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 2010

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 2010 (the "Period").

INTERIM RESULTS

The Group's unaudited consolidated profit attributable to shareholders of the Company for the Period was HK$711.0 million, compared with HK$657.9 million for the corresponding period last year. Earnings per share were HK52.66 cents, compared with HK48.72 cents for the corresponding period last year.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK7 cents per share for the Period to its shareholders whose names will appear on the registers of members of the Company on 13 December 2010. The interim dividend will be paid on 22 December 2010. An interim dividend of HK6 cents per share was paid by the Company to its 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 from Friday, 10 December 2010 to Monday, 13 December 2010, 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 registrar, 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 Thursday, 9 December 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTES	For the six months ended 30 September **2010**	**2009**
		HK$'M	*HK$'M*
		(unaudited)	(unaudited)
Turnover	*3*	**868.0**	945.8
Cost of sales		**(589.2)**	(666.6)
Gross profit		**278.8**	279.2
Other operating income		**149.3**	99.4
Administrative expenses		**(188.7)**	(172.4)
Change in fair value of investment properties			
Realised gains on disposals		**1.0**	419.0
Unrealised gains		**549.7**	301.8
Finance costs	*4*	**(20.3)**	(41.8)
Share of results of associates		**93.1**	49.6
Share of results of jointly controlled entities		**48.9**	(7.5)
Profit before taxation	*5*	**911.8**	927.3
Taxation	*6*	**(120.8)**	(242.0)
Profit for the period		**791.0**	685.3
Attributable to:			
Owners of the Company		**711.0**	657.9
Non-controlling interests		**80.0**	27.4
		791.0	685.3
Earnings per share	*8*		
Basic (HK cents)		**52.66**	48.72
Diluted (HK cents)		**52.35**	46.98

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2010	2009
	HK$'M	*HK$'M*
	(unaudited)	(unaudited)
Profit for the period	**791.0**	685.3
Other comprehensive income:		
Exchange differences arising from translation of foreign operations	**134.4**	126.2
Exchange difference arising from net investment in jointly controlled entities	**91.9**	4.1
Available-for-sale financial assets:		
Fair value changes during the period	**(13.9)**	48.0
Reclassified to profit or loss upon disposal	**(9.2)**	(22.3)
Deferred tax arising on fair value change	**(0.3)**	(0.7)
Other comprehensive income for the period (net of tax)	**202.9**	155.3
Total comprehensive income for the period	**993.9**	840.6
Total comprehensive income attributable to:		
Owners of the Company	**910.2**	808.9
Non-controlling interests	**83.7**	31.7
	993.9	840.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 September 2010 HK$'M (unaudited)	31 March 2010 HK$'M (audited and restated)
Non-current assets			
Investment properties		**6,665.2**	5,298.6
Property, plant and equipment		**2,434.5**	2,410.8
Prepaid lease payments		**35.2**	34.4
Interests in associates		**401.2**	356.9
Interests in jointly controlled entities		**5,736.6**	4,918.5
Held-to-maturity investments		**58.1**	52.4
Available-for-sale financial assets		**65.8**	79.2
Other assets		**134.7**	53.2
Deferred tax assets		**4.1**	3.2
		15,535.4	13,207.2
Current assets			
Inventories		**149.6**	134.7
Properties held for sale		**22.2**	30.6
Trade receivables	*9*	**88.2**	92.2
Deposits, prepayments and other financial assets		**224.2**	287.3
Properties held for/under development for sale		**2,238.6**	1,735.1
Amounts due from associates		**192.8**	211.5
Amount due from a jointly controlled entity		**27.5**	18.2
Taxation recoverable		**3.3**	1.7
Held-to-maturity investments		**89.0**	135.5
Available-for-sale financial assets		**–**	9.2
Financial assets at fair value through profit or loss		**0.2**	128.6
Pledged bank deposits		**59.4**	59.3
Bank balances and cash		**2,105.1**	2,055.4
		5,200.1	4,899.3
Current liabilities			
Trade payables, provision and accrued charges	*10*	**885.0**	933.4
Deposits received and other financial liabilities		**723.6**	694.5
Amounts due to associates		**20.2**	10.0
Taxation payable		**41.7**	43.6
Bank loans due within one year		**383.1**	159.3
Other liabilities due within one year		**1.3**	4.7
Convertible bonds – liability component		**–**	830.5
		2,054.9	2,676.0
Net current assets		**3,145.2**	2,223.3
Total assets less current liabilities		**18,680.6**	15,430.5

	30 September 2010	31 March 2010
	HK$'M	*HK$'M*
	(unaudited)	(audited and restated)
Non-current liabilities		
Bank loans due after one year	**3,622.8**	1,411.3
Other liabilities due after one year	**997.8**	886.4
Deferred tax liabilities	**478.4**	383.1
	5,099.0	2,680.8
	13,581.6	12,749.7
Capital and reserves		
Share capital	**337.5**	337.5
Reserves	**12,045.5**	11,297.3
Equity attributable to owners of the Company	**12,383.0**	11,634.8
Non-controlling interests	**1,198.6**	1,114.9
	13,581.6	12,749.7

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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, 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 2010, included in the annual report of the Group for the year ended 31 March 2010.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective for the financial year beginning on 1 April 2010.

The adoption of these new and revised HKFRSs has resulted in the following changes and impact on the results and financial position for the current and prior accounting periods. The adoption of the other new and revised HKFRSs had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

Amendment to HKAS 17 "Leases"

As part of Improvements to Hong Kong Financial Reporting Standards ("HKFRSs") issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in a reclassification of prepaid lease payments with a previous carrying amount of HK$109.1 million at 1 April 2009 to property, plant and equipment that are measured at cost model.

The effect of changes in accounting policy of HKAS 17 on the financial positions of the Group as at 31 March 2010 and 1 April 2009 is as follows:

	As at 31 March 2010 (originally stated) *HK$'M*	**Adjustment** *HK$'M*	**As at 31 March 2010 (restated)** *HK$'M*
Property, plant and equipment	**2,345.7**	**65.1**	**2,410.8**
Prepaid lease payments	**99.5**	**(65.1)**	**34.4**
Total effects on net assets	**2,445.2**	**–**	**2,445.2**

	As at 1 April 2009 (originally stated) *HK$'M*	Adjustment *HK$'M*	As at 1 April 2009 (restated) *HK$'M*
Property, plant and equipment	2,488.5	109.1	2,597.6
Prepaid lease payments	143.1	(109.1)	34.0
Total effects on net assets	2,631.6	–	2,631.6

HKFRS 3 (Revised) "Business combinations" and HKAS 27 (Revised) "Consolidated and separate financial statements"

The Group applies HKFRS 3 (Revised) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied those new, revised and amended standards or interpretations that have been issued but are not yet effective.

HKFRS 9 "Financial instruments"

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new, revised and amended standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group is currently organised into seven operating divisions: property development, property investment, services provided (club operation, provision of professional property management and transportation services to the residents of Discovery Bay), hotel operation, healthcare (provision of medical and dental care services, comprising cancer centres, dental clinics, diabetic and cardiovascular centres and multi-specialty outpatient centres), manufacturing (manufacturing and sales of bathroom products) 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 *HK$'M*	Property investment *HK$'M*	Services provided *HK$'M*	Hotel operation *HK$'M*	Healthcare *HK$'M*	Manufacturing *HK$'M*	Securities investment *HK$'M*	Total *HK$'M*
Six months ended 30 September 2010								
TURNOVER								
Segment revenue – sales to external customers derived by the Group and associates	421.8	225.4	190.6	144.0	217.9	110.2	9.2	1,319.1
Excluding turnover of associates	(385.1)	(42.1)	–	–	–	–	–	(427.2)
Excluding sale proceeds of investment properties located in the People's Republic of China ("PRC")	–	(14.7)	–	–	–	–	–	(14.7)
Excluding sale proceeds of securities investment	–	–	–	–	–	–	(9.2)	(9.2)
Consolidated turnover, as reported	36.7	168.6	190.6	144.0	217.9	110.2	–	868.0
RESULTS								
Segment results – total result of the Group, associates and jointly controlled entities *(note 1)*	178.0	218.0	30.8	(8.8)	(10.3)	(7.4)	12.2	412.5
Excluding segment results of associates and jointly controlled entities not shared by the Group	(113.5)	2.8	–	–	–	–	–	(110.7)
Segment results attributable to the Group	64.5	220.8	30.8	(8.8)	(10.3)	(7.4)	12.2	301.8
Unallocated corporate expenses								(35.4)
Finance costs and corporate level exchange difference								(17.5)
Net unrealised gains on fair value change of investment properties *(note 2)*								456.7
Net unrealised gain on fair value change of investment properties attributable to the Group's interest in a jointly controlled entity and associates								85.4
Profit for the period								791.0
Non-controlling shareholders' share of profit for the period								(80.0)
Profit for the period attributable to the owners of the Company								711.0

	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operation HK$'M	Healthcare HK$'M	Manufacturing HK$'M	Securities investment HK$'M	Total HK$'M
Six months ended 30 September 2009								
TURNOVER								
Segment revenue – sales to external customers derived by the Group and associates	872.6	1,324.1	185.9	121.2	261.1	117.1	38.5	2,920.5
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 sale proceeds of securities investment	–	–	–	–	–	–	(38.5)	(38.5)
Consolidated turnover, as reported	158.0	161.5	185.9	121.2	202.1	117.1	–	945.8
RESULTS								
Segment results – total result of the Group, associates and jointly controlled entities *(note 3)*	133.3	373.5	11.4	(11.7)	(12.1)	12.7	53.9	561.0
Excluding segment result of associates and jointly controlled entities not shared by the Group	(65.5)	7.5	–	–	–	–	–	(58.0)
Segment results attributable to the Group	67.8	381.0	11.4	(11.7)	(12.1)	12.7	53.9	503.0
Unallocated corporate expenses								(16.9)
Finance costs and corporate level exchange difference								(39.5)
Net unrealised gains on fair value change of investment properties *(note 4)*								222.3
Net unrealised gain on fair value change of investment properties attributable to the Group's interest in associates								16.4
Profit for the period								685.3
Non-controlling shareholders' share of profit for the period								(27.4)
Profit for the period attributable to the owners of the Company								657.9

Notes:

(1) The segment results of property investment business included realised gains on fair value change of the Group's investment properties, written back of deferred tax on disposal of investment properties, recognition of current tax upon disposal of investment properties, and withholding tax on undistributed profits of a PRC subsidiary, amounting to HK$1.0 million, HK$5.1 million, HK$4.9 million and HK$4.9 million, respectively.

(2) The net unrealised gains on fair value change of investment properties of HK$456.7 million represented the unrealised gain on fair value change of the Group's investment properties of HK$549.7 million net of the deferred tax arising from change in fair value of HK$93.0 million.

(3) The segment results of property investment business included realised gains on fair value change of the Group's investment properties, written back of deferred tax on disposal of investment properties, recognition of current tax upon disposal of investment properties, and withholding tax on undistributed profits of a PRC subsidiary, amounting to HK$419.0 million, HK$149.3 million, HK$253.8 million and HK$28.2 million, respectively.

(4) The net unrealised gains on fair value change of investment properties of HK$222.3 million represented the unrealised gain on fair value change of the Group's investment properties of HK$301.8 million net of the deferred tax arising from change in fair value of HK$79.5 million.

4. FINANCE COSTS

	For the six months ended 30 September	
	2010	2009
	HK$'M	*HK$'M*
Interest on		
Bank loans wholly repayable within five years	**8.9**	10.4
Other borrowings wholly repayable within five years	**1.1**	2.5
Convertible bonds – liability component wholly repayable within five years	**3.8**	26.2
Total borrowing costs	**13.8**	39.1
Less: Amounts capitalised and included in the cost of qualifying assets	**(1.0)**	(2.5)
	12.8	36.6
Bank loan arrangement fees	**7.5**	5.2
	20.3	41.8

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2010	2009
	HK$'M	*HK$'M*
		(restated)
Profit before taxation has been arrived at after charging (crediting):		
Bank and other interest income	**(11.8)**	(5.2)
Loss (gain) on disposal of property, plant and equipment	**0.1**	(6.4)
Interest income from provision of financial services	**(0.7)**	(0.9)
Net exchange gain	**(18.8)**	(22.0)
Reversal of provision on loans to an investee	**(85.3)**	–
Release of prepaid lease payments	**0.6**	0.5
Depreciation		
Owned assets	**75.7**	77.0
Assets under finance leases	**0.1**	0.3
	75.8	77.3
Net gains from financial assets/liabilities:		
Net realised gains on financial assets at fair value through profit or loss	**–**	(16.2)
Net unrealised gains on financial assets at fair value through profit or loss	**–**	(8.7)
Net realised gains on available-for-sale financial assets	**(9.2)**	(22.3)
	(9.2)	(47.2)
Net losses on derivative financial instruments	**0.8**	2.9
	(8.4)	(44.3)

6. TAXATION

	For the six months ended 30 September	
	2010	2009
	HK$'M	*HK$'M*
The charge comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the period	**20.4**	25.9
Overseas tax calculated at rates prevailing in respective jurisdictions *(Note)*	**6.9**	257.8
	27.3	283.7
Deferred taxation for current period	**93.5**	(41.7)
	120.8	242.0

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

7. DIVIDENDS

	For the six months ended 30 September	
	2010	2009
	HK$'M	*HK$'M*
Final dividend paid for the financial year ended 31 March 2010 of HK12 cents per share (2009: nil)	**162.0**	–
Interim dividend declared after the end of the interim reporting period of HK7 cents (six months ended 30 September 2009: HK6 cents) per share	**94.5**	81.0

8. 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	
	2010	2009
	HK$'M	*HK$'M*
Earnings		
Earnings for the purpose of calculating basic earnings per share	**711.0**	657.9
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**3.8**	26.2
Earnings for the purpose of calculating diluted earnings per share	**714.8**	684.1

	For the six months ended 30 September	
	2010	2009
Number of shares		
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	**15,126,491**	105,885,434
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,365,400,858**	1,456,159,801

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 2010 *HK$'M*	31 March 2010 *HK$'M*
Not yet due	**10.1**	24.5
Overdue:		
0-60 days	**68.6**	59.1
61-90 days	**4.2**	4.5
Over 90 days	**5.3**	4.1
	88.2	92.2

10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2010, included in trade payables, provision and accrued charges are trade payables of HK$201.7 million (31 March 2010: HK$164.3 million), an aged analysis of which is as follows:

	30 September 2010 *HK$'M*	31 March 2010 *HK$'M*
Not yet due	**160.3**	121.5
Overdue:		
0-60 days	**28.1**	27.7
61-90 days	**1.9**	1.2
Over 90 days	**11.4**	13.9
	201.7	164.3

BUSINESS REVIEW

Property Development

Discovery Bay, Hong Kong

As recognition to its unique planning and comprehensive development in Discovery Bay, Hong Kong Resort Company Limited, a 50% owned subsidiary of the Company, was awarded "CAPITAL The Best Developer Awards – Urban Design & Master Planning" and "美好生活•典範人居樓盤獎" organised by CAPITAL Magazine and Wen Wei Po, Hong Kong respectively in June and October 2010.

During the Period, 2 remaining units were sold in Discovery Bay. As at 30 September 2010, 5 units of Chianti, the Phase 13 were available for sale.

The construction works of the Phase 14 of Discovery Bay comprising 164 units in 3 mid-rise blocks of more than 169,000 square feet gross floor area ("GFA") have been proceeding on schedule. It is anticipated to complete in the first quarter of 2011. The Group will cope with the new guidelines to enhance the transparency of information to be provided in property sales.

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

Tung Chung, Hong Kong

During the Period, the last unit of Le Bleu Deux of the Phase 4 which is the last phase of Coastal Skyline in Tung Chung was sold at the selling price of over HK$9,200 per square foot GFA.

Le Bleu Spa Villa, a specialty unit show flat won the "Platinum Award" of "2010 ADEX Awards for Design Excellence" sponsored by Design Journal in April 2010 and another typical unit show flat was also awarded the "First Prize" in the Interior Design Competition of the "International Design Awards" in May 2010.

As at 30 September 2010, the Tung Chung development project left a 2-storey commercial centre of a lettable area 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.

The Sukhothai Residences, Thailand
The construction works of The Sukhothai Residences have been completed substantially during the Period and it is targeted to complete in early 2011.

As at 30 September 2010, 139 out of 196 units of The Sukhothai Residences were sold at an average selling price of Thai Baht 226,494 (approximately HK$54,576) per square metre.

The sale of The Sukhothai Residences is scheduled for re-launch by the end of first quarter of 2011.

Property Investment

Dazhongli (under construction), Shanghai, the PRC
The resettlement works were practically completed in March 2010 and the relocation of a historical building within the site was completed at the same time. Restoring of the historical building will be carried out in the next stage. Schematic Design of the development has been submitted for approval. General foundation works are planned to commence in 2011.

With a planned GFA of approximately 323,000 square metres, the Dazhongli project will be developed into a world class project comprising Grade-A office space, retail and luxury hotels. The project is scheduled to complete in phases starting from 2015 onwards.

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

Chelsea Residence, Shanghai, the PRC
During the Period, the massive renovation programme on the entire building of Chelsea Residence, located at Huashan Road in Shanghai, has been completed and 110 units sold were duly delivered to the buyers.

Wireless Road (for development), Thailand
During the Period, a joint-venture company was set up for the acquisition of the freehold land with a site area of approximately 12,666.4 square metres located at Wireless Road, Bangkok at a total consideration of approximately Thai Baht 2.5 billion (approximately HK$0.6 billion) for future development.

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

The Exchange, Tianjin, the PRC
The Exchange in Tianjin comprising a total GFA of over 152,000 square metres with a retail mall, 2 office towers and a hotel, has been generating stable rental income. During the Period, the occupancy rates of the retail mall, 2 office towers and the hotel were 100%, 82% and 62% 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 50% interested Discovery Park Shopping Centre in Tsuen Wan continued to maintain high occupancy rates of 89%, 90%, 100% and 93% respectively. Such investments continued to generate 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 providing 20 thematic restaurants along the waterfront connecting Tai Pak beach, was selected as one of the 14 Major Districts in Hong Kong by Hong Kong Tourism Board in early 2010.

The up-market lifestyle shopping centre in Yi Pak with a total GFA of more than 200,000 square feet opened to the community during the Period.

Residential properties, Hong Kong

During the Period, the Group disposed of 4 units of residential properties in Discovery Bay and Tung Chung for a total consideration of HK$11.2 million.

As at 30 September 2010, the Group held various residential units located in Discovery Bay and Tung Chung 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

In addition to DIA Palace II, a 39-residential unit block in Sapporo, Hokkaido, the Group acquired two en-bloc residential buildings namely, Horizon Place Akasaka, a 94-unit block in Akasaka, Tokyo and Homat Sun, a 18-unit block in Roppongi, Tokyo, during the Period. All these three properties are held for investment purpose and help generate a steady rental income for the Group.

As at 30 September 2010, the occupancy rates were 97% for DIA Palace II, 74% for Horizon Place Akasaka and 90% for Homat Sun.

Services Provided

The clubs in Discovery Bay had a stable turnover during the Period except that Discovery Bay Golf Club which recorded a slight decrease as a result of the irrigation project and bad weather. The clubs will continue to provide customer-oriented and quality-driven services to their members and guests.

During the Period, patronage of bus and tunnel throughput rose steadily as a result of the construction projects in Discovery Bay. Both internal and external bus services to the new commercial areas in Discovery Bay North region were enhanced to provide more convenience in shopping. An external bus service to Sunny Bay MTR station was also strengthened to meet the needs of commuters. Nevertheless, ferry service remains a comfortable and convenient mode of transport favoured by residents.

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

After the opening of 2 integrated resorts and the Universal Studio theme park in Sentosa Island, Singapore, the tourism in Singapore had a strong growth. During the Period, the occupancy rate of The Sentosa Resort & Spa in Singapore was 74% which was a 24% increase compared with the corresponding period last year.

On the other hand, business trips and tourism industry in Thailand have been drastically affected by its political instability, the tunnel construction near The Sukhothai hotel and the competition of other serviced apartments' providers had a direct impact to our hospitality in Thailand. The average occupancy rates of The Sukhothai hotel and Siri Sathorn serviced apartments in Bangkok were unavoidably hit with average occupancy rates maintained at 35% and 42% respectively during the Period.

The internal fitting out works of the conference and resort hotel in Discovery Bay were expected commencing in the fourth quarter of 2010 and ending by the end of 2011. It is anticipated that the hotel will launch its soft opening in early 2012.

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$217.9 million. GenRx is currently operating medical and dental facilities through its subsidiaries in major cities across Asia, namely, Hong Kong, Shanghai, Guangzhou, Macau and Manila. Its comprehensive service network comprises cancer centres, dental clinics, diabetic and cardiovascular centres and multi-specialty outpatient centres affiliated with ambulatory hospitals.

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 South East Asian regions.

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

Manufacturing

The global financial crises coupled with the shortage of the skilled labour, especially in the casting sector in southern China in early 2010, caused a slow down on the production of the Group's manufacturing unit. Imperial Bathroom Products Limited ("Imperial") was inevitably forced to cancel some sales orders. With the situation gradually improved in the latter half of the year, Imperial resumed to deliver a positive result in August 2010.

Securities Investment

As usual, the Group maintains a diversified investment portfolio managed by external professional fund manager and monitored by internal personnel in a prudent manner. During the Period, the Group monetised a substantial part of the securities investments for a total amount of HK$145.8 million and recorded a net profit of HK$12.2 million.

Construction

Hanison Construction Holdings Limited ("Hanison"), the Group's 49% interested associated group engaging primarily in construction, interior and renovation, building materials and property investment and development, recorded a significant increase in profit. This was mainly attributable to the gain on fair value change of investment properties and recognition of profit from the sale of certain units of One LaSalle, a 50/50 joint venture development project.

OUTLOOK

The global economy remains changeable and full of uncertainties especially some European countries and United States which may affect its recovery in one way or the other. However, the economy of Hong Kong has sustained through the recovery with property prices especially the high end luxury premises escalating and some even breaking the records in 2007 together with the bullish stock market with daily voluminous recorded high turnover. Benefiting from the economic growth of mainland China and the inflow of hot money, Hong Kong is expected to remain in the boom for the next half of the year. The Group, as in the past, will stay in alerted cautious and continue to look for business opportunities to grow locally and regionally in Asia-Pacific.

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.

On 26 April 2010, the outstanding convertible bonds were fully redeemed and their listing on The Stock Exchange of Hong Kong Limited was automatically cancelled on the same date.

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 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) and A.4.1 (non-executive directors be appointed for a specific term) as previously reported with details duly set out in the Corporate Governance Report in the 2009/2010 Annual Report published in July 2010. 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 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
HKR International Limited
CHA Mou Zing Victor
Deputy Chairman & Managing Director

Hong Kong, 22 November 2010

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

Chairman
Mr CHA Mou Sing Payson

Deputy Chairman & Managing Director
Mr CHA Mou Zing Victor

Executive Directors
Mr CHA Yiu Chung Benjamin
Mr CHUNG Sam Tin Abraham
Mr TANG Moon Wah

Non-executive Directors
The Honourable Ronald Joseph ARCULLI
Mr CHA Mou Daid Johnson
Mr CHEUNG Tseung Ming
Mr CHEUNG Wing Lam Linus
Ms WONG CHA May Lung Madeline

Independent Non-executive Directors
Dr CHENG Kar Shun Henry
Dr The Honourable CHEUNG Kin Tung Marvin
Ms HO Pak Ching Loretta
Dr QIN Xiao

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