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HKRI

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The Board of Directors (the “Board”) of HKR International Limited (the “Company”) announces the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2020 (the “Period”).

INTERIM RESULTS

Due to the outbreak of COVID-19 epidemic, the Group’s businesses were unavoidably being impacted. Nevertheless, given the diversification of businesses over the years, the Group’s underlying profit excluding net unrealised gains on fair value of investment properties maintained at HK\$590.1 million during the Period, compared to HK\$441.0 million in the last corresponding period.

The Group’s unaudited revenue for the Period amounted to HK\$2,480.9 million, representing an increase of 30.4% as compared to HK\$1,903.1 million for the last corresponding period. Profit for the Period attributable to shareholders of the Company amounting to HK\$593.6 million shows a decrease of 36.8% as compared to HK\$939.2 million for the last corresponding period, which is primarily due to the decrease in unrealised fair value gain on the Group’s investment properties when compared to the figure recorded in the last corresponding period. This property valuation is a non-cash accounting treatment of fair value, which has no material impact on the Group’s cashflow or operations. Basic earnings per share were HK40.0 cents for the Period as compared to HK63.2 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 7 December 2020. The interim dividend will be paid on 21 December 2020. An interim dividend of HK5 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 3 to 7 December 2020 (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 2 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>NOTES</i>	For the six months ended	
		30 September	
		2020	2019
		<i>HK\$'M</i>	<i>HK\$'M</i>
		(unaudited)	(unaudited)
Revenue	3	2,480.9	1,903.1
Cost of sales		<u>(1,442.3)</u>	<u>(1,179.7)</u>
Gross profit		1,038.6	723.4
Other income		146.8	76.9
Other gains and losses		98.6	20.4
Selling, administrative and other operating expenses		(263.0)	(219.7)
Change in fair value of investment properties			
Realised gains on disposals		2.7	3.3
Unrealised (losses)/gains		(4.6)	329.9
Finance costs	4	(71.9)	(145.1)
Share of results of associates		–	–
Share of results of joint ventures		<u>102.3</u>	<u>449.2</u>
Profit before taxation	5	1,049.5	1,238.3
Taxation	6	<u>(292.9)</u>	<u>(270.3)</u>
Profit for the period		<u>756.6</u>	<u>968.0</u>
Profit for the period attributable to:			
Owners of the Company		593.6	939.2
Non-controlling interests		<u>163.0</u>	<u>28.8</u>
		<u>756.6</u>	<u>968.0</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		<u>40.0</u>	<u>63.2</u>
Diluted		<u>40.0</u>	<u>63.2</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	For the six months ended	
	30 September	
	2020	2019
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(unaudited)	(unaudited)
Profit for the period	<u>756.6</u>	<u>968.0</u>
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Investments in equity instruments measured at fair value through other comprehensive income:		
Fair value changes during the period	(0.9)	(7.4)
Deferred tax arising from fair value changes	–	0.2
Revaluation gain on property, plant and equipment upon transfer to investment properties	–	15.8
Share of asset revaluation reserve of a joint venture	<u>–</u>	<u>3.2</u>
	<u>(0.9)</u>	<u>11.8</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from foreign joint ventures	282.9	(350.5)
Exchange differences arising from translation of other foreign operations	224.9	(101.1)
Release of exchange reserve upon deregistration of foreign subsidiaries	<u>(77.3)</u>	<u>(16.9)</u>
	<u>430.5</u>	<u>(468.5)</u>
Other comprehensive expense for the period (net of tax)	<u>429.6</u>	<u>(456.7)</u>
Total comprehensive income for the period	<u><u>1,186.2</u></u>	<u><u>511.3</u></u>
Total comprehensive income attributable to:		
Owners of the Company	1,023.2	474.6
Non-controlling interests	<u>163.0</u>	<u>36.7</u>
	<u><u>1,186.2</u></u>	<u><u>511.3</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2020	31 March 2020
<i>NOTE</i>	<i>HK\$'M</i> (unaudited)	<i>HK\$'M</i> (audited)
Non-current assets		
Investment properties	14,745.8	14,766.5
Property, plant and equipment	2,763.9	2,724.8
Right-of-use assets	66.6	71.6
Interests in associates	–	–
Interests in joint ventures	9,266.5	9,046.7
Properties held for development	909.7	–
Equity instruments measured at fair value through other comprehensive income	55.2	55.9
Financial assets at fair value through profit or loss	534.0	488.8
Investments in debt instruments measured at amortised cost	80.9	81.1
Other assets	282.7	212.7
Deferred tax assets	52.2	39.4
	28,757.5	27,487.5
Current assets		
Inventories	45.8	43.8
Properties held for sale	1,589.9	2,584.3
Properties held for/under development for sale	2,729.1	3,297.6
Trade receivables	32.3	29.5
Deposits, prepayments and other receivables	594.5	1,039.8
Amounts due from associates	4.1	4.1
Amounts due from joint ventures	191.1	188.9
Taxation recoverable	5.2	24.0
Investments in debt instrument measured at amortised cost	23.4	30.0
Bank balances and cash	2,727.2	2,511.4
	7,942.6	9,753.4

		30 September 2020	31 March 2020
	<i>NOTE</i>	<i>HK\$'M</i> (unaudited)	<i>HK\$'M</i> (audited)
Current liabilities			
Trade payables, provision and accrued charges	10	1,167.6	1,289.1
Deposits received and other financial liabilities		144.8	193.4
Contract liabilities		332.5	1,204.9
Taxation payable		439.9	249.3
Bank and other loans due within one year		1,545.2	4,108.8
Lease liabilities		17.2	17.3
Other liabilities due within one year		150.0	350.6
		3,797.2	7,413.4
Net current assets		4,145.4	2,340.0
Total assets less current liabilities		32,902.9	29,827.5
Non-current liabilities			
Contract liabilities		12.5	–
Bank and other loans due after one year		5,153.4	3,212.4
Lease liabilities		61.1	65.7
Other liabilities due after one year		1,321.4	1,330.5
Deferred tax liabilities		526.1	472.7
		7,074.5	5,081.3
		25,828.4	24,746.2
Capital and reserves			
Share capital		371.3	371.3
Reserves		22,604.6	21,696.1
Equity attributable to owners of the Company		22,975.9	22,067.4
Non-controlling interests		2,852.5	2,678.8
		25,828.4	24,746.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on 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 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 2020 are consistent with those presented in the Group’s annual financial statements for the year ended 31 March 2020.

Amendments to HKFRSs adopted by the Group

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

In addition, the Group has early adopted Amendment to HKFRS 16 “COVID-19-Related Rent Concessions” ahead of its effective date and applied the practical expedient to all its COVID-19 related rent concession from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The application of the amendments to HKFRSs has had no material impact on the Group’s financial performance and financial position and/or on the disclosures set out in these financial statements.

New and amendments to standards issued but not yet applied by the Group

HKFRS 17	Insurance Contracts
Amendment to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020

The Group anticipates that the application of above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements.

3. REVENUE 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). Each of the operating divisions represents an operating and reportable segment.

Disaggregation of revenue

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2020						
Types of goods or services:						
Sales of properties	1,910.5	–	–	–	–	1,910.5
Hotel revenue	–	–	–	47.5	–	47.5
Provision of healthcare services	–	–	–	–	74.2	74.2
Other services rendered	6.6	14.4	185.4	–	–	206.4
	<u>1,917.1</u>	<u>14.4</u>	<u>185.4</u>	<u>47.5</u>	<u>74.2</u>	<u>2,238.6</u>
Revenue from contracts with customers	1,917.1	14.4	185.4	47.5	74.2	2,238.6
Rental income	2.8	239.5	–	–	–	242.3
	<u>1,919.9</u>	<u>253.9</u>	<u>185.4</u>	<u>47.5</u>	<u>74.2</u>	<u>2,480.9</u>
Geographical markets:						
Hong Kong and Macau	1,152.3	225.2	185.4	42.3	74.2	1,679.4
Mainland China	746.4	–	–	–	–	746.4
Japan	–	28.7	–	–	–	28.7
South East Asia	21.2	–	–	5.2	–	26.4
	<u>1,919.9</u>	<u>253.9</u>	<u>185.4</u>	<u>47.5</u>	<u>74.2</u>	<u>2,480.9</u>
Timing of revenue recognition:						
A point in time	1,910.5	–	134.1	19.7	74.2	2,138.5
Over time	9.4	253.9	51.3	27.8	–	342.4
	<u>1,919.9</u>	<u>253.9</u>	<u>185.4</u>	<u>47.5</u>	<u>74.2</u>	<u>2,480.9</u>

	Property development <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2019						
Types of goods or services:						
Sales of properties	1,140.7	–	–	–	–	1,140.7
Hotel revenue	–	–	–	134.9	–	134.9
Provision of healthcare services	–	–	–	–	147.9	147.9
Other services rendered	3.6	14.1	213.5	–	–	231.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	1,144.3	14.1	213.5	134.9	147.9	1,654.7
Rental income	2.1	246.3	–	–	–	248.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Consolidated revenue, as reported	<u>1,146.4</u>	<u>260.4</u>	<u>213.5</u>	<u>134.9</u>	<u>147.9</u>	<u>1,903.1</u>
Geographical markets:						
Hong Kong and Macau	3.3	232.0	213.5	81.3	79.2	609.3
Mainland China	1,140.7	0.5	–	–	–	1,141.2
Japan	–	27.9	–	–	–	27.9
South East Asia	2.4	–	–	53.6	68.7	124.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>1,146.4</u>	<u>260.4</u>	<u>213.5</u>	<u>134.9</u>	<u>147.9</u>	<u>1,903.1</u>
Timing of revenue recognition:						
A point in time	1,140.7	–	161.0	62.6	147.9	1,512.2
Over time	5.7	260.4	52.5	72.3	–	390.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>1,146.4</u>	<u>260.4</u>	<u>213.5</u>	<u>134.9</u>	<u>147.9</u>	<u>1,903.1</u>

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 <i>HK\$'M</i>	Property investment <i>HK\$'M</i>	Services provided <i>HK\$'M</i>	Hotel operations <i>HK\$'M</i>	Healthcare <i>HK\$'M</i>	Total <i>HK\$'M</i>
For the six months ended 30 September 2020						
REVENUE						
Segment revenue – sales to external customers derived by the Group, an associate and joint ventures	2,040.9	1,025.5	185.4	47.5	74.2	3,373.5
Excluding revenue of an associate and joint ventures	(121.0)	(771.6)	–	–	–	(892.6)
Consolidated revenue, as reported	<u>1,919.9</u>	<u>253.9</u>	<u>185.4</u>	<u>47.5</u>	<u>74.2</u>	<u>2,480.9</u>
RESULTS						
Segment results – total realised results of the Group, associates and joint ventures (<i>note a</i>)	491.5	386.9	44.9	(44.0)	13.2	892.5
Excluding realised results of associates and joint ventures not shared by the Group	0.1	(102.9)	–	–	–	(102.8)
Results attributable to the Group	<u>491.6</u>	<u>284.0</u>	<u>44.9</u>	<u>(44.0)</u>	<u>13.2</u>	<u>789.7</u>
Unallocated other income						89.1
Unallocated corporate expenses						(56.4)
Finance costs and corporate level exchange difference						(57.7)
Net unrealised losses on fair value change of investment properties (<i>note b</i>)						(5.1)
Net unrealised losses on fair value change of investment properties attributable to the Group's interest in a joint venture, net of deferred tax						(3.0)
Profit for the period						756.6
Non-controlling shareholders' share of profit for the period						(163.0)
Profit for the period attributable to owners of the Company						<u>593.6</u>

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

Notes:

- (a) The segment results of the Group include the entire results of associates and joint ventures, excluding the net unrealised gains or losses on fair value change of investment properties net of deferred tax arising from change in fair value.
- (b) The net unrealised losses on fair value change of investment properties for the six months ended 30 September 2020 of HK\$5.1 million (six months ended 30 September 2019: gains of HK\$319.9 million) represented the unrealised loss on fair value change of investment properties of HK\$4.6 million (six months ended 30 September 2019: gain of HK\$329.9 million) net of deferred tax charge arising from change in fair value of HK\$0.5 million (six months ended 30 September 2019: HK\$10.0 million).

4. FINANCE COSTS

	For the six months ended	
	30 September	
	2020	2019
	HK\$'M	HK\$'M
Interest on		
Bank and other loans	55.2	101.3
Advances from non-controlling shareholders	15.6	17.6
Lease liabilities	1.8	2.6
Finance costs from significant financing component of contract liabilities	–	21.9
Bank and other loans arrangement fees	14.1	18.2
	<u>86.7</u>	<u>161.6</u>
Less: Amounts included in the qualifying assets (<i>note</i>)	<u>(14.8)</u>	<u>(16.5)</u>
	<u>71.9</u>	<u>145.1</u>

Note: To the extent funds are borrowed generally and used for the purpose of financing certain qualifying assets, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 4.83% (six months ended 30 September 2019: 5.73%) per annum.

5. PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2020	2019
	HK\$'M	HK\$'M
Profit before taxation has been arrived at after (crediting)/charging:		
Bank and other interest income	(22.4)	(30.2)
Loss/(gain) on disposal of property, plant and equipment	2.5	(0.1)
Gain on deregistration of subsidiaries	(77.6)	(16.6)
Net exchange gain	(9.1)	(9.6)
Depreciation on property, plant and equipment	87.3	85.0
Depreciation on right-of-use assets	10.3	12.3
Fair value change of financial assets at fair value through profit or loss	(14.5)	5.8
Government grants and subsidies	<u>(72.0)</u>	<u>(16.9)</u>

6. TAXATION

	For the six months ended 30 September	
	2020	2019
	<i>HK\$'M</i>	<i>HK\$'M</i>
The taxation charge comprises:		
Hong Kong Profits Tax calculated at 16.5% of the estimated assessable profit for the period	44.6	17.9
Overseas tax calculated at rates prevailing in respective jurisdictions	99.2	281.8
Land appreciation tax ("LAT")	116.0	141.3
	<u>259.8</u>	<u>441.0</u>
Deferred taxation for current period	33.1	(170.7)
	<u>292.9</u>	<u>270.3</u>

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. DIVIDENDS

	For the six months ended 30 September	
	2020	2019
	<i>HK\$'M</i>	<i>HK\$'M</i>
Final dividend paid for the financial year ended 31 March 2020 of HK7 cents (six months ended 30 September 2019: for the financial year ended 31 March 2019 of HK6 cents) per share	104.0	89.1

The directors of the Company declared an interim dividend of HK4 cents (six months ended 30 September 2019 of HK5 cents) per share totalling not less than HK\$59.4 million (six months ended 30 September 2019: HK\$74.3 million) for the six months ended 30 September 2020.

8. 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	
	2020	2019
	<i>HK\$'M</i>	<i>HK\$'M</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	593.6	939.2
	<u><u>593.6</u></u>	<u><u>939.2</u></u>
	For the six months ended	
	30 September	
	2020	2019
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	1,485,301,803	1,485,301,803
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options issued by the Company	—	225,892
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,485,301,803	1,485,527,695
	<u><u>1,485,301,803</u></u>	<u><u>1,485,527,695</u></u>

Diluted earnings per share for the six months ended 30 September 2020 was the same as the basic earnings per share since the share options had anti-dilutive effect.

9. 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 2020 <i>HK\$'M</i>	31 March 2020 <i>HK\$'M</i>
Not yet due	9.6	0.6
Overdue:		
0-60 days	17.0	25.0
61-90 days	2.7	0.6
Over 90 days	3.0	3.3
	<u>32.3</u>	<u>3.5</u>
	<u><u>32.3</u></u>	<u><u>29.5</u></u>

10. TRADE PAYABLES, PROVISION AND ACCRUED CHARGES

At 30 September 2020, included in trade payables, provision and accrued charges are trade payables of HK\$142.2 million (31 March 2020: HK\$137.4 million), an aged analysis presented based on the payment due date at the end of the reporting period is as follows:

	30 September 2020 <i>HK\$'M</i>	31 March 2020 <i>HK\$'M</i>
Not yet due	109.8	107.0
Overdue:		
0-60 days	23.8	24.6
61-90 days	–	2.9
Over 90 days	8.6	2.9
	<u>142.2</u>	<u>137.4</u>
	<u><u>142.2</u></u>	<u><u>137.4</u></u>

BUSINESS REVIEW

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

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's revenue from property development and investment for the Period, including proportionate shares of joint ventures and associates of HK\$446.3 million, was HK\$2,620.1 million. The Group's contribution from property development and investment for the Period, including proportionate shares of joint ventures and associates of HK\$105.2 million, was HK\$775.6 million.

Hong Kong – Property Development

Though the COVID-19 pandemic is largely contained, it continues to affect sentiment on Hong Kong's property market as social distancing measures linger on. In addition, economic downturn and rising unemployment rate are stifling consumer confidence. However, with the low interest rate environment and favourable policy by the government, pent-up purchasing power has been unleashed in recent months and number of transactions have been stabilised.

Poggibonsi and IL PICCO, two developments located in Discovery Bay that the Group holds 50% interests in, maintained their sales and development pace during the Period. The process of handing over units at Poggibonsi to purchasers has begun, and as of 30 September 2020, 109 units were sold and the revenue of 93 sold units was recognised upon completion and transfer of ownerships during the Period. Meanwhile, occupation permit of IL PICCO has recently been granted and sales promotion activities are in the pipeline.

The Group received in early September the government's offer letter covering the basic terms of Master Plan 7.0 for Discovery Bay, which will over the long term enlarge the Group's portfolio in Hong Kong and pave the way for the Group to deliver its long-standing development commitment to the Discovery Bay community.

La Cresta, a 50:50 partnership with Nan Fung Development Limited, continued to perform well. As of 30 September 2020, 55 of the 61 units had been sold, and revenue of 2 sold units was recognised upon completion and transfer of ownerships during the Period.

The project located on Lo Fai Road, Tai Po, a 40:60 joint-venture with Hysan Development Company Limited that is set to provide 262 units, is proceeding well. The superstructure work of this low-density residential project is in progress, and the project is scheduled to be launched in 2021.

Hong Kong – Property Investment

The Group's performance in this segment during the Period was negatively impacted by lacklustre business sentiment, and social distancing measures imposed by the government, which in turn exerted pressure on the F&B and retail sectors. The Group is engaging with commercial tenants and providing relief measures on a case-by-case base for those most in need.

The property investment projects in Discovery Bay, which the Group holds 50% interests in, recorded stable performance during the Period, with the existing DB Plaza and DB North Plaza achieving committed occupancy rates of 84% and 97% respectively, as of 30 September 2020.

The new DB Plaza extension was handed over gradually from the middle of the year, increasing the Group's investment property portfolio by approximately 59,000 square feet. This development further consolidates the Group's provision of diverse leisure and commercial options for residents and visitors.

The Group's other investment projects, including CDW Building in Tsuen Wan, retail podium at 2GETHER in Tuen Mun, and the residential building Wellgan Villa in Kowloon Tong, achieved occupancy rates of 96%, 100% and 83% respectively as of 30 September 2020.

West Gate Tower is being renovated and converted into a commercial building, further enhancing the value of the Group's investment portfolio. The work is scheduled to be completed by mid-2021.

Mainland China – Property Development

Mainland China's property market is recovering well with sales activities resuming following containment of the pandemic. On the one hand, the government is continuing its price regulation policies to maintain a stable market, which will help foster sustainable long-term growth, while on the other hand, the market demand has rebounded. It is expected that the transaction volume will grow steadily.

The Group's key residential projects in mainland China are listed below:

Projects	GFA (sq. feet)	Remarks
<i> Jiaxing, Zhejiang </i>		
City One	866,000	577 apartments and 20 villas. All sold out.
Riviera One	1,083,000	702 low- and high-rise apartments. Nearly sold out.
Mansion One	342,000	188 mid-rise apartments Expected completion: first half of 2021
Creekside One	210,000	98 mid-rise apartments and villas Expected completion: first half of 2021
Starlight One	768,000	398 high-rise apartments and villas Foundation work in progress Expected completion: 2023
<i> Hangzhou, Zhejiang </i>		
Oasis One	610,000	396 apartments and villas. Nearly sold out.
Land plot in Lin'an District	430,000	Planning in progress
<i> Shanghai </i>		
Elite House	234,000	120 apartment units for strata sale

The Group has five projects in Jiaxing, Zhejiang Province. During the Period, revenue from the sale of the remaining units at City One was recognised upon completion and transfer of ownerships.

As of 30 September 2020, 694 units at Riviera One had been sold and the revenue of 13 sold units was recognised upon completion and transfer of ownerships during the Period.

Oasis One, the Group's first development in Hangzhou, was nearly sold out as of 30 September 2020 and the revenue of 64 sold units was recognised upon completion and transfer of ownerships during the Period.

Meanwhile, construction work for Creekside One and Mansion One in Jiaxing is progressing well, with both developments expected to be launched in around early 2021, further strengthening our foothold in the region. The Group's latest project in Jiaxing, Starlight One, will be developed into a deluxe residential project providing high-rise apartments and villas to local purchasers.

The Group acquired a new land in Hangzhou's Lin'an District in June. With a plot ratio of 1.0 to 1.2, a high quality, low-density development is planned for this project.

In Shanghai, as of 30 September 2020, 88 units at Elite House had been sold and the revenue of 9 sold units was recognised upon completion and transfer of ownerships during the Period.

Mainland China – Property Investment

Commercial property demand, especially in Shanghai, has steadily rebounded, largely due to a raft of government policies to boost the economy. Business and consumer confidence had a strong comeback following successful containment of the pandemic, a backdrop that fully supports the Group's property investment business in mainland China.

In Shanghai, the performance of HKRI Taikoo Hui ("HTH") remained stable. The two office towers, HKRI Centres One and Two, achieved a 97% occupancy rate, and the retail mall occupancy rate reached 88%, as of 30 September 2020. While retail rental income was affected by rental concessions offered to tenants, retail mall turnover and footfall have gradually recovered since businesses resumed normal operations. The Group has a 50% interest in HTH.

The Exchange, the Group's 15%-owned investment property in Tianjin, has a total GFA of over 1.6 million square feet. During the Period, the retail mall, Heping Joy City, and the two office towers, maintained average occupancy rates of 87% and 85% respectively.

Thailand – Property Development

The Group maintained its cautious approach towards the market in Thailand, whose economy was also hit hard by the COVID-19 pandemic. Subsequently, the development schedule for the Rama 3 project, the Ramintra Road project, and the Wireless Road land plot have been revisited. The Group shall continue to closely monitor the market and remain flexible in its business operations.

Japan – Property Investment

The Group continues to maintain a presence in Tokyo’s property market, which provides a steady, recurrent cash inflow. Our five investment properties all recorded satisfactory leasing performances, with occupancy rates ranging from 86% to 100% as of 30 September 2020.

SERVICES PROVIDED

The sea, land transport and tunnel services in Discovery Bay are operated by the Group’s various subsidiaries. During the Period, both ferries and buses ridership experienced a fluctuated drop as the COVID-19 pandemic impact sustained. While the government granted subsidies for ferry services under the ad-hoc Anti-epidemic Fund and 5-year Special Helping Measures, cost saving measures and flexible deployment of fleet were adopted, and some of the service schedules were adjusted.

The Group’s property management services in Discovery Bay, and elsewhere in Hong Kong, continued to perform to the highest standards despite the considerable challenges resulting from the outbreak of COVID-19.

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

HOSPITALITY

Hong Kong

Against the backdrop of restricted travel and tourism across many parts of the world, social distancing measures and the prohibition of group dining, the Group’s hospitality businesses were negatively impacted. Nevertheless, with the growing popularity of staycations, Auberge Discovery Bay Hong Kong shifted its promotional efforts to attract locals and achieved encouraging results. During the Period, the hotel’s average occupancy performed better than the market average. The Group expects strong local market demand for staycations will continue to support Auberge’s business in the near future.

The Lantau Yacht Club recently completed phase 1 of its facelift during the Period and welcomed its first member yacht in late August. Membership recruitment is progressing satisfactorily.

Business performance of the Discovery Bay Golf Club, Discovery Bay Recreation Club and Club Siena was inevitably affected by business closure and social distancing restrictions imposed by the government to combat the pandemic. The clubs’ teams continue to adopt prudent measures according to prevailing conditions.

The Group holds a 50% interest in all Discovery Bay’s hospitality businesses.

Thailand

The Sukhothai Bangkok reopened its doors in August after closing for four months due to emergency lockdown measures imposed by the Thai government. Before reopening, The Sukhothai Bangkok was awarded “Amazing Thailand Safety and Health Administration” certification by the Tourism Authority of Thailand in recognition of the hotel’s exemplary sanitisation and safety standards. The hotel was also recently included in the Alternative State Quarantine Program to cater to overseas’ visitors as part of the measures to reopen the country’s borders. Furthermore, the hotel was once again listed by the renowned *Condé Nast Traveler* magazine as readers’ top choice of hotel in Bangkok.

Mainland China

With the successful containment of the pandemic in mainland China, the occupancy rates of The Sukhothai Shanghai, The Middle House and The Middle House Residence swiftly recovered during the Period, resulting in the hotels recording remarkable performances supported by strong local business and domestic travels.

The Sukhothai Shanghai was recognised as the second best hotel in Shanghai and fifth best hotel in mainland China in *Condé Nast Traveler* magazine’s Readers Choice Awards.

HEALTHCARE

The Group’s wholly-owned subsidiary, GenRx Holdings Limited, operates a comprehensive healthcare service network in Hong Kong and Macau. During the Period, the Group acquired the remaining 43% interest in H&C Dental. The Group now has full control over all its healthcare units, covering specialist services that focus on chronic disease management, Chinese medicine and dental care, and supported by medical diagnostic services and a comprehensive medical panel of over 250 affiliated clinics providing general practitioners, specialists and physiotherapy services.

HUMAN RESOURCES

As of 30 September 2020, the Group had a total of 1,655 employees. We place a strong emphasis on employee well-being, and strive to maintain a safe and healthy working environment, especially when faced with challenging conditions due to COVID-19. In this regard, the Group swiftly developed a set of guidelines to support both our frontline and back office teams and adopted a flexible staff management approach. Additional resources and measures were put in place to ensure adequate protective gear and hygienic workplace are available for our staff.

To strengthen the employees’ awareness on occupational safety and health (“OSH”), we are in the progress of developing a group-level OSH Policy, providing a solid framework for all our existing OSH guidelines. Safety training courses, internal and external audits, safety drills and refresh meetings are regularly carried out, and post-training follow up measurement is implemented.

OUTLOOK

The global economy will continue to experience volatility, driven mainly by the trajectory of the COVID-19 pandemic, tensions between mainland China and several major economies, and Brexit. As a result, IMF global growth projections have been cut, with GDP forecast to decline by 4.4% in 2020 before rebounding to 5.2% in 2021.

The COVID-19 pandemic directly led to a severe economic contraction, and the outbreak shows no signs of abating across the world. In the northern hemisphere cases are accelerating as winter sets in. Many countries have again tightened their lockdown measures, further exacerbating the economic impact.

Escalating tensions between mainland China and major economies, especially the US, pose heightened risks to supply chains, imports and exports, and many other businesses. Imposition of tariffs and sanctions on mainland China may continue after the US Presidential election, though the future scope of Sino-US relations will not emerge for a few months.

These macroeconomic headwinds coupled with unresolved social issues at home are likely to prompt readjustment of Hong Kong's property market, though a significant downturn is not expected because supply shortage and low-interest rates will provide support.

The recent strong interest shown in new residential projects demonstrates resilient levels of pent-up demand; while on commercial property front, rental income is likely to come under further downward pressure because of weakening business sentiment. Supportive and prudent HKSAR Government policies have been announced, including relaxation of eligibility requirements under the Mortgage Insurance Programme, and the suspension of vacancy tax.

The Group expects the Central Government of mainland China to continue to maintain a healthy and stable property market through measures that prevent a property bubble, which will help foster the sustainable long-term development of the market. Chinese consumer demand for high-quality property remains stable, fuelled in part by the long-term trends of urbanisation and growing of high-spending group. Indeed, mainland China's property market recovered following a short downturn triggered by COVID-19. The Group will continue to seek opportunities to strengthen its foothold in the Yangtze River Delta.

Though economic volatility is inevitable in near future, the Group will continue to adhere to its tried-and-tested strategy for its core businesses of prudently exploring suitable investment opportunities with enduring value, containing costs and maintaining a healthy level of liquidity. The Group will also maintain an optimal level of flexibility to position itself to seize opportunities and manage potential risks, and safeguard the interests of its shareholders accordingly.

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 late Chairman of the Board and Mr Victor CHA, the Deputy Chairman of the Board and Managing Director of the Company could not attend the annual general meeting of the Company held on 19 August 2020 (the "AGM") and Mr TANG Moon Wah, an Executive Director of the Company chaired the AGM. Mr Abraham CHUNG (Executive Director), Mr Henry FAN (Independent Non-executive Director ("INED")) and Member of the Remuneration Committee and Corporate Governance Committee) and Mr TANG Kwai Chang (INED, Chairman of the Audit Committee and Member of Nomination Committee and Corporate Governance Committee) were also present at the AGM and available to answer questions.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee of the Company and the Group's Auditor, Messrs PricewaterhouseCoopers.

By order of the Board
HKR International Limited
CHA Mou Zing Victor
Deputy Chairman and Managing Director

Hong Kong, 18 November 2020

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

Deputy Chairman & Managing Director

Mr CHA Mou Zing Victor

Executive Directors

Mr CHUNG Sam Tin Abraham

Mr TANG Moon Wah

Non-executive Directors

The Honourable Ronald Joseph ARCULLI

Mr CHA Mou Daid Johnson

Ms WONG CHA May Lung Madeline

Independent Non-executive Directors

Mr FAN Hung Ling Henry

Mr CHEUNG Wing Lam Linus

Ms HO Pak Ching Loretta

Mr TANG Kwai Chang

* Registered under the predecessor ordinance of the Companies Ordinance, Chapter 622 of the laws of Hong Kong