HKRI

香港興業國際集團有限公司

HKR International Limited

INTERIM REPORT

中期報告 2018/19

Discovery College
智新書院

Club Siena
海澄湖畔會所

Seaside Pavilion
海濱禮堂

Auberge Discovery Bay Hong Kong
香港愉景灣酒店

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BUSINESS AND FINANCIAL HIGHLIGHTS

BUSINESS HIGHLIGHTS

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD UNDER REVIEW

Apr	—	The Sukhothai Shanghai, the second hotel of the Sukhothai brand, opened its door to guests
May	—	Cha House, a century-old building inside HKRI Taikoo Hui, opened to public
Jun	—	Announced the 2017/2018 Annual Results
Jul	—	Oasis One launched its third batch of units to the market
Aug	—	Held the 2018 Annual General Meeting
	—	Riviera One launched second batch of units for sale
Sep	—	Bonus Issue of Shares on the basis of one (1) Bonus Share for every ten (10) existing Shares
Nov	—	2GETHER was awarded an Excellent Construction Team Award from Hong Kong Institute of Construction Managers

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Year ended 31 March
	2018	2017	2018
	HK$'M	HK$'M	HK$'M
		(restated)	(restated)
Results			
Turnover	**2,306.2**	882.8	2,222.3
Profit attributable to owners of the Company	**1,020.1**	762.7	2,305.1
Basic earnings per share (HK cents)	**68.7**	51.3	155.2

	30 September		31 March
	2018	2017	2018
	HK$'M	HK$'M	HK$'M
		(restated)	(restated)
Financial Position			
Total assets	**33,723.8**	31,184.8	34,636.7
Total liabilities	**11,284.8**	11,305.2	12,479.3
Equity attributable to owners of the Company	**19,890.6**	17,493.9	19,717.8
Net asset value per share (HK$)	**13.4**	11.8	13.3

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") 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 2018 (the "Period").

INTERIM RESULTS

The Group's unaudited turnover for the Period amounted to HK$2,306.2 million, representing an increase of 161.2% compared to HK$882.8 million for the last corresponding period. Profit for the Period attributable to shareholders of the Company amounts to HK$1,020.1 million, showing an increase of 33.7% as compared to HK$762.7 million for the last corresponding period. Basic earnings per share were HK68.7 cents for the Period as compared to HK51.3 cents for the last corresponding period.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK4 cents per share for the Period to shareholders of the Company whose names will appear on the Registers of Members of the Company on 10 December 2018. The interim dividend will be paid on 21 December 2018. An interim dividend of HK3 cents per share was paid by the Company to its shareholders for the last corresponding period.

CLOSURE OF REGISTERS OF MEMBERS

The main and branch registers of members of the Company will be closed from 6 to 10 December 2018 (both days inclusive) for the interim dividend. During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 December 2018.

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's turnover of property development and investment (including proportionate share of joint ventures and associates of HK$575.6 million) for the Period was HK$2,364.3 million. The Group's contribution from property development and investment (including proportionate share of joint ventures and associates of HK$222.7 million) for the Period was HK$614.5 million.

Hong Kong

Discovery Bay

To further enhance facilities for residents, our subsidiary, Hong Kong Resort Company Limited, is upgrading the Discovery Bay bus terminus and extending the DB Plaza retail podium. Construction for the new extension is scheduled for completion in 2019.

Meanwhile, there are a number of residential projects in the pipeline and we are in close liaison with the HKSAR Government in regard to the new developments in Discovery Bay.

The Group holds a 50% interest in the Discovery Bay development.

La Cresta, Sha Tin

La Cresta, a 50:50 joint venture development between the Group and Nan Fung Development Limited, comprises three high-end residential towers and a number of villas with a total gross floor area ("GFA") of approximately 12,500 square metres. A sale in the form of a tender was launched in October 2017. As of 30 September 2018, 31 units were sold and the revenue of 8 sold units was realised upon transfer of ownerships during the Period.

The project was completed in the 2017/2018 financial year.

2GETHER, Tuen Mun

This residential development project comprises a tower of premium apartments and a retail podium with a total GFA of approximately 12,300 square metres. The project was launched in October 2016 and completed in 2017. All 222 residential units were sold. The revenue of 220 sold units was realised upon transfer of ownerships during the Period.

The Group owns a 75% interest in the development.

Kap Pin Long Project, Sai Kung

The project, involving a total GFA of approximately 350 square metres, was sold in March 2018 and ownership was transferred in September 2018.

Tai Po Town Lots Nos. 223 and 229

The land is planned for a luxurious low-density residential development in a joint venture partnership with Hysan Development Company Limited, at the ratio of 40:60. Site formation work is in progress. The project is scheduled for completion in phases starting from 2021.

DB Plaza and DB North Plaza, Discovery Bay

As of 30 September 2018, DB Plaza and DB North Plaza continued to generate a steady rental income and achieved occupancy rates of 86% and 98% respectively.

The Group holds a 50% interest in both DB Plaza and DB North Plaza.

CDW Building, Tsuen Wan

As at 30 September 2018, the retail podium (known as “8½”) was fully occupied whereas the commitment rate of the entire building was 82%.

West Gate Tower, Cheung Sha Wan

During the Period, West Gate Tower achieved an average occupancy rate of 96% and generated stable rental income for the Group.

Tuen Mun Central Square Public Car Park, Tuen Mun

The 325 parking spaces in Tuen Mun Central Square continued to generate satisfactory rental income.

Mainland China

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is one of Shanghai’s most prestigious and sought-after commercial properties. The complex has a total GFA of approximately 322,000 square metres, including two premium Grade A office towers, two boutique hotels, a serviced apartment building, a high-end shopping mall with extensive parking facilities and Cha House, a historic building commemorating the Group’s late founder, Dr CHA Chi-ming.

The two office towers, HKRI Centres One and Two, are home to many important multinational and domestic tenants. As of 30 September 2018, the two office towers had achieved a commitment rate of 95%. In June 2018, the two office towers received the LEED® (Core and Shell Version 2.0) Platinum Certification by the U.S. Green Building Council.

The shopping mall had its grand opening on 3 November 2017, and by the end of September 2018 had achieved a commitment rate of 97%. It has become a popular destination for people working and living nearby, as well as individuals from across the city.

The two boutique hotels and the serviced apartment building, The Sukhothai Shanghai (operated by Beaufort Hotels Limited, a subsidiary of the Company), and The Middle House and The Middle House Residence (operated by Swire Hotels), were soft opened in April and May 2018 respectively and received positive feedback from the market.

The Group has a 50% interest in HKRI Taikoo Hui.

City One, Jiaxing City, Zhejiang Province

City One comprises 577 apartment units and 20 villas, with a total GFA of approximately 83,000 square metres. As of 30 September 2018, 99% of units were sold and the revenue of 2 sold units was realised upon transfer of ownerships during the Period.

Riviera One, Jiaxing City, Zhejiang Province

With a total GFA of approximately 102,000 square metres, Riviera One is a prime residential project adjacent to City One in Jiaxing City. Upon completion in early 2019, this luxurious project will provide 702 low-rise and high-rise apartment units. A pre-sale began in January 2018. As of 30 September 2018, 92% of 316 launched units were sold, and sales revenue will be realised upon completion and transfer of ownerships.

Oasis One, Hangzhou City, Zhejiang Province

Situated in Zhejiang Hangzhou Future Sci-Tech City, Oasis One has a total GFA of approximately 61,600 square metres and will provide 348 low-rise apartments and 48 villas upon completion in late 2018. A pre-sale began in 2017, and approximately 99% of 168 launched units had been sold as of 30 September 2018, with the revenue realised upon completion and transfer of ownerships.

The Exchange, Tianjin

The Exchange is the Group's 15%-owned investment property in Tianjin with a total GFA of over 152,000 square metres. During the Period, the retail mall Heping Joy City, two office towers and Hotel Nikko Tianjin, all of which are part of the property, maintained occupancy rates of 87%, 87% and 63% respectively, and continued to generate stable rental income. Hotel Nikko Tianjin closed business in October 2018 and thereafter will be converted to residential apartments for leasing.

Elite House, Shanghai

This 30-storey residential building is located in Shanghai's Changning District, close to Zhongshan Park. It comprises 120 units with a total GFA of approximately 21,700 square metres. A strata title sale of the property was launched in early October 2017 and received a positive response from the market. As of 30 September 2018, 59 units had been sold and the revenue of 19 sold units was realised upon transfer of ownerships during the Period.

Land Lots Nos. 2017-28 and 2017-34, Jiaxing City, Zhejiang Province

The Group acquired two land plots in Jiaxing Economic and Technological Development Zone (Nos. 2017-28 and 2017-34) in December 2017 and February 2018. Land plot no. 2017-28 has a total GFA of approximately 33,000 square metres and will become a prestige residential project with 198 low-rise apartments. Land plot no. 2017-34 has a total GFA of 19,900 square metres and will be developed into a luxurious project comprising 93 low-rise apartments and 11 villas. Both projects will commence construction works by the fourth quarter of 2018 and are targeted for completion by 2022.

Thailand

The Sukhothai Residences, Bangkok

This luxury condominium tower, located on Sathorn Road, is a leader in Bangkok's high-end residential market. 97% of its 196 units have been sold, and one sold unit was duly transferred during the Period.

Wireless Road Project, Bangkok

The Group's freehold land on Bangkok's Wireless Road covers a site area of approximately 12,600 square metres. The Group holds a 49% interest in this project.

Rama 3 Road Project, Yannawa District, Bangkok

The project is located at Rama 3 Road by the Chao Phraya River in the Bang Phongphang Subdistrict, which is part of Bangkok's Yannawa District. The project will provide approximately 1,400 residential units. The design of the development is currently in progress and construction will start in 2019.

Ramintra Road Project, Khannayao District, Bangkok

In February 2018, the Group acquired three plots of land located on Bangkok's Ramintra Road in the Khannayao District. The plots cover an area of approximately 56,500 square metres and master planning is currently underway.

Japan

Proud Roppongi, Tokyo

The Group and Nomura Real Estate Development Co., Ltd. have jointly redeveloped Proud Roppongi, a premium residential project at Roppongi 4-chome in Tokyo. All 35 units were sold and handed over as of 30 September 2018.

The Group holds a 51% interest in this project.

Niseko Project, Hokkaido

The Group holds residential plots at Niseko, located close to the Niseko Annupuri ski area in Hokkaido. The plots have a total site area of approximately 60,000 square metres and are presently held as land bank.

Investment Properties in Tokyo

The Group owns five properties in Tokyo: Horizon Place Akasaka, a high-rise residential block; Graphio Nishi-Shinjuku, a centrally-located office building; Souei Park Harajuku, an en bloc residential apartment building in Shibuya; Veneo Minami-Azabu, an en bloc residential apartment building in Minato-ku; and Haluwa Shibakoen, a 15-storey residential building in Minato-ku. As of 30 September 2018, all the investment properties achieved good leasing performance with occupancy ranging from 96% to 100%.

SERVICES PROVIDED

During the Period, the four clubs in Discovery Bay – Discovery Bay Golf Club, Discovery Bay Marina Club, Discovery Bay Recreation Club and Club Siena performed satisfactorily. The clubs are currently undergoing various upgrades to provide members and guests with enhanced facilities and services.

The Group's subsidiaries operate various transportation services in Discovery Bay, including ferry, land transport and tunnel. During the Period, ferry ridership decreased but usage of external bus routes increased. The operations continued to face challenges from rising fuel and labour costs.

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

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

HOSPITALITY

Hong Kong

Auberge Discovery Bay Hong Kong

The market remained competitive, nevertheless Auberge Discovery Bay Hong Kong still maintained an average occupancy rate of 78% throughout the Period. The hotel also received several awards from the travel and leisure industry, including the "Most Liked Fairytale Wedding" in the *Wedding Message* Most Liked Awards 2018.

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

Thailand

The Sukhothai Bangkok

Despite ongoing renovations of the Club Wing, the hotel's average occupancy rate during the Period was at 59%. Celadon, La Scala and Colonnade were awarded the TripAdvisor 2018 Certificate of Excellence for consistently high ratings from travellers. Colonnade even achieved the number 1 spot among all 10,620 restaurants in Bangkok in April 2018.

Shanghai

The Sukhothai Shanghai

The Sukhothai Shanghai, featuring 201 rooms in addition to dining and leisure facilities, is the latest addition to the Sukhothai brand and has soft-opened on 28 April 2018. Despite being open for a short time, the hotel has already secured several awards, including "The Most Anticipated Hotel Award" by *City Traveler* magazine and "Best Boutique Hotel of the Year" by *Travel Weekly China*.

HEALTHCARE

GenRx Holdings Limited ("GenRx"), the Group's wholly-owned subsidiary, operates a comprehensive healthcare service network. With the motto of providing general public with "Longer Happier Lives", GenRx established chronic disease management centres (Qualigenics Medical), Chinese medicine centres (Discovery TCM Centre), dental clinics (Health & Care Dental Clinic), a centre for diagnosis and treatment of cancer (AmMed Cancer Center), and multi-specialty outpatient centres (Healthway Medical) across Hong Kong, Macau and Manila.

Healthway Medical has successfully positioned itself as a reputable medical service provider through its network of strategically located mall-based ambulatory clinics in the Philippines' national capital region. It has extended its medical service expertise to a wide network of more than 60 corporate clinics across the major islands of Luzon and Visayas.

Known for providing quality medical care, Healthway Medical operates multi-specialty clinics, with laboratory, diagnostic, pharmacy and wellness services under a one-stop clinic set-up.

In 2018, Healthway Medical was a recipient of the Reader's Digest Gold Award for the Most Trusted Brand in the Ambulatory and Multi-Specialty Clinic Category for the sixth consecutive year.

With the exception of dental clinics which involve third-party interests of 43%, businesses under the GenRx umbrella are wholly-owned by the Group.

HUMAN RESOURCES

As of 30 September 2018, the Group had a total of 2,396 employees in Hong Kong and overseas.

The Group understands the importance of providing employees with a supportive and positive working environment in order to attract new talent and retain current employees. As such, we actively seek employee feedback to identify the motivators to enhance our working environment.

To strengthen our connection with employees, post training and follow up activities were organised. Besides employing different channels to reach mass population, a recruitment video to highlight Discovery Bay was developed in order to attract talents in the market.

The Group continues to provide learning and development opportunities to colleagues to support business needs.

OUTLOOK

Global growth has moderated in recent months with IMF slightly adjusting its 2018 global growth forecast to 3.7%. As tighter financing conditions impact investor sentiment, risks to the outlook remain on the downside with prevailing uncertainty. They include rising geopolitical tensions fuelling trade protectionism and disjointed market movements creating an unstable macroeconomic landscape.

Overall US growth is not expected to be impacted significantly in light of the country's recent trade policy changes. US growth is targeted to reach 2.7% in 2018 and trim to 2.5% in 2019. With the inflation target on track, the US Federal Reserve will accelerate policy tightening measures and will likely raise the benchmark rate from 2.9% to 3.1% in 2019.

In Hong Kong, economic activity in the third quarter softened primarily due to an ongoing slowdown in the mainland China combined with the effects of the US-China trade war, which is weighing on the growth momentum as well as overall business sentiment. Despite a series of measures designed to cool demand, the residential property sector remained resilient to this with active trading. In August, banks raised their mortgage rate by 10 basis points, thus increasing borrowing costs for homebuyers, but demand from investors and end-users remained strong. Yet market expects home prices to soften in the fourth quarter of 2018 resulting from tightened monetary policy and receding Chinese liquidity into Hong Kong.

The HKSAR Government outlined new measures designed to ease the housing supply crunch by boosting available land supply. This includes the proposal for a new vacancy tax and a public consultation to seek views and solutions to land supply issues. The Group is supportive of measures that can increase land supply, while we also believe that Hong Kong has ample undeveloped land that can be used, such as Discovery Bay. Our strategy will remain fluid and we will continue to monitor housing policy changes and make necessary adjustments when required. The Group remains cautiously optimistic towards the future property market and sales of our latest luxury residential project, La Cresta, remained strong. Several residential and commercial projects in Discovery Bay are under development and will be launched soon, further enhancing our portfolio in Hong Kong.

The mainland China economy experiences stagnation after recording 6.9% growth in 2017. Despite stricter housing market legislation, including home purchase restrictions, the mainland China's residential prices have continued to rise with lower-tier cities recording the strongest growth. With infrastructure projects aimed at boosting intra-regional links and investment, there is a compelling opportunity for secondary cities. The Group's key residential projects in mainland China are located in Jiaxing, which is well connected to Shanghai. Benefitting from the population outflow from Shanghai and its favourable location, Jiaxing's property market remains strong. Riviera One continues to be one of consumers' favourite choices, and the Group's latest acquisition of new land plots in Jiaxing will also set us ahead in this competitive scene. However, we must not overlook possible impact brought by the trade tensions between the US and mainland China. While we believe the Central government will do their best in mitigating the downside effects, we will closely monitor related risks and market changes and meet challenges as they arise.

The Group's hospitality business across the Hong Kong, Bangkok and Shanghai markets is flourishing. The Sukhothai Shanghai opened in April 2018 has further strengthened the Sukhothai brand. Overall tourism performance in Hong Kong and Thailand recorded strong growth and boosted our hotel business.

Looking ahead, we shall continue our strategy in focusing our businesses equally in Hong Kong, mainland China and the rest of Asia, and maintaining a steady and recurrent revenue by augmenting our investment properties portfolio. Meanwhile we shall also seek suitable opportunities and partners to further develop our business.

FINANCIAL REVIEW

SHAREHOLDERS' FUNDS

As at 30 September 2018, the shareholders' funds of the Group increased by HK$172.8 million to HK$19,890.6 million (31 March 2018: HK$19,717.8 million). The gross profit margin for the Group for the Period was 27.4% (for the year ended 31 March 2018: 32.7%).

MAJOR INVESTING ACTIVITIES

During the Period, a shareholders' loan of HK$10.0 million was extended to a joint venture by the Group. Further, the Group received a net shareholders' loan repayment of HK$150.0 million from another joint venture. The Group received net consideration of HK$206.2 million for disposal of a subsidiary which holds a development property.

MAJOR OPERATING ACTIVITIES

During the Period, sales proceeds from disposal of certain development properties in Hong Kong, Thailand, mainland China and Japan amounted to HK$270.0 million, HK$19.8 million, HK$811.1 million and HK$93.1 million respectively.

FINANCIAL LIQUIDITY

As at 30 September 2018, the Group had total cash and securities investment of HK$3,594.8 million (31 March 2018: HK$3,149.2 million) whilst total bank borrowings, bonds and other loans were HK$6,905.9 million (31 March 2018: HK$7,585.7 million).

GEARING

The Group's gearing ratio was 19.0% (31 March 2018: 23.7%) as calculated by the Group's consolidated net borrowings to the shareholders' funds as at 30 September 2018.

BANKING FACILITIES AND OTHER LOANS

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

As at 30 September 2018, the unutilised credit facilities were approximately HK$7,137.5 million (31 March 2018: HK$6,813.2 million).

The maturity profile of bank borrowings, bonds and other loans were 9.5% (31 March 2018: 13.9%) falling within one year, 76.7% (31 March 2018: 13.2%) falling between one and two years and 13.8% (31 March 2018: 72.9%) falling between two and five years as at 30 September 2018.

TREASURY POLICY

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

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

PLEDGE OF ASSETS

As at 30 September 2018, certain bank loans of the Group were secured by certain properties under development for sale, investment properties and properties held for sale at the total carrying value of HK$1,452.6 million (31 March 2018: HK$1,669.5 million).

In addition, the loans to a joint venture by the Group amounting to approximately HK$757.1 million (31 March 2018: HK$747.1 million) were subordinated to banks to secure a banking facility granted to the joint venture for financing the development in Tai Po.

CONTINGENT LIABILITIES

The Group had contingent liabilities relating to a corporate guarantee on the Group's proportionate share to the extent of HK$123.0 million (31 March 2018: HK$135.9 million) as at 30 September 2018 given to a bank in respect of a banking facility granted to an investee company.

Two subsidiaries of the Company provided guarantees amounting to HK$257.2 million (31 March 2018: HK$211.7 million) as at 30 September 2018 in respect of mortgage facilities granted to purchasers of the Group's properties.

The Company provided a corporate guarantee of proportionate share to banks for securing a banking facility granted to a joint venture to finance the development in Tai Po. The bank loan balance of proportionate share of 40% is HK$666.1 million (31 March 2018: HK$666.1 million) as at 30 September 2018.

Save as disclosed above, the Group did not have other significant contingent liabilities as at 30 September 2018.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, the interests or short positions of the Directors and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

		Number of ordinary shares					
Name of Director	Capacity	Personal interests	Family Interests	Corporate interests	Other interests	Total	Approximate percentage of issued share capital
Payson CHA	Beneficial owner, interests of a controlled corporation and beneficiary of discretionary trusts	3,424,424	–	18,553,781[1]	680,784,925[2]	702,763,130	47.31
Victor CHA	Beneficial owner and beneficiary of discretionary trusts	1,254,278	–	–	692,448,221[2]	693,702,499	46.70
Johnson CHA	Beneficiary of discretionary trusts	–	–	–	691,020,973[2]	691,020,973	46.52
Madeline WONG	Founder and/or beneficiary of discretionary trusts	–	–	–	690,236,208[3&4]	690,236,208	46.47
Ronald ARCULLI	Beneficiary of a trust	265,619	–	–	–	265,619	0.02
Abraham CHUNG	Beneficial owner	346,592	–	–	–	346,592	0.02
Loretta HO	Beneficial owner	94,160	–	–	–	94,160	0.01
TANG Moon Wah	Beneficial owner	148,720	–	–	–	148,720	0.01

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

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

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

4 The Director was, under two separate discretionary trusts of which CCM Trust and LBJ Regents were the corporate trustees, the founder and member of the classes of discretionary beneficiaries thereof. Such trusts were deemed to be interested in 54,609,177 shares in aggregate.

B) SHARE OPTIONS

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

Save as disclosed above and for certain Directors holding non-beneficial interests in the share capital of some of the subsidiaries of the Company as the nominee shareholders, as at 30 September 2018, none of the Directors or their respective associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme of the Company was adopted on 8 September 2011 (the "2011 Scheme") and the listing status of shares to be granted under the 2011 Scheme was granted by the Listing Committee of the Stock Exchange on 9 September 2011. Under the 2011 Scheme, options may be granted, inter alia, to the Directors, full-time employees and any consultants of the Company, its subsidiaries and/or its associated companies. The total number of shares of the Company available for grant of options under the 2011 Scheme is 135,027,436 shares which represents 10% of the issued share capital of the Company at the date of adoption of the 2011 Scheme (i.e. 8 September 2011). No share option was granted, cancelled or lapsed in accordance with the terms of the 2011 Scheme during the six months ended 30 September 2018. Details of movements in the share options under the Scheme during the Period were as follows:

			Number of share options			
Name or category of participant	Date of grant[5&6]	Exercise price per share (HK$)[7]	Balance as at 1 April 2018	Exercised during the Period	Adjusted during the Period[7]	Balance as at 30 September 2018
Payson CHA	28 February 2017	3.845	2,900,000	–	290,000	3,190,000
	12 March 2018	4.373	5,000,000	–	500,000	5,500,000
Victor CHA	28 February 2017	3.845	2,900,000	–	290,000	3,190,000
	12 March 2018	4.373	5,000,000	–	500,000	5,500,000
Abraham CHUNG	28 February 2017	3.845	2,000,000	–	200,000	2,200,000
	12 March 2018	4.373	3,000,000	–	300,000	3,300,000
TANG Moon Wah	28 February 2017	3.845	2,000,000	–	200,000	2,200,000
	12 March 2018	4.373	3,000,000	–	300,000	3,300,000
Madeline WONG	28 February 2017	3.845	1,100,000	–	110,000	1,210,000
	12 March 2018	4.373	1,600,000	–	160,000	1,760,000
Johnson CHA	28 February 2017	3.845	1,100,000	–	110,000	1,210,000
	12 March 2018	4.373	1,600,000	–	160,000	1,760,000
Ronald ARCULLI	28 February 2017	3.845	1,100,000	–	110,000	1,210,000
	12 March 2018	4.373	1,600,000	–	160,000	1,760,000
Loretta HO	28 February 2017	3.845	700,000	–	70,000	770,000
	12 March 2018	4.373	800,000	–	80,000	880,000
Linus CHEUNG	28 February 2017	3.845	500,000	–	50,000	550,000
	12 March 2018	4.373	800,000	–	80,000	880,000
TANG Kwai Chang	28 February 2017	3.845	200,000	–	20,000	220,000
	12 March 2018	4.373	800,000	–	80,000	880,000
Ex-director and employees	28 February 2017	3.845	1,100,000	–	110,000	1,210,000
	12 March 2018	4.373	2,600,000	–	260,000	2,860,000
Total			41,400,000	–	4,140,000	45,540,000

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

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

7 The exercise price and the number of outstanding share options were adjusted as a result of the bonus issue of shares of the Company on 17 September 2018, details of which were disclosed in the Company's announcement dated 17 September 2018.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2018, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

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

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage of issued share capital
CCM Trust (Cayman) Limited	Corporate trustee	616,169,295[8]	41.48
LBJ Regents Limited	Corporate trustee	101,084,280[9]	6.81

[8] 616,169,295 shares were held by CCM Trust as corporate trustee of certain but not identical discretionary trusts of which members of the classes of discretionary beneficiaries comprise the late Dr CHA Chi-ming's issue.

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

Save as disclosed above, as at 30 September 2018, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

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

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

CORPORATE GOVERNANCE

During the Period, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules save for a deviation of E.1.2 (Chairman of the Board's attendance of the Annual General Meeting). Due to other business engagements, Mr Payson CHA, the Chairman of the Board could not attend the annual general meeting of the Company held on 22 August 2018 (the "AGM") and Mr Victor CHA, the Deputy Chairman of the Board and Managing Director of the Company (and Member of the Remuneration Committee) chaired the AGM. All other Executive Directors, Mr Ronald ARCULLI (Non-executive Director), Mr Henry FAN (Independent Non-executive Director ("INED") and Member of the Remuneration Committee) and Mr TANG Kwai Chang (INED, Chairman of the Audit Committee and Member of Nomination Committee) were present at the AGM and available to answer questions.

In September 2018, the Company further set up a Corporate Governance Committee ("CGCom"). The CGCom comprises four members including Mr Payson CHA, Ms Madeline WONG, Mr Henry FAN and Mr TANG Kwai Chang with Mr Payson CHA acting as the Chairman of the CGCom. Role and responsibilities of the CGCom and other details, including the number of meeting held, record of attendance of members and the matters discuss during the year will be set out in the 2018/2019 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CHANGE IN THE INFORMATION OF DIRECTORS

Mr Victor CHA ceased as an independent non-executive director of SOHO China Limited with effect from 17 August 2018.

Mr TANG Kwai Chang was appointed as a Convenor of the Financial Reporting Review Panel of the Financial Reporting Council with effect from 16 July 2018.

Mr Henry FAN was appointed as a member of the Board of the West Kowloon Cultural District Authority and a member of the Hospital Authority with effect from 23 October 2018 and 1 December 2018 respectively.

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

In accordance with the continuing obligations set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at 30 September 2018 pursuant to rule 13.18 thereof. There exists no reporting obligation by the Company under rules 13.17 and 13.19 of the Listing Rules accordingly.

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

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

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

As a result of bonus issue of shares of the Company on 17 September 2018 on the basis of one (1) bonus share for every ten (10) existing shares, the number of shares in the Company held by Mr Payson CHA, direct and indirect, as at the date of this interim report is increased to 702,763,130 shares with the shareholding in the Company remains unchanged and he is still treated as the single largest beneficial shareholder of the Company.

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

In accordance with the requirements of rules 13.20 and 13.22 of Chapter 13 of the Listing Rules, the following were the details of financial assistances and guarantees given for facilities granted to affiliated companies of the Company as at 30 September 2018 pursuant to rules 13.13 and 13.16 thereof:

a) As at 26 May 2017, the Group committed to advance to Gainwick Limited ("Gainwick"), a joint venture formed by the Group (owned as to 40%) and Hysan Development Company Limited (owned as to 60%) for the purpose of a residential property development in Tai Po, New Territories, in a form of shareholders' loan in a total amount of HK$1,437.2 million which is unsecured and has no fixed terms of repayment (the "Shareholders' Loan", comprising loan for land premium amounted to HK$1,357.2 million which is non-interest bearing and loan for working capital up to HK$80.0 million with an interest rate of 2% per annum over 1-month Hong Kong Interbank Offered Rate ("HIBOR")). The Company also provides guarantee up to HK$2,000.0 million in favour of a syndicate of financial institutions in Hong Kong as a security for Gainwick's obligation under the banking facilities granted to Gainwick by the financial institutions (the "Guarantee"). The interest rate for the banking facilities is a sum of HIBOR of 0.65% per annum and relevant interest period (one, two to three months or subject to availability six months at the selection of Gainwick and mutually agreed with the financial institutions). Further details of the repayment terms and security of the Guarantee are disclosed in the announcement of the Company dated 26 May 2017. As at 30 September 2018, the outstanding Shareholders' Loan amounted to HK$758.9 million and out of which HK$65.2 million was loan for working capital. The guarantee given in respect of the banking facilities granted to Gainwick amounted to HK$666.1 million.

b) As at 30 September 2018, the Group advanced to Dazhongli Properties Limited and its subsidiaries ("Dazhongli group") an aggregate amount of HK$4,909.5 million. Dazhongli group is engaged in the development of certain properties in Jing'an District, Shanghai, the People's Republic of China in which the Group has 50% interest. The advances were provided by the Group in the form of equity and loans in proportion to its shareholding interest therein, for the purpose of financing the development expenditure of Dazhongli group. Out of the advances, HK$271.2 million are unsecured, interest bearing at 1.71% per annum and repayable in December 2019. The remaining of the advances are unsecured, non-interest bearing and have no fixed terms of repayment.

c) As at 30 September 2018, the Group also advanced to and guarantees given for other several affiliated companies an aggregate amount of HK$1,762.7 million. The Group has interests ranging from 31% to 50% in these affiliated companies.

As at 30 September 2018, the aggregate amount of advances provided to and guarantees given for these affiliated companies by the Group amounted to HK$8,097.2 million representing 24.0% of the consolidated total assets of the Group of HK$33,723.8 million as at 30 September 2018.

A pro forma combined statement of financial position of these affiliated companies and the Group's attributable interests in these affiliated companies as at 30 September 2018 were as follows:

	Pro forma combined statement of financial position HK$'M	The Group's attributable interest HK$'M
Non-current assets	23,302.3	11,650.5
Current assets	8,134.1	3,698.7
Current liabilities	(16,079.3)	(7,841.5)
Net current liabilities	(7,945.2)	(4,142.8)
Non-current liabilities	(13,359.6)	(6,150.1)
Shareholders' surplus	1,997.5	1,357.6

REVIEW OF INTERIM REPORT

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

On behalf of the Board
CHA Mou Sing Payson
Chairman

Hong Kong
21 November 2018

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF HKR INTERNATIONAL LIMITED
香港興業國際集團有限公司
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of HKR International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 16 to 44, which comprise the condensed consolidated statement of financial position as of 30 September 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21 November 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	NOTES	For the six months ended 30 September 2018 HK$'M (unaudited)	2017 HK$'M (unaudited)
Turnover	3	**2,306.2**	882.8
Cost of sales		**(1,674.0)**	(603.2)
Gross profit		**632.2**	279.6
Other income		**109.8**	60.4
Other gains and losses		**(4.1)**	33.0
Administrative expenses		**(211.0)**	(190.4)
Change in fair value of investment properties			
Realised gains on disposals		**–**	11.1
Unrealised gains		**629.8**	939.8
Finance costs	4	**(120.7)**	(98.9)
Share of results of associates		**(0.1)**	–
Share of results of joint ventures		**261.5**	(71.9)
Profit before taxation	5	**1,297.4**	962.7
Taxation	6	**(148.8)**	(119.8)
Profit for the period		**1,148.6**	842.9
Profit for the period attributable to:			
Owners of the Company		**1,020.1**	762.7
Non-controlling interests		**128.5**	80.2
		1,148.6	842.9

		HK cents	HK cents (restated)
Earnings per share	9		
Basic		**68.7**	51.3
Diluted		**68.6**	51.3

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
	(unaudited)	(unaudited)
Profit for the period	**1,148.6**	842.9
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss		
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the period	**(14.3)**	–
Deferred tax arising from fair value changes	**(0.1)**	–
Revaluation gain on property, plant and equipment upon transfer to investment properties	**17.2**	–
	2.8	–
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising from foreign joint ventures	**(596.9)**	249.9
Exchange differences arising from translation of other foreign operations	**(378.3)**	183.5
Available-for-sale financial assets:		
Fair value changes during the period	**–**	16.5
Reclassified to profit or loss upon disposal	**–**	(12.5)
Deferred tax arising from fair value changes	**–**	0.2
	(975.2)	437.6
Other comprehensive (expense) income for the period (net of tax)	**(972.4)**	437.6
Total comprehensive income for the period	**176.2**	1,280.5
Total comprehensive income attributable to:		
Owners of the Company	**47.7**	1,200.3
Non-controlling interests	**128.5**	80.2
	176.2	1,280.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2018

	NOTES	**30 September 2018 HK$'M (unaudited)**	31 March 2018 HK$'M (audited)
Non-current assets			
Investment properties	10	**11,780.6**	11,255.2
Property, plant and equipment	11	**2,271.4**	2,313.2
Interests in associates		**–**	–
Interests in joint ventures	12	**8,573.5**	9,072.2
Equity instruments measured at fair value through other comprehensive income		**34.9**	–
Financial assets at fair value through profit or loss		**350.9**	–
Investments in debt instruments measured at amortised cost		**60.5**	–
Held-to-maturity investments		**–**	96.9
Available-for-sale financial assets		**–**	110.6
Other assets		**172.8**	150.6
Deferred tax assets		**28.8**	42.0
		23,273.4	23,040.7
Current assets			
Inventories		**43.9**	44.6
Properties held for sale		**969.3**	2,308.5
Properties held for/under development for sale		**5,705.1**	5,546.4
Trade receivables	13	**39.6**	29.8
Deposits, prepayments and other receivables		**316.6**	514.0
Amounts due from associates		**8.1**	8.1
Amounts due from joint ventures		**203.9**	191.2
Taxation recoverable		**15.4**	11.7
Investments in debt instruments measured at amortised cost		**19.2**	–
Held-to-maturity investments		**–**	33.3
Bank balances and cash		**3,129.3**	2,908.4
		10,450.4	11,596.0
Current liabilities			
Trade payables, provision and accrued charges	14	**841.9**	1,040.0
Deposits received and other financial liabilities	15	**156.2**	2,219.4
Contract liabilities	15	**1,614.6**	–
Taxation payable		**128.6**	97.8
Bank and other loans due within one year	16	**653.6**	1,058.0
Other liabilities due within one year	17	**40.1**	41.6
		3,435.0	4,456.8
Net current assets		**7,015.4**	7,139.2
Total assets less current liabilities		**30,288.8**	30,179.9
Non-current liabilities			
Bank and other loans due after one year	16	**6,252.3**	6,527.7
Other liabilities due after one year	17	**1,223.6**	1,126.6
Deferred tax liabilities		**373.9**	368.2
		7,849.8	8,022.5
		22,439.0	22,157.4
Capital and reserves			
Share capital	19	**371.3**	337.5
Reserves		**19,519.3**	19,380.3
Equity attributable to owners of the Company		**19,890.6**	19,717.8
Non-controlling interests		**2,548.4**	2,439.6
		22,439.0	22,157.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Attributable to owners of the Company											
	Share capital HK$'M	Accumulated profits HK$'M	Investment property revaluation reserve HK$'M (note a)	Share premium HK$'M	Share options reserve HK$'M	Asset revaluation reserve HK$'M	Investment revaluation reserve HK$'M	Exchange reserve HK$'M	Capital redemption reserve HK$'M (note b)	Sub-total HK$'M	Non-controlling interests HK$'M	Total HK$'M
At 1 April 2017 (audited)	337.5	9,180.4	5,043.6	1,537.9	13.6	15.8	27.7	226.2	3.1	16,385.8	2,367.8	18,753.6
Profit for the period	–	762.7	–	–	–	–	–	–	–	762.7	80.2	842.9
Exchange differences arising from foreign joint ventures	–	–	–	–	–	–	–	249.9	–	249.9	–	249.9
Exchange differences arising from translation of other foreign operations	–	–	–	–	–	–	–	183.5	–	183.5	–	183.5
Fair value changes on available-for-sale financial assets	–	–	–	–	–	–	16.5	–	–	16.5	–	16.5
Reclassified to profit or loss upon disposal of available-for-sale financial assets	–	–	–	–	–	–	(12.5)	–	–	(12.5)	–	(12.5)
Deferred tax arising from fair value changes on available-for-sale financial assets	–	–	–	–	–	–	0.2	–	–	0.2	–	0.2
Total comprehensive income for the period	–	762.7	–	–	–	–	4.2	433.4	–	1,200.3	80.2	1,280.5
Transfer to investment property revaluation reserve relating to unrealised net fair value gain during the period	–	(732.8)	732.8	–	–	–	–	–	–	–	–	–
Transfer from investment property revaluation reserve relating to net fair value gain realised during the period	–	3.3	(3.3)	–	–	–	–	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	2.3	–	–	–	–	–	–	–	2.3	(2.3)	–
Dividend paid	–	(94.5)	–	–	–	–	–	–	–	(94.5)	–	(94.5)
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	(60.0)	(60.0)
At 30 September 2017 (unaudited)	337.5	9,121.4	5,773.1	1,537.9	13.6	15.8	31.9	659.6	3.1	17,493.9	2,385.7	19,879.6

Notes:

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

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

(c) On 17 September 2018, the Group issued a total of 135,027,436 bonus shares on the basis of one (1) bonus share for every ten (10) existing ordinary shares.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	NOTE	For the six months ended 30 September 2018 HK$'M (unaudited)	2017 HK$'M (unaudited)
Net cash generated from operating activities		**845.6**	188.1
Net cash generated from investing activities			
Repayment of loan to a joint venture		**150.0**	665.3
Net cash inflow on disposal of a subsidiary	18	**206.2**	–
Proceeds from disposal of property, plant and equipment		**19.0**	6.9
Redemption of investments in debt instruments measured at amortised cost		**3.6**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**13.0**	–
Proceeds from disposal of investment properties		**–**	24.4
Redemption of held-to-maturity investments		**–**	33.5
Additions of property, plant and equipment		**(94.4)**	(111.9)
Additions of investment properties		**(56.1)**	(279.5)
Loans to joint ventures		**(28.1)**	(104.2)
Additions of financial assets at fair value through profit or loss		**(33.1)**	–
Other investing cash flows		**31.4**	83.5
		211.5	318.0
Net cash used in financing activities			
New bank and other loans raised		**17.3**	490.5
Advance from a non-controlling shareholder		**150.0**	–
Repayment of bank and other loans		**(576.4)**	(781.7)
Dividend paid		**(94.5)**	(94.5)
Dividend paid to a non-controlling shareholder		**(17.5)**	(60.0)
Repayment to a non-controlling shareholder		**(62.5)**	(27.1)
Other financing cash flows		**(119.5)**	(102.0)
		(703.1)	(574.8)
Net increase (decrease) in cash and cash equivalents		**354.0**	(68.7)
Cash and cash equivalents at beginning of the period		**2,908.4**	2,548.3
Effect of foreign exchange rate changes		**(133.1)**	40.9
Cash and cash equivalents at end of the period		**3,129.3**	2,520.5
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		**3,129.3**	2,520.5

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policy resulting from the application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources:

- Sales of properties
- Rental income (not within the scope of HKFRS 15)
- Provision of other services (clubs operation, transportation and professional property management services)
- Hotel revenue
- Provision of healthcare services

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18, HKAS 11 and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

For the presentation and consistence with the terminology used under HKFRS 15, contract liabilities for property sales deposits received in relation to property development activities and advance payments from customers were previously presented and included in the line item "deposits received and other financial liabilities" on the condensed consolidated statement of financial position. Reclassifications were made as at 1 April 2018 to present the property sales deposits received and advance payments from customers as "contract liabilities".

A point in time revenue recognition

The revenue of the Group is recognised at a point in time, except for revenue from provision of hotel accommodation services, clubs operation services, and professional property management services, which are recognised over time. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant, and is included in contract liabilities before the transfer of the promised property or services. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on accumulated profits at 1 April 2018.

	Note	Impact of adopting HKFRS 15 at 1 April 2018 HK$'M (increase) decrease
Accumulated profits		
Impact of significant financing component on finance costs	(a)	10.7
Tax effects	(a)	(1.7)
Non-controlling interests	(a)	(2.2)
Impact at 1 April 2018		6.8

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

Impact on assets, (liabilities) and (reserve) as at 1 April 2018

	Notes	Carrying amount previously reported at 31 March 2018 HK$'M (Audited)	Impacts of adopting HKFRS 15 HK$'M	Carrying amount under HKFRS 15 at 1 April 2018* HK$'M
Deferred tax assets	(a)	42.0	1.7	43.7
Properties held for sale	(a)	2,308.5	13.7	2,322.2
Properties held for/under development for sale	(a)	5,546.4	17.5	5,563.9
Deposits received and other financial liabilities	(b)	(2,219.4)	2,068.9	(150.5)
Contract liabilities	(a), (b)	–	(2,110.8)	(2,110.8)
Non-controlling interests	(a)	(2,439.6)	2.2	(2,437.4)
Accumulated profits		(9,722.3)	6.8	(9,715.5)

* The amounts in this column are before the adjustments from the application of HKFRS 9.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position as at 30 September 2018

	Notes	As reported HK$'M	Adjustments HK$'M	Amount without application of HKFRS 15 HK$'M
Properties held for/under development for sale	(d)	5,705.1	(39.9)	5,665.2
Deposits received and other financial liabilities	(b)	(156.2)	(1,574.5)	(1,730.7)
Contract liabilities	(b), (c), (d)	(1,614.6)	1,614.6	–
Accumulated profits		(10,272.6)	(0.2)	(10,272.8)

Impacts on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018

	Notes	As reported HK$'M	Adjustments HK$'M	Amount without application of HKFRS 15 HK$'M
Turnover	(c), (e)	2,306.2	(25.1)	2,281.1
Cost of sales	(e)	(1,674.0)	13.7	(1,660.3)
Finance costs	(e)	(120.7)	0.9	(119.8)
Taxation	(e)	(148.8)	1.7	(147.1)
Profit for the period		1,148.6	(8.8)	1,139.8
Total comprehensive income for the period		176.2	(8.8)	167.4

Notes:

(a) Certain property sales contracts of the Group contain significant financing component after taking into account the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group recognised the interest expense only to the extent that a contract liability (a property sales deposit) is recognised in accounting for the contract with the customers and adjusted the promised amount of consideration by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. At the date of initial application, finance costs eligible for capitalisation amounting to HK$13.7 million have been adjusted to properties held for sale and HK$17.5 million have been adjusted to properties held for/under development for sale. Finance costs not eligible for capitalisation of HK$10.7 million, net of deferred tax of HK$1.7 million have been debited to the accumulated profits and non-controlling interests amounting to HK$6.8 million and HK$2.2 million respectively. The corresponding adjustment of the significant financing component of HK$41.9 million is credited to contract liabilities. The corresponding tax effect of HK$1.7 million has been recognised as deferred tax assets.

(b) At the date of initial application of HKFRS 15, property sales deposits and advance payments from customers of HK$2,034.7 million and HK$34.2 million, respectively, included in deposits received and other liabilities were reclassified to contract liabilities.

Due to the application of HKFRS 15, property sales deposits of HK$1,542.1 million and advance payments from customers of HK$32.4 million are classified as contract liabilities as at 30 September 2018.

(c) For the provision of dental services that have multiple deliverables which represent separate performance obligation, revenue is recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customers. In accordance with HKFRS 15, the transaction price is allocated to the different performance obligation on a relative stand-alone selling price basis. The revenue relating to the undelivered elements of the arrangements is deferred until delivery of these elements. In relation to this change, a decrease of HK$0.2 million in revenue is noted for current interim period and the corresponding advance payment is credited to contract liabilities.

(d) Due to the application of HKFRS 15, finance costs from significant financing component eligible for capitalisation of HK$39.9 million have been adjusted to properties held for/under development for sale. The corresponding adjustment of the significant financing component is credited to contract liabilities.

(e) The impact of adopting HKFRS 15 to revenue in relation to the property sales contracts with significant financing component that are completed during the current interim period amounted to HK$25.3 million, with the corresponding finance costs of HK$13.7 million capitalised in properties held for sale which are included in cost of sales upon sales of the relevant properties. The finance costs from a significant financing component not eligible for capitalisation of HK$0.9 million are recognised in finance costs in the current interim period. The corresponding tax effect of the above adjustments amounting to HK$1.7 million was credited to profit or loss.

2.2 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS"

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and those as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments measured at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including investments in debt instruments measured at amortised cost, trade receivables, loans to joint ventures, loan to an investee, mortgage instalment receivables, amounts due from associates, amounts due from joint ventures and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, i.e. 1 April 2018.

	Notes	Available-for-sale financial assets HK$'M	Held-to-maturity investments HK$'M	Financial assets at FVTPL required by HKFRS 9 HK$'M	Equity instruments measured at FVTOCI HK$'M	Investments in debt instruments measured at amortised cost HK$'M	Amortised cost (previously classified as loans and receivables) HK$'M	Investment revaluation reserve HK$'M	Accumulated profits HK$'M
At 31 March 2018 (Audited) – HKAS 39		110.6	130.2	–	–	–	6,859.9	39.2	9,722.3
Reclassification									
From available-for-sale financial assets	(a)	(110.6)	–	61.0	49.6	–	–	(10.3)	10.3
From held-to-maturity investments	(b)	–	(130.2)	45.6	–	84.6	–	–	–
Re-measurement									
From cost less impairment to fair value	(a), (b)	–	–	247.5	–	–	–	–	247.5
From amortised cost to fair value	(b)	–	–	0.4	–	–	–	–	0.4
Impairment under ECL model	(c)	–	–	–	–	–	(21.5)	–	(21.5)
At 1 April 2018 (restated)		–	–	354.5	49.6	84.6	6,838.4	28.9	9,959.0

Notes:

(a) Available-for-sale financial assets

From available-for-sale financial assets to equity instruments measured at FVTOCI

The Group elected to present in other comprehensive income for the fair value changes of certain equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$49.6 million were reclassified from available-for-sale financial assets to equity instruments measured at FVTOCI. The fair value gains of HK$28.9 million relating to those equity investments continued to accumulate in investment revaluation reserve.

From available-for-sale financial assets to financial assets at FVTPL
At the date of initial application of HKFRS 9, the Group's investments in private equity funds of HK$61.0 million previously accounted for as available-for-sale financial assets measured at fair value are reclassified as financial assets at FVTPL. The cumulative fair value gains of HK$10.3 million relating to those investments previously carried at fair value were transferred from investment revaluation reserve to accumulated profits.

From equity investment measured at cost less impairment to financial assets at FVTPL
At the date of initial application of HKFRS 9, the unquoted equity investment previously measured at cost less impairment under HKAS 39 is reclassified from other assets to financial assets at FVTPL. The net fair value gain of HK$247.5 million relating to that investment previously carried at cost less impairment were adjusted to financial assets at FVTPL and accumulated profits as at 1 April 2018.

(b) Held-to-maturity investments
Debt instruments amounting to HK$84.6 million previously classified as held-to-maturity investments are reclassified and measured at amortised cost upon application of HKFRS 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount at 1 April 2018.

At the date of initial application of HKFRS 9, the Group's held-to-maturity investments of HK$45.6 million were reclassified from held-to-maturity investments to financial assets at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK$0.4 million was adjusted to financial assets at FVTPL and accumulated profits as at 1 April 2018.

(c) Impairment under ECL model
In relation to the impairment of financial assets, HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. As at 1 April 2018, additional credit loss allowances of HK$21.5 million has been recognised against accumulated profits. The additional loss allowances were charged against the respective assets.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost (previously classified as loans and receivables) mainly comprise those arising from investments in debt instruments measured at amortised cost, loans to joint ventures, loan to an investee, amounts due from associates, amounts due from joint ventures and bank balances. Such loss allowances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance of HK$21.5 million has been recognised against accumulated profits. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets classified as loans and receivables including loans to joint ventures and loan to an investee as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Loans to joint ventures included in interests in joint ventures HK$'M	Loan to an investee included in other assets HK$'M	Total HK$'M
At 31 March 2018 (Audited) – HKAS 39	6,753.3	106.6	6,859.9
Impairments under ECL model	(21.1)	(0.4)	(21.5)
At 1 April 2018	6,732.2	106.2	6,838.4

2.3 IMPACTS ON OPENING CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ARISING FROM THE APPLICATION OF ALL NEW STANDARDS

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	31 March 2018 HK$'M (Audited)	HKFRS 15 HK$'M	HKFRS 9 HK$'M	1 April 2018 HK$'M (Restated)
Financial assets at FVTPL	–	–	354.5	354.5
Equity instruments measured at FVTOCI	–	–	49.6	49.6
Investments in debt instruments measured at amortised cost	–	–	84.6	84.6
Held-to-maturity investments	130.2	–	(130.2)	–
Available-for-sale financial assets	110.6	–	(110.6)	–
Loan to an investee included in other assets	106.6	–	(0.4)	106.2
Loans to joint ventures included in interests in joint ventures	6,753.3	–	(21.1)	6,732.2
Deferred tax assets	42.0	1.7	–	43.7
Properties held for sale	2,308.5	13.7	–	2,322.2
Properties held for/under development for sale	5,546.4	17.5	–	5,563.9
Deposits received and other financial liabilities	(2,219.4)	2,068.9	–	(150.5)
Contract liabilities	–	(2,110.8)	–	(2,110.8)
Investment revaluation reserve	(39.2)	–	10.3	(28.9)
Non-controlling interests	(2,439.6)	2.2	–	(2,437.4)
Accumulated profits	(9,722.3)	6.8	(236.7)	(9,952.2)

3. TURNOVER AND SEGMENT INFORMATION

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

DISAGGREGATION OF TURNOVER

	For the six months ended 30 September	
	2018 HK$'M	2017 HK$'M
Major products and services:		
Sales of properties	**1,561.4**	171.4
Rental income	**210.6**	184.7
Hotel revenue	**147.9**	136.1
Provision of healthcare services	**134.5**	142.4
Other services rendered	**251.8**	248.2
	2,306.2	882.8
Geographical markets:		
Hong Kong	**1,789.8**	575.7
Mainland China	**303.4**	88.2
Japan	**73.8**	22.4
South East Asia	**139.2**	196.5
	2,306.2	882.8

SEGMENT INFORMATION

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

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

	Property development HK$'M	Property investment HK$'M	Services provided HK$'M	Hotel operations HK$'M	Healthcare HK$'M	Total HK$'M
Six months ended 30 September 2017						
TURNOVER						
Segment revenue – sales to external customers derived by the Group, an associate and a joint venture	174.1	665.2	232.6	136.1	142.4	1,350.4
Excluding turnover of an associate and a joint venture	(0.1)	(467.5)	–	–	–	(467.6)
Consolidated turnover, as reported (note a)	174.0	197.7	232.6	136.1	142.4	882.8
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (note b)	(26.0)	152.3	32.4	(6.9)	0.1	151.9
Excluding realised results of associates and joint ventures not shared by the Group	8.8	(19.3)	–	–	–	(10.5)
Results attributable to the Group	(17.2)	133.0	32.4	(6.9)	0.1	141.4
Unallocated other income						27.5
Unallocated corporate expenses						(47.9)
Finance costs and corporate level exchange difference						(73.4)
Net unrealised gains on fair value change of investment properties (note c)						878.0
Net unrealised losses on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax credit						(82.7)
Profit for the period						842.9
Non-controlling shareholders' share of profit for the period						(80.2)
Profit for the period attributable to owners of the Company						762.7

Notes:

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

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

(c) The net unrealised gains on fair value change of investment properties for the six months ended 30 September 2018 of HK$625.0 million (six months ended 30 September 2017: HK$878.0 million) represented the unrealised gain on fair value change of investment properties of HK$629.8 million (six months ended 30 September 2017: HK$939.8 million) net of deferred tax charge arising from change in fair value of HK$4.8 million (six months ended 30 September 2017: HK$61.8 million).

4. FINANCE COSTS

	For the six months ended 30 September	
	2018 HK$'M	2017 HK$'M
Interest on		
Bank and other loans	**98.3**	79.2
Advances from non-controlling shareholders	**9.7**	4.0
	108.0	83.2
Less: Amounts included in the cost of properties under development for sale	**(7.7)**	(4.0)
	100.3	79.2
Bank and other loans arrangement fees	**19.5**	19.7
Finance costs from a significant financing component of contract liabilities	**0.9**	–
	120.7	98.9

5. PROFIT BEFORE TAXATION

	For the six months ended 30 September 2018 HK$'M	2017 HK$'M
Profit before taxation has been arrived at after (crediting) charging:		
Bank and other interest income	**(38.2)**	(23.8)
Gain on disposal of a subsidiary (Note 18)	**(22.4)**	–
Gain on disposal of property, plant and equipment	**(0.3)**	(6.6)
Net exchange loss (gain)	**13.7**	(6.6)
Depreciation	**81.2**	76.2
Reversal of impairment loss recognised on held-to-maturity investments	**–**	(7.3)
Impairment loss recognised on trade receivables	**0.5**	–
Fair value change of financial assets at FVTPL	**12.8**	–

6. TAXATION

	For the six months ended 30 September 2018 HK$'M	2017 HK$'M
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	**28.3**	13.5
Overseas tax calculated at rates prevailing in respective jurisdictions	**29.1**	34.1
Land appreciation tax ("LAT")	**55.3**	10.5
	112.7	58.1
Deferred taxation for current period	**36.1**	61.7
	148.8	119.8

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

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

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

	For the six months ended 30 September 2018 HK$'M	2017 HK$'M
(a) Net unrealised gains on change in fair value of investment properties during the period		
– The Group	**629.8**	939.8
Deferred tax charge	**(4.8)**	(61.8)
Attributable to non-controlling interests	**(92.3)**	(62.5)
	532.7	815.5
– Joint venture, net of deferred tax charge (credit)	**38.7**	(82.7)
	571.4	732.8
(b) Profits excluding net unrealised gains on change in fair value of investment properties	**448.7**	29.9
Net accumulated gains on change in fair value of investment properties (net of deferred tax) recognised in profit or loss in prior years for properties disposed of during the period	**–**	3.3
	448.7	33.2
Sub-total	**1,020.1**	766.0
Less: Net accumulated gains on change in fair value of investment properties (net of deferred tax) recognised in profit or loss in prior years for properties disposed of during the period	**–**	(3.3)
Profit for the period attributable to owners of the Company	**1,020.1**	762.7

8. DIVIDENDS

	For the six months ended 30 September 2018 HK$'M	2017 HK$'M
Final dividend paid for the financial year ended 31 March 2018 of HK7 cents (six months ended 30 September 2017: for the financial year ended 31 March 2017 of HK7 cents) per share	**94.5**	94.5

The directors of the Company declared an interim dividend of HK4 cents (six months ended 30 September 2017 of HK3 cents) per share totalling not less than HK$59.4 million (six months ended 30 September 2017: HK$40.5 million) for the six months ended 30 September 2018.

9. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Earnings		
Earnings for the purposes of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**1,020.1**	762.7

	For the six months ended 30 September	
	2018	2017 (restated)
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	**1,485,301,803**	1,485,301,803
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	**1,924,739**	760,571
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,487,226,542**	1,486,062,374

On 22 August 2018, an ordinary resolution was duly passed by the shareholders of the Company to approve the bonus issue on the basis of one (1) bonus share for every ten (10) existing ordinary shares held by the shareholders as of 31 August 2018. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2017 has been retrospectively adjusted to reflect the bonus issue that was completed on 17 September 2018.

10. INVESTMENT PROPERTIES

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Fair value		
At beginning of the period	**11,255.2**	8,688.3
Currency realignment	**(107.4)**	(12.7)
Additions	**56.1**	464.8
Change in fair value recognised in profit or loss		
– Realised gains on disposals	**–**	11.1
– Unrealised gains	**629.8**	939.8
Disposals	**–**	(24.4)
Transferred from property, plant and equipment (note a)	**51.1**	–
Adjustment of cost for renovation and conversion work of certain investment properties (note b)	**(104.2)**	–
At end of the period	**11,780.6**	10,066.9

Notes:

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

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

For the six months ended 30 September 2018, the Group did not dispose of any investment properties. During the six months ended 30 September 2017, the Group disposed of certain investment properties with original cost of acquisition of HK$5.9 million for cash proceeds of HK$24.4 million. Accumulated gains on change in fair value recognised in prior years amounting to HK$7.4 million and a realised gain on disposal of HK$11.1 million was recognised during the six months period ended 30 September 2017.

The investment properties were revalued at 30 September 2018, giving rise to an unrealised fair value gain of HK$629.8 million (six months ended 30 September 2017: HK$939.8 million) which has been recognised in the condensed consolidated statement of profit or loss for the period.

The fair values of the Group's investment properties at 30 September 2018, 31 March 2018 and the date of transfer from property, plant and equipment have been derived by the following independent firms of professional valuers with appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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

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

11. PROPERTY, PLANT AND EQUIPMENT

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

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Net carrying value		
At beginning of the period	**2,313.2**	2,181.9
Currency realignment	**(2.4)**	12.7
Additions	**94.4**	111.9
Disposals	**(18.7)**	(0.3)
Depreciation	**(81.2)**	(76.2)
Transferred to investment properties	**(33.9)**	–
At end of the period	**2,271.4**	2,230.0

12. INTERESTS IN JOINT VENTURES

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

	30 September 2018 HK$'M	31 March 2018 HK$'M
Interests in:		
Dazhongli	**6,584.6**	7,011.3
Other joint ventures	**1,988.9**	2,060.9
	8,573.5	9,072.2

DAZHONGLI

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

	30 September 2018 HK$'M	31 March 2018 HK$'M
Cost of unlisted shares	**0.1**	0.1
Cumulative exchange differences (note a)	**173.8**	771.8
Share of post-acquisition profits	**1,720.4**	1,506.9
	1,894.3	2,278.8
Loans to Dazhongli		
– Non-interest bearing (note b)	**4,419.1**	4,436.3
– Interest bearing (note c)	**271.2**	296.2
	6,584.6	7,011.3

Notes:

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

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

(c) The loans to Dazhongli are unsecured, interest bearing at 1.71% (31 March 2018: 1.71%) per annum and repayable in December 2019. Accordingly, the amount is classified as non-current asset and included in the Group's interests in joint ventures for the purpose of presentation in the condensed consolidated statement of financial position.

The summarised consolidated financial information in respect of Dazhongli group as at 30 September 2018 and 31 March 2018 is set out below. The joint venture is accounted for using the equity method in these consolidated financial statements.

	30 September 2018 HK$'M	31 March 2018 HK$'M
Non-current assets		
Investment properties	**20,994.4**	22,886.0
Property, plant and equipment	**1,964.1**	2,097.1
Other non-current assets	**203.1**	250.5
	23,161.6	25,233.6
Current assets		
Bank balances and cash	**1,323.5**	1,115.6
Other current assets	**562.5**	608.2
	1,886.0	1,723.8
Current liabilities		
Bank loans	**681.9**	–
Loans from shareholders	**8,894.2**	8,893.0
Other current liabilities	**1,900.2**	2,068.7
	11,476.3	10,961.7
Net current liabilities	**(9,590.3)**	(9,237.9)
Total assets less current liabilities	**13,571.3**	15,995.7
Non-current liabilities		
Bank loans	**8,146.8**	9,421.3
Loans from shareholders	**520.8**	571.9
Deferred tax liabilities	**1,115.2**	1,444.9
	9,782.8	11,438.1
Net assets	**3,788.5**	4,557.6
Group's share of net assets	**1,894.3**	2,278.8

Note: The investment properties were measured at 30 September 2018 at fair value of HK$20,994.4 million (equivalent to RMB18,474.0 million) (31 March 2018: HK$22,886.0 million (equivalent to RMB18,337.4 million)) which was based on the valuation conducted by Cushman & Wakefield Limited, who has appropriate qualification and recent experiences in the valuation of similar properties in the relevant locations. The valuation of investment properties is determined by using income capitalisation approach. The income capitalisation approach is calculated by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential. The valuation of investment property under construction was derived from residual method based on capitalising the net earnings that would be generated from the investment property in its completed form, and has taken into account the developers' profit and construction costs already incurred as well as the estimated costs to be incurred to complete the property. The fair value measurement of investment property is valued under Level 3 fair value measurement, which is measured based on the significant unobservable inputs including the estimated market rent, capitalisation rate and developers' profit. The fair value gain of investment properties for the six months ended 30 September 2018 was HK$103.2 million (six months ended 30 September 2017: fair value loss of HK$220.6 million). The attributable deferred tax charge in respect of the fair value gain was HK$25.8 million (six months ended 30 September 2017: deferred tax credit of HK$55.1 million). Thus the net fair value gain after tax amounted to HK$77.4 million (six months ended 30 September 2017: net fair value loss of HK$165.5 million) of which the Group's 50% share of gain was HK$38.7 million (six months ended 30 September 2017: loss of HK$82.7 million). The investment properties are held within a business model of the joint venture whose business objective is to consume substantively all of the economic benefits embodied in the investment properties over time, rather than through sale.

The capital commitments of Dazhongli group at 30 September 2018 and 31 March 2018 are as follows:

	30 September 2018 HK$'M	31 March 2018 HK$'M
Contracted but not provided for	**104.1**	129.1

The capital commitments of Dazhongli group attributable to the Group represents 50% of the amounts stated above, will be financed by shareholders' loan or direct borrowings of Dazhongli group.

13. TRADE RECEIVABLES

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

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

	30 September 2018 HK$'M	31 March 2018 HK$'M
Not yet due	**11.5**	1.7
Overdue:		
0–60 days	**21.7**	23.9
61–90 days	**1.6**	2.7
Over 90 days	**4.8**	1.5
	39.6	29.8

14. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2018, included in trade payables, provision and accrued charges were trade payables of HK$174.2 million (31 March 2018: HK$176.2 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2018 HK$'M	31 March 2018 HK$'M
Not yet due	**113.8**	123.0
Overdue:		
0–60 days	**46.9**	41.3
61–90 days	**0.3**	1.0
Over 90 days	**13.2**	10.9
	174.2	176.2

The trade payables, provision and accrued charges included (a) construction cost accruals of HK$180.1 million (31 March 2018: HK$291.7 million); and (b) provisions for certain construction obligations of HK$328.5 million (31 March 2018: HK$328.5 million). In the course of the property development activities, the Group is obliged to construct certain common or public facilities within the development projects in accordance with the development plans approved by the relevant authorities. Provision for such construction costs has been made when a reliable estimate can be made of the amount of this obligation.

15. DEPOSITS RECEIVED AND OTHER FINANCIAL LIABILITIES/CONTRACT LIABILITIES

As at 31 March 2018, included in deposits received and other financial liabilities are property sales deposits of HK$2,034.7 million expected to be recognised as sales in profit or loss within twelve months from the end of reporting period and advance payments from customers of HK$34.2 million.

At 30 September 2018, the property sales deposits of HK$1,542.1 million, advance payments from customers of HK$32.6 million and the significant financing component in respect of the property sales deposits received of HK$39.9 million are presented as contract liabilities and the Group does not expect to refund any of the above amounts.

16. BANK AND OTHER LOANS

	30 September 2018 HK$'M	31 March 2018 HK$'M
Bank loans (note a)	**5,847.0**	6,508.2
Bonds and notes (note b)	**1,058.9**	1,077.5
	6,905.9	7,585.7
Less: Amount included under current liabilities (including bank loans with a repayable on demand clause)	**(653.6)**	(1,058.0)
Amount included under non-current liabilities	**6,252.3**	6,527.7
Bank and other loans are repayable:		
On demand or within one year	**653.6**	1,058.0
Between one and two years	**5,296.7**	1,000.0
Between two and five years	**955.6**	5,527.7
	6,905.9	7,585.7
Secured	**138.0**	457.6
Unsecured	**6,767.9**	7,128.1
	6,905.9	7,585.7
Bank loans that contain a repayable on demand clause (shown under current liabilities) and the scheduled payment is (note c):		
Within one year	**353.6**	–
Between one and two years	**–**	441.3
	353.6	441.3

Notes:

(a) As at 30 September 2018, the Group's bank loans carried interest at an average margin of 1.26% (31 March 2018: 1.21%) plus Hong Kong Interbank Offered Rate, other relevant interbank offered rates or other benchmark interest rates per annum.

(b) On 2 April 2013, the Company issued principal amount of HK$560.0 million 7-year unlisted notes at a coupon rate of 4.5% per annum. Subsequently on 10 April 2013, the Company established a US$1.0 billion Medium Term Note Programme ("MTN Programme"). In May 2013, a total principal amount of HK$238.0 million 7-year unlisted notes at a coupon rate of 4.3% per annum was issued under the MTN Programme. Furthermore, as at 30 September 2018, there was an outstanding bond with principal amount of HK$262.2 million (31 March 2018: HK$281.2 million) which carried interest at a margin of 0.47% (31 March 2018: 0.47%) plus the relevant interbank offered rates per annum.

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

17. OTHER LIABILITIES

	30 September 2018 HK$'M	31 March 2018 HK$'M
Advances from non-controlling shareholders	**413.4**	316.2
Club debentures	**850.3**	852.0
	1,263.7	1,168.2
Less: Amount due within one year included under current liabilities	**(40.1)**	(41.6)
Amount due after one year	**1,223.6**	1,126.6

18. DISPOSAL OF A SUBSIDIARY

On 21 March 2018, a wholly-owned subsidiary of the Company, Hanbright Assets Limited ("Hanbright Assets") and an indirectly wholly-owned subsidiary of the Company, Discovery Bay (Nominee) Company Limited, entered into a sale and purchase agreement with an independent third party, and pursuant to which, Hanbright Assets disposed of its entire interest in Smaragdine Limited ("Smaragdine"), which was a wholly-owned subsidiary of Hanbright Assets, and the shareholders' loans to Smaragdine. Smaragdine is engaged in property development business in Hong Kong. The aggregate cash consideration for the disposal is approximately HK$213.0 million and the net consideration after the transaction costs is HK$206.2 million. The disposal was completed on 14 September 2018.

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

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

19. SHARE CAPITAL

	Number of shares	HK$'M
Ordinary shares of HK$0.25 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 1 April 2018	2,000,000,000	500.0
Increase on 22 August 2018 (note a)	2,000,000,000	500.0
At 30 September 2018	4,000,000,000	1,000.0
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 1 April 2018	1,350,274,367	337.5
Bonus issue (note b)	135,027,436	33.8
At 30 September 2018	1,485,301,803	371.3

Notes:

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

(b) On 17 September 2018, the Group issued a total of 135,027,436 bonus shares on the basis of one (1) bonus share for every ten (10) existing ordinary shares.

20. CONTINGENT LIABILITIES

	30 September 2018 HK$'M	31 March 2018 HK$'M
Guarantee given, to the extent of the Group's proportionate share, in respect of a banking facility granted to an investee company (note a)	**123.0**	135.9
Guarantee given, to the extent of the Group's proportionate share, in respect of a banking facility granted to a joint venture for the development of a project (note a)	**666.1**	666.1
Guarantees given by subsidiaries in respect of mortgage facilities granted to purchasers of the Group's properties (note b)	**257.2**	211.7

Notes:

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

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

21. COMMITMENTS

	30 September 2018 HK$'M	31 March 2018 HK$'M
Contracted but not provided for in the condensed consolidated financial statements:		
Expenditure in respect of properties held for/under development for sale	**1,109.2**	1,421.2
Capital expenditure in respect of investment properties and property, plant and equipment	**91.5**	159.4
Others	**98.3**	115.9
	1,299.0	1,696.5

The capital commitments in respect of the Group's interest in Dazhongli group are disclosed in Note 12.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

	Fair value as at 30 September 2018 HK$'M	31 March 2018 HK$'M	Fair value hierarchy
Financial assets			
Listed equity securities classified as equity instruments measured at FVTOCI (31 March 2018: classified as available-for-sale financial assets) in the condensed consolidated statement of financial position (note a)	**34.9**	49.6	Level 1
Debt instruments at FVTPL (note b)	**54.2**	–	Level 1
Unlisted equity securities classified as financial assets at FVTPL (31 March 2018: classified as available-for-sale financial assets) in the condensed consolidated statement of financial position (note c)	**296.7**	61.0	Level 3
	385.8	110.6	

Notes:

(a) The fair values of all listed equity securities are determined by reference to the quoted market bid prices available on the relevant exchanges in active markets as at 30 September 2018 and 31 March 2018.

(b) The fair values of the debt instruments at FVTPL are determined by reference to the quoted market bid prices available on the relevant exchanges in active market as at 30 September 2018.

(c) The investments in private equity funds previously accounted for as available-for-sale financial assets are classified as FVTPL, which are measured using valuation techniques based on inputs that can be observed in the market in addition to unobservable inputs such as company specific financial information.

For the investments in private equity funds, the Group uses the key inputs of market comparable companies and discounted cash flows, which include the valuation multiples and recent transaction price, to determine the fair value of the unlisted equity securities as at 30 September 2018 and 31 March 2018. The unobservable inputs are valuation multiples, discount for lack of marketability and discount rate. Valuation multiples include enterprise value divided by earnings before interest and taxes, and price-to-sales multiple. The higher the valuation multiples, the lower the discount for lack of marketability or the lower the discount rate, the higher the fair value.

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

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

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

Reconciliation of Level 3 fair value measurements of financial assets

	For the six months ended 30 September 2018 HK$'M	2017 HK$'M
At beginning of the period	**61.0**	37.9
Opening adjustment on HKFRS 9 (Note 2)	**247.5**	–
Acquisition during the period	**17.8**	10.6
Total gain (loss)		
– in profit or loss	**(12.1)**	0.9
– in other comprehensive income	**–**	(0.9)
Exchange realignment	**(10.7)**	–
Proceeds from disposal	**(6.8)**	(4.0)
At end of the period	**296.7**	44.5

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

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

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

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

23. RELATED PARTY TRANSACTIONS

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

(a) Transactions with entities controlled (or jointly controlled as joint venture) by CCM Trust (Cayman) Limited ("CCM Trust") and certain discretionary trusts. Four (2017: Four) directors of the Company are among the discretionary beneficiaries of the above trusts at the end of the reporting period. The trusts have controlling beneficial interests in these entities and the Company:

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Transactions with the entities:		
Rental income received	**2.7**	3.0
Management service fee received	**0.4**	0.4
Other services provided	**–**	0.2

(b) Transactions with Hanison Construction Holdings Limited and its subsidiaries, in which CCM Trust and certain discretionary trusts have beneficiary interests:

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Construction service fee	**–**	0.4

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

	For the six months ended 30 September	
	2018	2017
	HK$'M	HK$'M
Management fee and other operating service fees received from joint ventures	**24.4**	12.3
Interest income received from an associate	**0.1**	0.1
Interest income received from a joint venture	**5.8**	5.4
Rental expenses paid to a joint venture	**2.0**	–

(d) Compensation of key management personnel:

The remuneration of key management personnel during the period amounted to HK$68.8 million (six months ended 30 September 2017: HK$11.8 million).

CORPORATE INFORMATION AND INVESTORS' CALENDAR
公司資料及投資者日誌

CHAIRMAN
主席

Mr CHA Mou Sing Payson
查懋聲先生

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

Mr CHA Mou Zing Victor
查懋成先生

EXECUTIVE DIRECTORS
執行董事

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

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

NON-EXECUTIVE DIRECTORS
非執行董事

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

INDEPENDENT NON-EXECUTIVE DIRECTORS
獨立非執行董事

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

AUDIT COMMITTEE
審核委員會

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

REMUNERATION COMMITTEE
薪酬委員會

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

NOMINATION COMMITTEE
提名委員會

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

CORPORATE GOVERNANCE COMMITTEE
企業管治委員會

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

COMPANY SECRETARY
公司秘書

Ms LEUNG Wai Fan
梁慧芬女士

REGISTERED OFFICE
註冊辦事處

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL OFFICE
主要辦事處

23/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong
香港干諾道中168-200號
信德中心招商局大廈23樓

SHARE REGISTRARS
股份過戶登記處

HONG KONG
香港

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
香港中央證券登記有限公司
香港灣仔皇后大道東183號
合和中心17樓1712-1716室

CAYMAN ISLANDS
開曼群島

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

INDEPENDENT AUDITOR
獨立核數師

Deloitte Touche Tohmatsu
德勤•關黃陳方會計師行

PRINCIPAL BANKERS
主要往來銀行

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

LEGAL ADVISORS
法律顧問

HONG KONG LAWS
香港法律

Kao, Lee & Yip
高李葉律師行
Mayer Brown JSM
孖士打律師行
Reed Smith Richards Butler
禮德齊伯禮律師行

CAYMAN ISLANDS LAWS
開曼群島法律

Maples and Calder
邁普達律師事務所

SEHK STOCK NAME/CODE
聯交所股份名稱/股份代號

HKR Int'l 香港興業國際/00480

INVESTORS' CALENDAR
投資者日誌

2018/2019 INTERIM DIVIDEND
2018/2019 年度中期股息

Closure of Registers
暫停股份登記
6 to 10 December 2018
2018年12月6日至10日

Payment Date
派發日期
21 December 2018
2018年12月21日

COMMUNICATION
聯絡

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Email 電郵:
investors@hkri.com *(Investors 投資者)*
cs@hkri.com *(Shareholders 股東)*

香港興業國際集團有限公司
（於開曼群島註冊成立之有限公司）

香港干諾道中168號信德中心招商局大廈23樓

HKR INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)

23/F, China Merchants Tower, Shun Tak Centre,
168 Connaught Road Central, Hong Kong

STOCK CODE 股份代號：00480

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