considered reasons relating to the code provisions A.2.1, A.3, A.4.1 and B.1.1 have been duly set out in the corporate governance report of the annual report 2008/2009 published in July 2009.

The code provision E.1.2 provides that the chairman of the board of directors should attend the annual general meeting and arrange for the chairman or member of the audit and remuneration committees to be available to answer questions at the annual general meeting. At the annual general meeting of the Company held on 3 September 2009, Mr CHA Mou Sing Payson, the Chairman of the Board of the Company and Dr CHENG Kar Shun Henry, the chairman of the audit committee and remuneration committee of the Company were unable to attend the meeting. However, Mr CHA Mou Zing Victor, the Deputy Chairman of the Board and Managing Director of the Company, took the chair of that meeting and members of both of the audit committee and remuneration committee were present thereat to be available to answer any question.

Dr QIN Xiao was appointed as an INED and member of the audit committee and member of the remuneration committee of the Company with effect from the conclusion of the board meeting of the Company held on 22 July 2009. Immediately after the appointment of Dr QIN, the Company has fully complied with the requirements of rules 3.10(1) and 3.21 of the Listing Rules, code provision B.1.1 of CG Code and the respective terms of reference of the audit committee and remuneration committee of the Company.

REVIEW OF INTERIM RESULTS

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

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

Hong Kong, 4 December 2009

As at the date of this announcement, the Board of the Company 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

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Dr CHENG Kar Shun Henry

Dr The Honourable CHEUNG Kin Tung Marvin

Dr QIN Xiao

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